

ASX Release

COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 30 JUNE 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 30 June 2018.

KEY HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2018

- TALI Health receives approval to be a registered provider in the National Disability Insurance Scheme (NDIS), allowing lead product TALI Train to be accessible via the NDIS
- TALI Train included on the Australian Register of Therapeutic Goods as a Class 1 medical device as an attention assistive training device
- National commercial roll-out of TALI Train sees 119 providers certified to deliver TALI Train (up from 54 in the previous quarter)
- Continued enhancement of TALI Train solution to deliver ongoing use option for children (post initial 5-week program) via a subscription service
- Cash reserves of A\$1.2 m as at 30 June 2018. This excludes funds from the \$2.78M (before costs) placement completed on 20 July
- In July, Novita entered in to a "Heads of Agreement" to sell Newly to HealthcareLink

OPERATIONS UPDATE

TALI HEALTH UPDATE

TALI Train

During the quarter, the Company made significant progress on the regulatory front for TALI Train. In particular, inclusion of TALI Train as a Class 1 medical device by the Australian Register of Therapeutic Goods (ARTG) supports the distribution and adoption of the innovative treatment as an assistive training device nationwide. The ARTG inclusion is also an important step in the global regulatory process for TALI Train.

Additionally, TALI Health has been approved as a registered provider in the National Disability Insurance Scheme (NDIS) and is now accessible in the scheme in all participating states and territories.

The approval means suitable participants in the NDIS, or a person on their behalf (e.g. parent, guardian or healthcare professional), can directly contact TALI Health to discuss and access TALI Train. These participants can have the total cost of TALI Train covered by the NDIS care package.

The approval also allows all future products released by the Company that fall under the same registration group as TALI Train - "Comms & Info Equipment" - will automatically be available to participants in the NDIS.

In market, the quarter saw significant progress with the commercialisation of TALI Train. During the quarter, the national roll-out of TALI Train gained momentum, with 119 providers certified up from 54 in the previous quarter. Delivery of and revenue from TALI Train to children by those providers added in the quarter will be reflected in the current quarter (July-Sept 2018).

TALI Health representatives attended key conferences to engage clinicians, healthcare professionals and educators with feedback positive in light of recent regulatory clearances and approvals. This increased activity has led to the addition of two (2) primary schools (one in Victoria and one in NSW) undertaking to deliver TALI Train to students (46 children in total between the two schools). Further, multiple primary schools are in the marketing and sales conversion pipeline.

The Company believes the capital raising undertaken in July will help accelerate marketing and sales activities for TALI Train and also facilitates its international expansion and looks forward to updating the market when appropriate on this front.

Product enhancement and product development

Over the last quarter, the Company has also been progressing its internal core product enhancement and product development capabilities to accelerate, improve and expand the overall value of the TALI Train solution.

This has seen ongoing development by our data scientists and product designers of additional TALI Train levels. These levels will form the basis of a value add-on for users post the completion of the 5-week TALI Train intervention program. The Company expects a percentage of users will continue on with the program via a subscription service enabling the continuing benefits of TALI Train to be accessed by users.

The Company is excited by this potential opportunity value add-on subscription service, as digital therapeutic solutions are able to be delivered at significant scale, low cost, on an ongoing basis, and by helping to treat underlying conditions, can also potentially improve health and efficiency outcomes in the health care sector. The Company looks forward to updating the market during the next quarter on the release of this service.

TALI Detect

As previously announced to the market, Novita completed the first quarterly review of the TALI Detect project and submitted the latest progress report to the Australian Federal Government's Co-operative Research Centre ('CRC') as part of the \$1.2m grant from the CRC. Development on the TALI Detect CRC project is progressing as scheduled.

NEWLY UPDATE

Progress update on Newly

During the quarter, the Company conducted an extensive review of the Newly business with outcome being to divest Newly to a synergistic partner. As announced on 17 July, Novita entered in to a "Heads of Agreement" to sell Newly to HealthcareLink (HCL), an award-winning online marketplace for jobs and careers in the healthcare and medical sector.

Post settlement the Company will have a 10% equity interest in HCL, through the divestment of Newly for shares in HCL and \$400,000 contribution to HCL's upcoming capital raising. Due diligence is currently underway with settlement likely to occur during the current quarter.

Given recruitment expenditure in the healthcare sector is up to \$1.5 billion per annum, the Company believes that the combination of HCL and Newly will have the capability to create a differentiated and market leading offering in a significant market, while allowing Novita to focus on its core strategy for TALI Health.

FINANCIAL UPDATE

Revenues and expenses

Total revenues for 4Q18 were \$27K. Net operating cash outflows for the June quarter were \$0.5 million (down from \$0.7 in Q3 FY18), reflecting continued development on TALI.

Net investing cash outflows for the quarter were A\$0.05 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 of \$1.2 million (down from \$1.7 million as at 31 March 2018). On the 20th July the Company completed a \$2.78M placement. The Company remains confident that the cash balance will be adequate to support the continued development and commercialisation of TALI.

OUTLOOK

The Company's recent placement puts it in a strengthened cash position to continue building on the initial momentum from the national commercial roll-out of TALI Train. Additionally, it will assist with the overseas expansion for TALI Train and the pilot programs for TALI Detect (which continues as scheduled). Novita looks forward to updating the market on progress and uptake of TALI Train.

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	27	70
1.2 Payments for		
(a) research and development	(123)	(165)
(b) advertising and marketing	(117)	(397)
(c) leased assets	(18)	(68)
(d) staff costs	(452)	(1,380)
(e) administration and corporate costs	(46)	(189)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	143	741
1.8 Other (provide details if material)		
- GST refunds/(payments)	5	1
- Legal & professional	(62)	(328)
- Insurance	-	(67)
- Intellectual property	(2)	(43)
- Other working capital	149	25
1.9 Net cash from / (used in) operating activities	(495)	(1,768)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(43)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(138)	(1,177)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	100	100
(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	(50)	(1,120)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	-	(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	-	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	1,747	941
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(495)	(1,768)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(50)	(1,120)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	3,145
4.5 Effect of movement in exchange rates on cash held	-	4
4.6 Cash and cash equivalents at end of quarter	1,202	1,202
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	217	109
5.2 Call deposits	985	1,638
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)	1,202	1,747

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	30
6.2	Aggregate amount of payments to these parties included in item 2.1	-
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 \$115k and \$17k respectively.
- Year to date cash payments for Research & Development and internally generated intangibles assets include \$36k 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	(100)
9.2	Advertising and marketing	(50)
9.2	Leased assets	-
9.4	Staff costs	(450)
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	(700)

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: 31 July 2018
Mr Mark Simari
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.