

## ASX Release

### COMPANY UPDATE & APPENDIX 4C QUARTER ENDED 31 DECEMBER 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 31 December 2017.

#### KEY HIGHLIGHTS

- Strong progress towards commercialisation of TALI Train, with commercial launch on track for first quarter calendar 2018
- Multiple key hires made within TALI Health to build sales, marketing and business development capabilities to drive the commercial roll-out of TALI Train
- \$1.2m Australian Government grant awarded to support accelerated development and commercialisation of TALI Detect
- Continued progress within Newly, including the addition of two business development hires working towards the commercial launch of the marketplace in calendar year 2018
- Enhanced internal core R&D and product development competencies to accelerate and improve Novita’s overall portfolio
- Cash reserves of A\$2.7m as at 31 December 2017

#### CORPORATE UPDATE

##### CEO appointment and new team additions

During the previous quarter, Mr. Glenn Smith was appointed as Chief Executive Officer (CEO) of the Company (effective 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.

Mr. Smith transition has been smooth and is fully engaged in all areas of Novita’s business, and the operations of TALI and Newly. With recent sales, product and technology additions to the team, the Company is building a team appropriately structured to support Mr. Smith in driving Novita’s growth.

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## **OPERATIONS UPDATE – TALI HEALTH**

### **Progress update: TALI Train**

TALI Train is a breakthrough digital therapeutic delivered by iPad or tablet scientifically and clinically proven to improve childhood attention and also numeracy skills (learning outcomes). Healthcare providers and educators prescribe the 5-week clinical intervention program to children aged between 3-8 years for use via a home-based tablet, making it available to a wide range of users across socio-demographic groups and geographic locations.

Childhood attention difficulties have a lifelong impact on education, social skills, relationships, mental health and employment opportunities with a USA initiated study estimating the annual cost of attention difficulties to the economy to be between US\$36 - US\$52 billion and the individual annual cost to families around US\$15,000<sup>1</sup>.

The TALI Train program costs A\$399 per individual user and is available via a software-as-a-service (SaaS) model enabling access (once rolled out) for healthcare providers, educators and individuals world-wide. For further information please see [www.talihealth.com](http://www.talihealth.com)

The last quarter saw the Company make pleasing and significant progress on the commercialisation of TALI Train, and the Company expects to build on this momentum in the upcoming quarter with formal market release of the product.

To support TALI Train's commercialisation programme, TALI Health made a number of key hires in the last quarter, including a Head of Marketing and experienced Business Development Executives to support efforts to create market awareness and drive significant market penetration.

Novita Healthcare continues to work with clinicians to refine the product experience, marketing strategy, medical device registration and remains confident in the significant market opportunity for TALI Train in the coming year and beyond.

The Company has also made exciting progress in enhancing its internal product and R&D capabilities to ensure seamless and consistent product improvements to TALI Train as it is rolled out to the market, and to develop new features and products in parallel with its new TALI Detect project.

### **Research and Development project: TALI Detect**

The TALI Detect project is expected to deliver a real-time digital screening tool for childhood attention difficulties. The tool will be 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.

Novita is pleased to report that the TALI Detect project commenced on 1 January 2018. The Company was awarded a \$1.2m grant from the Australian Federal Government's Co-operative Research Centre ("CRC") to design, develop and commercialise its scalable detection tool for childhood inattention, TALI Detect (as announced on 6 December 2017).

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TALI Detect will also triage children in need of intervention and those that could benefit from TALI Train. The Company is excited about the potential of TALI Detect, both as a complimentary to TALI Train, and as a valuable stand-alone digital screening tool.

## **OPERATIONS UPDATE - NEWLY**

Newly is an emerging employment technology company servicing care or support professionals and aged care or disability support providers requiring staff.

The initial service from the company Newly online, will connect people to relevant job opportunities using its marketplace service that enables the 13,000+ carers registered with Newly to connect in real-time, with 5,000+ aged and disability providers in Australia and be contacted for work within 60 seconds<sup>2</sup>.

There is a significant market opportunity for Newly, with a forecast 3.5m older Australians requiring care by 2050<sup>3</sup> and carers required to meet this demand forecast to grow from the current number of 360,000 to in excess of 1m by 2050<sup>4</sup>. For further information please see [www.newly.com.au](http://www.newly.com.au)

The Company has continued to advance the development of Newly online over the last quarter, with the marketplace approaching commercialisation which is consistent with the company's development schedule. The Company reaffirms its expectation of launching Newly online in 2018.

In anticipation of the roll-out of, the Company is seeking to identify and work with pools of latent demand for the market place in the aged and disability sector. To this end, the Company has hired two business development staff during the last quarter to work with aged and disability care providers in anticipation of commercial launch.

## **FINANCIAL UPDATE**

### **Revenues and expenses**

Total revenues for 2Q18 were A\$10k, reflecting fees for placement of carers to providers by Newly.

Net operating cash outflows for the December quarter were nil (down from A\$0.6 million in Q1 FY18), reflecting continued development on TALI and the proceeds from the R&D Incentive totalling A\$0.5 million and the on boarding of Newly into the business.

Net financing cash outflows for the quarter were A\$0.4 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 cash reserves of A\$2.7 million (down from A\$3.4 million as at 30 September 2017), reflecting the successful completion of the equity raising, payments

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to suppliers for development on TALI Train and the move toward commercialisation. The Company remains confident that the cash balance will be adequate to support the continued development and commercialisation of the Newly marketplace and TALI Train.

## **OUTLOOK**

The Company looks forward to the commercial launch of the TALI Train (Generation 1.0) program, which should generate clinical and patient utility along with revenue for the Company. Further, the Company anticipates the launch of the Newly marketplace to drive revenue and identify further offerings to serve the human capital management requirements for providers. The Company is also excited to continue its development of TALI Detect during 2018, and to keep the market updated on its progress.

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

## **ABOUT NOVITA**

Novita Healthcare is an emerging technology company encompassing the current businesses of TALI Health 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.

## **CONTACTS**

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### **Investors:**

**Bruce Higgins**

Chairman

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<sup>1</sup>Pelham W, Foster E and Robb J. The Economic Impact of Attention-Deficit/Hyperactivity Disorder in Children and Adolescents. *Journal of Paediatric Psychology* 32(6) pp.711-727,2007doi:10.1093/jpepsy/jsm022.

<sup>2</sup>Applicable to on-demand placement process only

<sup>3</sup> and <sup>4</sup>ASCAC (2017)

**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 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10	20
1.2 Payments for		
(a) research and development	0	(9)
(b) product manufacturing and operating costs	(146)	(149)
(c) advertising and marketing	(61)	(112)
(d) leased assets	(24)	(25)
(e) staff costs	(170)	(407)
(f) administration and corporate costs	(47)	(94)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	504	504
1.8 Other (provide details if material)		
- GST refunds/(payments)	(24)	(18)
- Legal & professional	(55)	(172)
- Insurance	(3)	(67)
- Intellectual property	-	(26)
- Other working capital	42	(37)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>35</b>	<b>(581)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(15)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(348)	(774)
(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)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(353)</b>	<b>(789)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	(364)
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>-</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	3,038	941
4.2	Net cash from / (used in) operating activities (item 1.9 above)	35	(581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(353)	(789)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,149
4.5	Effect of movement in exchange rates on cash held	5	5
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,725</b>	<b>2,725</b>

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	50	63
5.2	Call deposits	2,675	2,975
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>2,725</b>	<b>3,038</b>

<b>6.</b>	<b>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	22
6.2	Aggregate amount of payments to these parties included in item 2.1	126
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	<ul style="list-style-type: none"> <li>- Year to date cash payments for Staff Costs and internally generated intangibles assets include director fees \$53k and \$16k respectively.</li> <li>- Year to date cash payments for Research &amp; Development and internally generated intangibles assets include \$9k and \$612k respectively paid to Grey Innovation Pty Ltd, an associate entity of Jefferson Harcourt. These arrangements reflect normal commercial terms.</li> </ul>	

<b>7.</b>	<b>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.</b>	<b>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.		
	<ul style="list-style-type: none"> <li>- Bank guarantee funds secured in accordance with premises lease terms.</li> </ul>		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(15)
9.2 Product manufacturing and operating costs	(135)
9.3 Advertising and marketing	(80)
9.4 Leased assets	-
9.5 Staff costs	(325)
9.6 Administration and corporate costs	(50)
9.7 Other (provide details if material)	
- Legal & professional	(50)
- Intellectual property	(10)
- Transaction costs related to issues of shares, convertible notes or options	-
<b>9.8 Total estimated cash outflows</b>	<b>(665)</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: 31 January 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.