

ASX Release

COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 31 MARCH 2018

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 31 March 2018.

KEY HIGHLIGHTS FOR THE QUARTER ENDED 31 MARCH 2018

- Controlled commercial launch of TALI Train, with an initial 108 clinicians approached with 54 converting to 31st March
- National commercial roll-out of TALI Train commenced in April 2018
- NDIS (National Disability Insurance Scheme) provider registration on track
- Continued progress on development of Newly over last quarter, consistent with development schedule
- Internal core R&D and product development to accelerate and improve overall product portfolio and offering for TALI Health, primarily focused on emerging digital therapeutics sector
- Cash reserves of A\$1.7m as at 31 March 2018

OPERATIONS UPDATE

TALI HEALTH UPDATE

TALI Train

The last quarter saw the Company make pleasing and significant progress on the commercialisation of TALI Train. TALI Train is a breakthrough digital therapeutic delivered by iPad or tablet, and which is scientifically and clinically proven to improve childhood attention and also numeracy skills (learning outcomes).

TALI Train was commercially launched over a 7-week period (February to March 2017) through a controlled campaign targeting 108 clinicians (primarily psychologists). There was encouraging take-up among the clinicians targeted, with 54 clinicians since becoming Certified TALI Train Providers, are now able to deliver the TALI Train program to their patients.

TALI Train Price and Market update

Clinicians pay approximately \$180 to be a certified provider and the TALI Train application is approximately \$400 per 5-week training program per patient. Ten percent (10%) of children in Australia are presently identified as having severe attention difficulties¹. TALI Train is targeted to children between the ages of 3-8 years.

Children identified with Autism Spectrum Disorder (ASD) and other developmental disorders requiring early intervention are eligible for support under the NDIS (National Disability Insurance Scheme). A recent story outlined that “There are currently 140,000 participants with approved individual support packages and almost 38,000, or 29 percent, of these have autism as a primary disability”². More than half of all participants are infants, children or teenagers.

The initial focused nature of the launch has enabled the Company to obtain valuable information in relation to uptake incentives among potential providers and the effectiveness of its marketing strategy. Learnings from this controlled launch will be leveraged for the national roll-out of TALI Train.

In April 2018, TALI Train was commercially released to the national market, with a focus on engaging clinicians to be certified TALI Train providers and continued progression of the NDIS provider application for TALI Health. This will be complemented by a public relations campaign for the remainder of 2018 to not only drive clinical uptake but also, patient awareness and recognition with a goal to sustained patient engagement with TALI Train. The Company expects and looks forward to building on this momentum in the upcoming quarter.

TALI Detect

Novita has also made previous progress on its research and development project, TALI Detect over the previous quarter. The TALI Detect project is expected to deliver a real-time digital screening tool for childhood attention difficulties, applicable to young children (particularly those starting school each year) who could benefit from early detection of attention deficits with the potential to improve learning outcomes.

136 million children worldwide have diagnosed severe attention difficulties with tens of millions more remaining un-diagnosed or mis-diagnosed.³

In January 2018, the Company commenced the TALI Detect project with its R&D partners pursuant to the A\$1.2m grant by the Australian Federal Government’s Co-operative Research Centre (‘CRC’) (announced in December 2017).

The first quarterly review of the TALI Detect CRC project has now been completed, and a progress report will be submitted to the Government. Development on the TALI Detect CRC project is progressing as scheduled.

¹ NHMRC, The Royal Australasian College of Physicians. Australian Guidelines on ADHD (2009)

²The Australian, Friday, April 27, 2018

³ Buescher A.V., Cidav Z., Knapp M., Mangell D.S. JAMA Pediatr 168(8):721-728 (2014). Economic Cost of Autism Spectrum Disorders in Australia. Synergies Economic Consulting (2011)

Internal R&D and product development

Over the last quarter, the Company has also been progressing its internal core R&D and product development capabilities to accelerate, improve and expand the overall product portfolio and offering for TALI Health.

This R&D and product development work has been focused on enhancing TALI Health's current and future solutions in the emerging digital therapeutics sector. **Digital therapeutics (e.g. app-based solutions) implement treatment programs tailored to specific circumstances or conditions, with the solutions having applicability in clinical, education and at home settings.**

The Company is excited by the potential opportunities in this category, as digital therapeutic solutions are able to be delivered at significant scale and low cost, and by helping to treat underlying conditions, can also potentially improve health and efficiency outcomes in the health care sector.

NEWLY UPDATE

Progress update on Newly

The Company has continued to make progress on its development of its online marketplace connecting aged and disability care and support professionals with providers, Newly over the last quarter, with Newly approaching commercialisation in line with the company's development schedule.

FINANCIAL UPDATE

Revenues and expenses

Total revenues for 3Q18 were \$23K, reflecting initial launch sales for the TALI Train application and placement fees received by Newly (related to legacy manual placements).

Net operating cash outflows for the March quarter were \$0.7 million (reflecting continued development on TALI and Newly).

Net investing cash outflows for the quarter were A\$0.3 million, and included costs related to the internally generated intangible assets for the development of TALI Train (Generation 1.0).

Cash outlook

The Company ended the quarter with net cash at bank (unaudited) of \$1.7 million (down from \$2.7 million as at 31 December 2017). The Company remains confident that the cash balance will be adequate to support the continued development and commercialisation of Newly and TALI.

OUTLOOK

The Company looks forward to building on the momentum from the recently launched national commercial roll-out of TALI Train, which should generate more conversions and leading to revenue generation for the Company.

The Company also looks forward to the submission of its quarterly progress report to the Australian Federal Government, and to continue its development of TALI Detect, and to keeping the market updated on its progress on a quarterly basis.

Going forward, the Company maintains its focus on additional product opportunities that leverage the core software platform of TALI Train to target both domestic and international markets. Pre-work has commenced on an application to reach children in the education sector where improvements in attention are relevant to a vast majority of children commencing school each year.

ABOUT NOVITA

Novita Healthcare is an emerging health sector technology company encompassing the current businesses of TALI Train and Newly. The TALI system uses proprietary software algorithms to monitor and assist in the treatment of cognitive problems such as attention difficulties in early childhood. Newly is an integrated technology solution for care or support professionals looking for employment and for aged care or disability support providers needing staff.

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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")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	43
1.2 Payments for		
(a) research and development	(33)	(42)
(b) advertising and marketing	(168)	(280)
(c) leased assets	(20)	(45)
(d) staff costs	(431)	(928)
(e) administration and corporate costs	(49)	(143)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	94	598
1.8 Other (provide details if material)		
- GST refunds/(payments)	13	(5)
- Legal & professional	(94)	(266)
- Insurance	-	(67)
- Intellectual property	(15)	(41)
- Other working capital	(31)	(128)
1.9 Net cash from / (used in) operating activities	(691)	(1,273)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(31)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(266)	(1,040)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(282)	(1,071)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	3,513
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	(4)	(368)
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 Net cash from / (used in) financing activities	(4)	3,145
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,725	941
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(691)	(1,273)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(282)	(1,071)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(4)	3,146
4.5 Effect of movement in exchange rates on cash held	(1)	4
4.6 Cash and cash equivalents at end of quarter	1,747	1,747
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	109	50
5.2 Call deposits	1,638	2,675
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,747	2,725

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	35
6.2 Aggregate amount of payments to these parties included in item 2.1	124
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

- Year to date cash payments for Staff Costs and internally generated intangibles assets include director fees \$85k and \$17k respectively.
- Year to date cash payments for Research & Development and internally generated intangibles assets include \$25k and \$612k respectively paid to Grey Innovation Pty Ltd, an associate entity of Jefferson Harcourt. These arrangements reflect normal commercial terms.

7. Payments to related entities of the entity and their associates	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. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(50)
9.2 Advertising and marketing	(50)
9.2 Leased assets	-
9.4 Staff costs	(425)
9.5 Administration and corporate costs	(50)
9.6 Other (provide details if material)	
- Legal & professional	(40)
- Intellectual property	(10)
- Transaction costs related to issues of shares, convertible notes or options	-
9.8 Total estimated cash outflows	(625)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Newly Pty Ltd	N/A
10.2 Place of incorporation or registration	Richmond, Victoria 3121	N/A
10.3 Consideration for acquisition or disposal	30,689,095 shares issued and valued at \$0.9 million. The shares are subject to an 18-month escrow period from the date of issue No cash consideration.	N/A
10.4 Total net assets	(\$19,447)	N/A
10.5 Nature of business	Innovative online marketplace providing an enhanced recruitment solution for the aged/community and disability care sector	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: 30 April 2018
Mr Bruce Higgins
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.