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Simavita

ASX ANNOUNCEMENT

Simavita Releases Quarterly Activities Report + Appendix 4C for the quarter ended September 30, 2020

For Immediate Release: **October 29, 2020**

Sydney, Australia – Simavita Limited (ASX: SVA) today reported its September 30, 2020 quarter end results.

Operations:

- The impact of COVID-19 pandemic upon the operations of the Company has and continues to be significant. The Company's clinical program planned for early 2020 for its Smartz™ platform technology remains "on hold" until international institutional aged care has reopened to the public. When and where possible we have conducted clinical testing in Australia.
  We have also completed significant internal product testing to the highest possible level.

- During the quarter we have focused our attention on matters where we have some control:

  i) Building relationships with major international partner organisations;

  ii) Progressing our corporate reorganisation strategy;

  iii) Completing regulatory documentation; and

  iv) Completing the development of a fully functional Cloud Based and App Driven, platform technology.

- Importantly, the Company has progressed its restructuring plans and intends to release these plans to market during the current quarter.

- Chief amongst the goals set by the Company has been to progress discussion with major industry partners. It is in this regard that we are in discussion with major diaper manufacturers and major industry suppliers with a view to concluding a partnering, licensing or investment transaction with such industry participants. While those discussions are well advanced however there is no guarantee they will result in any binding agreements. We are however committed to finalising a commercial transaction and to reporting outcomes to our shareholders.

- Simavita believes that partnering or licensing with a third party industry supplier undertaking the marketing to the large global diaper manufacturing companies may be a faster and less costly strategy to enter the competitive global diaper market.

Financial Results:

- The Company ended the quarter to September 30, 2020 with cash reserves of AUD$ 640k.
- Operating costs for the quarter increased significantly due to additional investment in research & development and restructuring costs. Research and development costs increased by $150k over the quarter. This was associated with regulatory costs and design enhancement for Smartz™. There were also one off costs of $230k relating to the restructure of Simavita.
- Total cash outflows for the quarter were $1.62m which is an increase of 49% on the previous quarter.
- The Company expects to have negative operating cash flows whilst it builds a sustainable revenue pipeline. During this period, the Company may continue to rely upon the support of its major shareholders. If required, the Company will raise additional cash to fund operations and to meet its business objectives.
- During the quarter the Company paid $0.15m to related parties in the form of salary to an Executive Director and Non-Executive Director's fees.

For further information, please view our website (www.simavita.com) or contact:

Ms Peta Jurd
Chief Commercial Officer

E: pjurd@simavita.com
T: +61 421 466 653
W: Investor Centre: Click here

This ASX announcement was approved and authorised for release by the Board of Simavita Limited.

About Simavita

Simavita (ASX: SVA) is a MedTech Company focused on the development of smart, wearable and disposable platform technologies for the health care market.

Our key platform Smartz™ is a highly disruptive technology focused on transforming a traditional "dumb" diaper into a smart device to help parents and carers of both infants and adults.

With the support of our shareholders, customers and employees, Simavita is absolutely committed to the business at hand; creating a commercially successful and growing corporation. www.simavita.com

Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities laws ("forward-looking information"). This forward-looking information is given as of the date of this document.

Forward-looking information relates to future events or future performance and reflects Simavita management's expectations or beliefs regarding future events. Assumptions upon which such forward-looking information is based include that Simavita will be able to successfully execute on its business plans. Many of these assumptions are based on factors and events that are not within the control of Simavita and there is no assurance they will prove to be correct.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is

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expected", "budget", "potential", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or information that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By its very nature forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Simavita to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, risks related to actual results of current business activities; changes in business plans and strategy as plans continue to be refined; other risks of the medical devices and technology industry; delays in obtaining governmental approvals or financing or in the completion of development activities; as well as those factors detailed from time to time in Simavita's interim and annual financial statements and management's discussion and analysis of those statements. Although Simavita has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Simavita provides no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

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Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
SIMAVITA LIMITED

ARBN	Quarter ended:
165 831 309	30 September 2020

Consolidated statement of cash flows	Current quarter $A'000	Year to date (Three months) $A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	10	10
1.2 Payments for		
(a) research and development	(324)	(324)
(b) product manufacturing and operating costs	(31)	(31)
(c) advertising and marketing	(33)	(33)
(d) leased assets	-	-
(e) staff costs	(600)	(600)
(f) administration and corporate costs	(633)	(633)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other: GST refund/JobKeeper	138	138
1.9 Net cash from / (used in) operating activities	**(1,473)**	**(1,473)**
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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	**-**	**-**
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	51	51
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	**51**	**51**

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		Current quarter $A'000	Year to date (Three months) $A'000
4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,063	2,063
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,473)	(1,473)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	51	51
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	640	640

	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	640	2,063
5.2	Call deposits		
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)**	**640**	**2,063**

	6 Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	150
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
	Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments	

	7 Financing facilities Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity	Total facility amount at quarter end AUD'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	1,400	1,400
7.2	Credit standby arrangements	90	1
7.3	Other (R&D Loan & signed subscription agreements)	1,401	751
7.4	**Total financing facilities**	2,891	2,152

7.5	**Unused financing facilities available at quarter end**	739

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 (a) - Convertible notes issued in April 2018, totalling $1.4m which are either convertible or redeemable on 21 December 2020. Coupon rate of 10% per annum, with interest payable on Maturity Date.

7.2 - Westpac Bank credit card facility

7.3 - Finance provider: Antra Group Pty Ltd. Loan secured by the Group. Establishment fee at 5% and capitalised interest at 16% p.a. Facility to be repaid by the Group once the 2020 R&D tax incentive is received from the ATO.
Signed subscription agreements totalling $650k have been received. Funds are expected to be received prior to 30 November 2020.

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8 Estimated cash available for future operating activities	$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,473)
8.2 Cash and cash equivalents at quarter end (item 4.6)	640
8.3 Unused finance facilities available at quarter end (item 7.5)	739
8.4 Total available funding (item 8.2 + item 8.3)	1,379
8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.94

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Net operating cash flows will remain consistent with previous quarters.

8.6.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is currently undertaking a capital raise. Signed subscription agreements totalling $650k have been received to date and additional agreements are expected.

8.6.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes on the basis of the cash injection from the Capital raising, the Company expects to be able to continue its operatios and meet its business objectives. The Company also continues to enjoy the support of its major operations.

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.

Date: 29-Oct-20

Authorised by: Peta Jurd Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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