

ASX Release

COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 30 SEPTEMBER 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 September 2019.

KEY HIGHLIGHTS

- The company successfully raised AUD\$2.0 million via a Rights Issue and a shortfall placement.
- TALi deployment and expansion into education sector well underway
- Significant post quarter event related to reimbursement access now allows the Company to expedite discussions with significant potential partners

NOVITA UPDATE

Funding and use of funds

On the 19th September the Company announced that it had completed an AUD\$2m capital raise primarily to accelerate its marketing and sales activities for TALi Detect, a 20-min digital game-based screening tool available to ALL children to assess potential attention deficits.

The funds will also assist in converting at risk children to the Company’s TALi Train product, a scientific and clinically validated medical software that is proven to strengthen core attention in children both those with a clinical attention issue and those typically developing children who can potentially achieve better educational outcomes (in particular numeracy) through this unique attention training platform.

Novita Selected to Join the UK Go-No-Go Programme Run by Newfound Global

Newfound Global has awarded Novita £25,000 (approximately AUD\$46,500) assistance to further define UK opportunity and drive initial TALi customer acquisition. This is a wonderful achievement for the Company and compliments the existing initiatives with our partner EdTech Impact.

Commenting on the programme, Glenn Smith, Managing Director said:

“Novita is honoured to be selected to take part in the Go-No-Go programme run by Newfound Global. By participating in the programme, Newfound has awarded Novita £25,000 in UK market assistance which will not only continue to assist in validation of the UK opportunity but help drive TALi customer acquisition, initial customer acquisition and beach head support services. Peter and his team at Newfound have decades of experience partnering with tech SMEs wishing to enter the UK”.

Their expertise in assessing market opportunity, identifying government and industry partners, raising brand awareness, recruitment, as well as their proven success Australasian tech SMEs, will greatly assist in fulfilling TALi's ambition of getting our digital screening and cognitive training platform into the hands of children that will benefit most improve attentional capabilities. This is an invaluable opportunity to accelerate TALi's growth in the UK market complementing our existing initiatives with EdTech Impact. Further information on Newfound Global can be found here: <http://www.newfound.global/>

TALi initial deployment and expansion

During the quarter the Company focused on acquisition of schools to deploy TALi Detect. The primary objective of these activities was to ensure a substantive number of children within the school system would undertake the TALi Detect 20-minute screening program in term 4 of the Australian school year. The Company is now positioned to screen thousands of children in term 4 and looks forward to updating the market appropriately with the results of these activities.

The Company also plans to provide a completion update in relation to the CRC-P ("Project") that has developed TALi Detect in conjunction with our partners along with outlining the clinical trial data from that project.

NOVITA FINANCIAL UPDATE

Revenues and expenses

Total cash receipts in 1Q FY20 of \$15K. Net operating cash outflows for the September quarter were \$0.8 million (UP from \$0.7 million in Q4 FY19), reflecting continued development on TALi Detect and one-off costs related to accelerating the initial pilot deployment of TALi Detect to schools along with costs associated with the capital raise.

Cash outlook

The Company ended the quarter with net cash at bank of \$1.5 million (up from \$0.3 million as at 30 June 2019). The Company is undertaking marketing and sales activities to ensure operations and growth can be supported during the coming quarters.

OUTLOOK

Significant post quarter developments are occurring in particular relating to the deployment and uptake of TALi in the education sector along with reimbursement access in the U.S. The Company remains focused on executing on its go to market strategy. The Company will provide additional updates over the coming weeks to shareholders in respect of these activities.

ABOUT NOVITA

Novita Healthcare Limited (ASX: NHL) is a leading early childhood technology business targeting ATTENTION in children through its breakthrough TALi platform. TALi combines evidence based proprietary algorithms inside a game-based program to assess and strengthen core attention 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 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15	15
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(73)	(73)
(c) leased assets	-	-
(d) staff costs	(489)	(489)
(e) administration and corporate costs	(108)	(108)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	162	162
1.8 Other (provide details if material)		
- GST refunds/(payments)	(60)	(60)
- Legal & professional	(129)	(129)
- Insurance	(26)	(26)
- Intellectual property	(30)	(30)
- Other working capital	(22)	(22)
1.9 Net cash from / (used in) operating activities	(757)	(757)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(205)	(205)
(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	(205)	(205)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,893	1,893
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	-	-
3.5 Proceeds from borrowings	178	178
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
203. Other (provide details if material)	-	-
9	-	-
3.10 Net cash from / (used in) financing activities	2,071	2,071

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	341	341
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(757)	(757)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(205)	(205)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,071	2,071
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,450	1,450

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	71	30
5.2 Call deposits	1,379	302
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)	1,450	341

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	38
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 \$38k.	

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	596	-
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 was 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 financial year 18/19. The interest rate for the loan facility was 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 with a further amount of \$178,430 borrowed on 18 July 2019 (total amount borrowed: \$595,917). It was secured by the expected R&D Tax Incentive offset for the 2018/2019. The loan facility was repaid in full on 9 October 2019.

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	(30)
9.2	Advertising and marketing	(100)
9.3	Leased assets	-
9.4	Staff costs	(340)
9.5	Administration and corporate costs	(100)
9.6	Other (provide details if material)	
	- Legal & professional	(30)
	- Intellectual property	(150)
	- Transaction costs related to issues of shares, convertible notes or options	(17)
9.8	Total estimated cash outflows	(767)

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 October 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.