

## ASX Release

### COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 30 SEPTEMBER 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 September 2017.

#### KEY HIGHLIGHTS FOR THE QUARTER

- Beta Programme for TALI Train successfully completed
- 88 children treated with TALI Train in 28 clinics and schools, validating the potential opportunity for deployment in a range of settings
- TALI researchers Professor Kim Cornish and Dr Hannah Kirk granted prestigious research grants by NHMRC
- Acquisition of Newly completed; Newly continued preparations to launch beta testing in current quarter ahead of commercial launch in 2018
- Appointment of Mr. Glenn Smith as CEO to drive Novita’s growth initiatives

#### OPERATIONS UPDATE

##### Progress update on TALI Health

The last quarter marked the completion of the Beta Programme for TALI Train. The company is pleased to have met all major objectives of the Programme and is on track for commercial launch in the current quarter.

The September quarter saw a 25% increase in the number of children using the beta version of TALI Train (Generation 0.1) bringing the total number of users in the trial to 88. This level of participation allowed TALI to comfortably meet its internal target of at least 30 participants in the trial.

The increase in users across a variety of environments has also provided crucial feedback, which has been incorporated into additional developments to the TALI Provider Web Portal and TALI Train program implemented this quarter.

Pleasingly, there was also an increase in the number of clinics and schools enrolled to prescribe and implement TALI Train, validating the potential for deployment in a range of settings.

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## **Government funding boosts further TALI research**

The National Health and Medical Research Council (NHMRC), has awarded two significant grants, namely the NHMRC Development Grant and NHMRC Early Career Fellowship Grant (ECF) to TALI Health researchers, Professor Kim Cornish and Dr. Hannah Kirk respectively. Professor Cornish is the Chair of the TALI Scientific Advisory Board.

The NHMRC Development Grant will help extend and optimise the TALI Train program, while the ECF will allow for the development of new interventions specifically for children with Attention Deficit Hyperactivity Disorder (ADHD). The Company notes that these grants are awarded to the researchers individually, and not to the Company itself.

As the recipient of the ECF, Dr. Kirk, TALI Health's Chief Research Officer, will be returning to Monash University in January 2018 to conduct the research that will form the foundation for the next generation of products for TALI Health. The ECF will allow Dr. Kirk to research and develop new interventions and technology to further optimise the outcomes of children using the TALI system.

Dr Kirk will continue to work with Novita on a part-time basis at TALI Health, and her current executive employment agreement will be amended to reflect this change.

## **Progress update on Newly**

As announced in July 2017, the Company completed the acquisition of Newly, an online market place connecting care and support professionals with people and organisations in need.

During the quarter, Phase 2 of the Newly platform development continued which will enable direct integration access by providers. Beta testing is scheduled during the current quarter with a launch during 2018.

## **CORPORATE UPDATE**

### **Successful equity raising to fund growth**

As announced to the ASX in July 2017, the Company successfully raised \$3.5 million to fund growth. The equity raising comprised \$2.5 million raised through an oversubscribed two-tranche placement to sophisticated and institutional investors. An additional \$1.0 million was raised through a non-renounceable entitlement offer. The funds raised provide balance sheet support for the accelerated commercialisation of the Company's assets and ensures it is well positioned for further growth.

### **CEO appointment and Board changes**

The Board announced the appointment of Mr. Glenn Smith as Chief Executive Officer (CEO) of the Company, effective as at 3 October 2017. Mr. Smith has over 20 years' experience in the healthcare, recruitment and technology sectors and a successful track record in leading and developing customer-centric businesses through periods of rapid growth.

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+ See chapter 19 for defined terms.

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During the last quarter, the Board appointed Mr. Bruce Higgins as a Non-Executive Director and Chairman-elect of the Company. The appointment of Mr. Higgins also follows the decision of Mr. Iain Kirkwood to not seek re-election at the forthcoming Annual General Meeting.

The Board looks forward to the impact both Mr. Smith and Mr. Higgins will have in energising and driving Novita's future growth in the med-tech sector.

## **FINANCIAL UPDATE**

### **Revenues and expenses**

Total revenues for 1Q18 were \$10,000, reflecting fees for placement of carers to providers by Newly.

Net operating cash outflows for the September quarter were \$0.6 million (up from \$0.2 million in Q4 FY17), reflecting continued development on TALI and the on boarding of Newly into the business.

Net financing cash outflows for the quarter were \$0.4 million, and included the transaction costs of the equity raising as well as a one-off equity payment for the development of TALI Train (Generation 0.1).

### **Cash outlook**

The Company ended the quarter with cash reserves of \$3.4 million (up from \$0.9 million as at 30 June 2017), reflecting the successful completion of the equity raising. 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 the launch of the TALI Train (Generation 1.0) program, which should generate more conversions and increased revenue for the Company.

The Company continues to work towards the recruitment and expansion of key business development and marketing personnel to drive the commercialisation of both TALI Train and Newly.

Going forward, the Company maintains its focus on additional investment opportunities, which leverage its core R&D competencies and capitalise on innovative medical technologies.

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## 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.

## CONTACT

### General:

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CEO

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### Investors:

**James Barber**

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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 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10	10
1.2 Payments for		
(a) research and development	(41)	(41)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(51)	(51)
(d) leased assets	(1)	(1)
(e) staff costs	(237)	(237)
(f) administration and corporate costs	(46)	(46)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- GST refunds/(payments)	3	6
- Legal & professional	(87)	(87)
- Insurance	(64)	(64)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
- Intellectual property	(26)	(26)
- Consulting	(29)	(29)
- Other working capital	(48)	(48)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(615)</b>	<b>(615)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(10)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(426)	(426)
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(436)</b>	<b>(436)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	3,519	3,519
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	(364)	(364)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,149</b>	<b>3,149</b>

<b>4.</b>	<b>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	941	941
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(615)	(615)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(436)	(436)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,149	3,149
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,039</b>	<b>3,039</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	64	28
5.2	Call deposits	2,975	913
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,039</b>	<b>941</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	31
6.2 Aggregate amount of payments to these parties included in item 2.1	422
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 \$31k.
- Year to date cash payments for Research & Development and internally generated intangibles assets include \$9k and \$422k respectively paid to Grey Innovation Pty Ltd, an associate entity of Jefferson Harcourt. These arrangements reflect normal commercial terms.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(185)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(105)
9.4 Leased assets	-
9.5 Staff costs	(300)
9.6 Administration and corporate costs	(35)
9.7 Other (provide details if material)	
- Legal & professional	(55)
- Intellectual property	(20)
- Transaction costs related to issues of shares, convertible notes or options	-
<b>9.8 Total estimated cash outflows</b>	<b>(700)</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	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	\$94,483	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 October 2017

Mr Iain Kirkwood

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.