

ASX Release

COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 30 JUNE 2019

Novita Healthcare Limited (ASX: NHL) (“Novita” or the “Company”) a leading digital software development and commercialisation business focused in the area of neuroscience has today released its Appendix 4C Quarterly Consolidated Statement of Cash Flows for the period ending 30 June 2019.

KEY HIGHLIGHTS

- Announcement of Victorian Education Department rollout of Tali Detect
- Tali receives 2019 American Psychiatry Association Innovation Award
- Tali user activation model set – marketing and sales expansion activities underway
- \$169k cash received on invoice sales for the twelve months to 30 June 2019

NOVITA UPDATE

Tali Train and Tali Detect

On the 29th June the Company announced that Tali Detect (Novita’s new digital assessment tool for lack of attention in early childhood) will be delivered to children aged 5,6 and 7 in the Victorian public education system commencing term 3, 2019. The 5, 6 and 7-year-old range represent approximately 200,000 children in the Victorian education system.

The results of the Tali Detect clinical trials are set to be released in September. There is a recognised significant benefit of deploying Tali Detect into the Victorian education system prior to release of the trial results and its’ official market launch later this year. Novita looks forward to informing shareholders of the clinical trial results.

Tali Detect will be the frontline digital assessment tool that compliments Tali Train, Novita’s scientifically validated, regulatory cleared by the TGA (Therapeutic Goods Administration, Australia) and the FDA (Food and Drug Administration, USA), in market digital attention training program (www.talihealth.com). During the quarter ongoing collection of patient data continued for Tali Detect (R&D project). The project now enters the final six (6) month phase. The resulting product is scheduled for release by 1st October 2019. The project has now collected data on more than 350 children.

American Psychiatry Innovation Award

TALI has received two (2) awards at the American Psychiatric Association (APA) annual meeting <https://www.psychiatry.org/>.

The APA annual meeting is the world's largest psychiatry event. This year's event was attended by more than 15,000 delegates.

Novita was invited to present at the Innovation Lab, a part of the Mental Health Innovation Zone at the conference. In total, 35 participants were selected from five (5) countries around the world to showcase how innovation can change the future of psychiatry.

Tali won the Psychiatrist (Audience) Choice Award and was runner up overall for the Grand Prize in the Global Innovation Lab Showcase.

Importantly, the event has led to excellent exposure for Tali to clinical, research and industry professionals including select pharmaceutical, healthcare and insurance providers. The Company will direct resources to furthering discussions with those groups over the coming period.

The Mental Health Innovation Zone is the APA's showcase and catalyst for the advancement of mental health technologies, dedicated to answering the question "What's next in mental health technology?" A panel of expert judges, including Dr. David Feinberg, VP of Health for Google, and Dennis Boyle, Head of Health for IDEO oversaw the decision making. The event brings together leaders in psychiatry with experts in business, technology, medicine, and government.

Tali expansion and activation mode

During the quarter and FY18/19 the Company optimised the Tali user activation model. There are now:

- ~200 providers (including multiple schools) in multiple geographic regions delivering Tali Train
- >2,000 children (in schools and via healthcare professionals) that have used Tali
- USA school district customer acquisition plan underway
- USA and UK potential distribution partner discussions underway
- Tali Detect early release program with the Victorian Education Department and ongoing discussions with catholic and independent schools

The Company is now positioned to direct hundreds of thousands of children of appropriate age into the Tali model initially via the detection/screening tool and then conversion to the training program of the platform to drive revenue expansion.

NOVITA FINANCIAL UPDATE

Revenues and expenses

Total cash receipts in 4Q FY19 of \$22K. Net operating cash outflows for the June quarter were \$0.7 million (down from \$1.0 million in Q9 FY19), reflecting continued development on Tali (Detect).

Cash outlook

The Company ended the quarter with net cash at bank of \$0.3 million (down from \$0.7 million as at 31 March 2019). With development activities now coming to an end and regulatory clearances achieved the Company is now in a go to market phase and as a consequence

development costs will reduce. The Company will undertake activities to ensure operations and growth can be supported during the coming quarters and will update the market on these activities.

OUTLOOK

The Company remains focused on the following:

- Continue to recruit schools as clients of Tali Train building referenceable client base in Australia, Singapore, Hong Kong;
- Drive sales growth through integrated marketing and sales programs
- Pre-marketing activities in North America and Europe (Partners)
- The engagement of key government and non-government bodies with the ability to assist in widespread deployment of TALI Detect
- Recruit key opinion leaders globally to drive awareness and recognition of Tali

ABOUT NOVITA

Novita Healthcare Limited (ASX: NHL) is a leading digital assessment and therapeutic business targeting ATTENTION early in children through its breakthrough technology platform Tali. Tali Train uses proprietary algorithms inside a game-based learning application to assess and strengthen core attention skills in early childhood (www.talihealth.com).

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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 2019

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	22	169
1.2 Payments for		
(a) research and development	(92)	(999)
(b) advertising and marketing	(85)	(389)
(c) leased assets	(1)	(23)
(d) staff costs	(489)	(2,133)
(e) administration and corporate costs	(121)	(480)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	162	1,407
1.8 Other (provide details if material)		
- GST refunds/(payments)	(11)	14
- Legal & professional	(83)	(562)
- Insurance	-	(71)
- Intellectual property	(13)	(64)
- Provider contributions	0	200
- Other working capital	(39)	(377)
1.9 Net cash from / (used in) operating activities	(747)	(3,276)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(149)
(b) businesses (see item 10)	-	-
(c) investments	-	(400)
(d) intellectual property	(58)	(58)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	23
(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	(60)	(584)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,786
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	-	(205)
3.5 Proceeds from borrowings	418	418
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	418	2,999

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	730	1,202
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(747)	(3,276)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(60)	(584)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	418	2,999
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	341	341

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	39	204
5.2 Call deposits	302	526
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)	341	730

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	27
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 include director fees of \$118k.	

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	418	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify) - Bank guarantee	100	-
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 loan facility is with Innovation Structured Finance Co., LLC serviced via Radium Capital and is an advance on 80% of the Company's R&D Tax Incentive for the three quarters ending 31 March 2019. The interest rate for the loan facility is 14% per annum, 1.16% per month, compound interest payable by the 31st of October 2019. The facility has been in place since 20 April 2019 and is secured by the expected R&D Tax Incentive offset for the 2018/2019 year.

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

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(212)
9.2	Advertising and marketing	(90)
9.2	Leased assets	-
9.4	Staff costs	(298)
9.5	Administration and corporate costs	(60)
9.6	Other (provide details if material) - Legal & professional	(30)
	- 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	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 2019
Mr Glenn Smith
Managing Director

Notes

1. 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.