

ASX ANNOUNCEMENT

Simavita releases Preliminary Final Report for the year ended June 30, 2018

For Immediate Release:

August 31 2018

Sydney, Australia – Simavita Limited (**Simavita** or the **Company**) (ASX: SVA) is pleased to release its Preliminary Final Report for the year ended June 30, 2018 (Appendix 4E).

Key points from the Appendix 4E include:

- The Company reported a net loss after tax for the year ended June 30, 2018 of \$4.9 million representing a decrease of \$2.8 million, or 36%, over the loss for the previous year. This decrease in the current year loss is principally attributable to:
 - A reduction in operating expenses to \$5.74 million, a decrease of \$2.53 million or 31% compared to the previous corresponding year.
 - A reduction in the share-based payments expense (\$0.96 million) incurred due to a reduction in the number of unlisted stock options that were granted during FY 2018.
- As foreshadowed in the half year results, total revenue from operations decreased to \$411,344, a 55% reduction from \$908,665 in the previous corresponding period. This reduction was due to the transition from “one on one” or consultative selling to meaningful partnerships with successful, complementary businesses as part of our PIVOT strategy.
- This report is based on draft financial statements which are in the process of being audited and which have been prepared on a "going concern" basis. The Company presently has very limited cash reserves; continues to enjoy the support of its major shareholders and, if required, the Company intends to seek to raise additional cash in the short term to fund operations and to meet its business objectives. Of course there is no guarantee that additional cash can be raised or the issue price / terms on which it is raised.
- Earlier this week the Company announced its first major marketing agreement for targeted sales of adult and infant products incorporating Simavita’s AlertPLUS™ platform technology. The agreement, aimed at 4 major customers in North America and Europe will have in aggregate anticipated annual product purchases of circa AUD 310m. Simavita will be entitled to a share of profits generated from sales. Such profits are anticipated to vary according to the size and nature of sale agreements ultimately entered into with end user customers
- Simavita Chairman, Mr Michael Spooner said: “With the support of our shareholders, we’ve worked hard over the past 2 years to implement our PIVOT strategy. We have completely rebuilt and repositioned the Company and our product portfolio. Importantly, this marketing agreement for targeted sales into North America and Europe, is an outstanding validation of our PIVOT strategy and an excellent commercial start to the tremendous opportunity that we believe has now been established.

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

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About Simavita

Simavita (ASX: SVA) develops and markets advanced systems associated with smart, wearable and disposable sensors for the global diaper manufacturing industry and also for the aged and disabled care markets. This industry currently generates approximately USD 64bn in annual revenues.

Simavita offers an extremely low cost sensor platform technology for everyday use in all adult and infant diapers. AlertPLUS™ is incorporated into the diaper manufacturing process and connects to your smart device via an App. The platform is ready for partnering with major international diaper manufacturers.

Simavita's technology portfolio also includes AssessPLUS™, an easy to use tablet based product for the assessment of incontinence which delivers a personalised, evidence base incontinence care plan.

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

Appendix 4E - Preliminary Final Report for the year ended June 30, 2018 Simavita Limited (ARBN 165 831 309) and Subsidiaries

Lodged with the ASX under Listing Rule 4.3A

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1 Company details

This report covers Simavita Limited (Simavita or Company) and the entities it controlled during the financial year ended June 30, 2018 (Simavita Group or Group or Consolidated Group), for the financial year ended June 30, 2018 (FY 2018).

The previous corresponding period is the year ended June 30, 2017 (FY 2017).

The financial statements are presented in Australian dollars (unless otherwise stated).

2 Results for announcement to the market

		Reporting Period	Movement from Previous Period	
2.1	Consolidated revenue from ordinary activities	\$411,344	Decreased by \$497,321	Decreased by 55%
2.2	Consolidated loss from ordinary activities after tax attributable to Members of the Group	(\$4,942,295)	Reduced by \$2,810,221	Reduced by 36%
2.3	Consolidated loss attributable to Members of the Group	(\$4,942,295)	Reduced by \$2,810,221	Reduced by 36%

2.4 Dividends

No dividends were paid during the Reporting Period or the Previous Period, nor are any proposed as at the date of this Appendix 4E.

2.5 Record date for determining entitlements to dividends

Entitlements to dividends: Not applicable.

2.6 Details of dividend reinvestment plans

The Group does not have a Dividend Reinvestment Plan as at the date of this Appendix 4E.

2.7 Simavita overview

Strategic Business Review and Refocus

In March 2017 the Company conducted a strategic review with the newly appointed Board and released PIVOT – Simavita’s strategic plan, a road map for the company’s goal of rapidly building a profitable and valuable business. The impact of our strategic plan is bearing significant fruit.

Tight cost control and impact of the reshaping of the company’s operations:

1. Since a restructuring in 2017 the Company has reduced its operating costs by 40%.
2. An absolute shift away from “one on one” or consultative selling, toward meaningful partnerships with organizations who have successful, vested and complementary businesses. The partnership with OneMed in northern Europe has been successful and discussions are underway to expand the agreement to a further 3 countries. Further distribution partners are also being sought for the UK.
3. Essential to our PIVOT strategy has been to create product platforms that may be rapidly delivered to suit changing user needs across a community of users that may range from our traditional aged users through to disabled and across to infants for everyday use regardless of the setting, location or need of the user.

AlertPLUS™ is our latest platform addition and core to the company’s future. AlertPLUS™ is available for adult and infant markets. It is, we believe, an industry disruptive, platform technology. It has three components which may be modified to suit product and market requirements. Components include:

- > An integrated electronic sensor which forms part of the diaper materials. The sensor is added to the diaper during manufacture and does not require modification to manufacturing equipment or the manufacturing process, nor does the addition of the sensor impact manufacturing efficiency. Current estimates of a standard sensor will be immaterial to the input costs of each diaper. Importantly, the sensor may be adapted to specified diaper types.

> A low cost, multi-use, data capture device which is clipped to the end of each diaper. The ideal low cost specification for this device is Bluetooth. However, it may be modified to utilize WIFI. Furthermore, the device may be adapted to cater for environmental and specific health and safety requirements.

> A multi-OS downloadable APP including Android, Windows and IOS from Apple iTunes developed and modified to suit market requirements. APPs may support multiple languages as well as functionality required by users.

Simavita has been granted patented rights to this core technology.

AssessPLUS™ delivers a portable, highly automated solution that is simple to use and an efficient method of assessing incontinence whilst rapidly generating evidence based care plans for both home use and aged care operators. The future of our incontinence business is clear, through AssessPLUS™ we will focus on creating relationships with service suppliers including NDIS providers and other government payers as well as providers who deliver services within the community.

The Group's continued focus on cost management has resulted in the reduction of operating costs and research and development costs. As a consequence the R&D tax incentive has also been reduced.

On August 27, 2018 the company signed a marketing agreement with a European diaper manufacturer to develop and market a smart diaper solution utilising Simavita AlertPLUS™ technology. The agreement is for 12 months and will target 4 major customers with annual sales value of at least €50 million each. The agreement covers the marketing and sale of sensor based alert technology for infant diaper markets and adult continence in Europe and Americas. Simavita will be entitled to a share of profits generated from sales. Such profits are anticipated to vary according to the size and nature of sale agreements ultimately entered into with end user customers.

2.8 Explanation of revenue and profit/ loss from ordinary activities after tax

The preliminary total comprehensive loss is below the prior year by \$2,816,946 due primarily to:

> Total operating expenses of \$5,746,855 (excluding share-based expense) had a decrease of \$2,538,350 or 31% compared to \$8,285,205 in the previous corresponding year. In addition, during the year the Company incurred \$84,510 in share-based payments expenses compared to \$1,053,326 in the previous year. Accordingly, overall total expenses reduced by \$3,507,166 or 38% on a corresponding period basis.

> Total revenue from ordinary activities for the reporting period was \$411,344 a decrease of 55% compared to \$908,665 in the previous corresponding period.

> Other income decreased due to an estimated R&D tax incentive of \$641,320 compared to \$961,558 in the previous corresponding year.

> Total comprehensive loss for the year was \$4,946,425 a decrease of \$2,816,946 or 36% compared to \$7,763,371 in the previous corresponding year.

2.9 Net intangible assets

The consolidated net intangible assets as at the end of the Reporting Period were negative \$0.01 per

2.10 Control gained or loss over entities

During the Reporting Period, the Group did not gain or lose control of any entities.

2.11 Details of associates and joint venture entities

As at the end of the Reporting Period, the Group had no interest in any associate or joint venture.

2.12 Foreign entities

Simavita Limited (the "Group") was incorporated under the laws of the Yukon Territory on May 28, 1968 and continued under the laws of the Province of British Columbia, Canada on December 3, 2013.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements comprise the consolidated financial statements of the consolidated entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

2.13 Audit status

This report is based on draft financial statements which are in the process of being audited and which have been prepared on a "going concern" basis. The Company presently has very limited cash reserves; continues to enjoy the support of its major shareholders and, if required, the Company intends to seek to raise additional cash in the short term to fund operations and to meet its business objectives. Of course there is no guarantee that additional cash can be raised or the issue price / terms on which it is raised.

At the date of this statement, the Company anticipates an unqualified audit opinion to be issued with an emphasis of matter regarding a material uncertainty on "going concern".

2.14 Attachments

The preliminary financial statements of the Group for the year ended June 30, 2018 are attached.

Signed on behalf of Simavita Limited



Company secretary

Dated this 31st day of August 2018.

SIMAVITA LIMITED
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED JUNE 30, 2018
Appendix 4E - Item 3

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	\$	\$
Revenue	411,344	908,665
Cost of sales	<u>(220,181)</u>	<u>(297,017)</u>
Gross profit	<u>191,163</u>	<u>611,648</u>
Other income	697,907	974,367
Expenses		
Finance costs	(233,614)	-
General and administration	(2,093,952)	(2,646,818)
Occupancy costs	(376,677)	(318,566)
Research and development	(1,207,680)	(1,574,499)
Sales, marketing and distribution	(1,834,932)	(3,745,322)
Share-based payments expense	<u>(84,510)</u>	<u>(1,053,326)</u>
Loss before income tax	<u>(4,942,295)</u>	<u>(7,752,516)</u>
Income tax	-	-
Loss for the year	<u>(4,942,295)</u>	<u>(7,752,516)</u>
Other comprehensive income		
Items that may be subsequently reclassified to profit/ (loss)		
Translation of foreign operation	(4,130)	(10,855)
Total comprehensive loss for the year	<u><u>(4,946,425)</u></u>	<u><u>(7,763,371)</u></u>
	Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:		
Basic loss per common share	(0.02)	(0.03)
Diluted loss per common share	(0.02)	(0.03)
Earnings per share for loss attributable to the ordinary equity holders of the Group:		
Basic loss per common share	(0.02)	(0.03)
Diluted loss per common share	(0.02)	(0.03)

The accompanying notes form an integral part of these consolidated financial statements

SIMAVITA LIMITED
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018
Appendix 4E - Item 4

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	1,361,484	2,072,353
Trade and other receivables	792,934	1,337,429
Inventories	207,008	490,628
Other assets	<u>167,875</u>	<u>106,665</u>
Total Current Assets	<u>2,529,301</u>	<u>4,007,075</u>
Non-Current Assets		
Property, plant and equipment	8,315	44,783
Intangible assets	<u>29,123</u>	<u>42,924</u>
Total Non-Current assets	<u>37,438</u>	<u>87,707</u>
Total Assets	<u><u>2,566,739</u></u>	<u><u>4,094,782</u></u>
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Trade and other payables	576,010	733,858
Convertible notes	3,533,041	-
Provisions	<u>143,370</u>	<u>184,787</u>
Total Current Liabilities	<u>4,252,421</u>	<u>918,645</u>
Non-Current Liabilities		
Provisions	<u>80,074</u>	<u>79,978</u>
Total Non-Current Liabilities	<u>80,074</u>	<u>79,978</u>
Total Liabilities	<u><u>4,332,495</u></u>	<u><u>998,623</u></u>
Shareholders' Equity		
Share capital	66,243,056	66,243,056
Reserves	1,811,130	2,914,723
Retained earnings	<u>(69,819,942)</u>	<u>(66,061,620)</u>
Total Shareholders' Equity	<u>(1,765,756)</u>	<u>3,096,159</u>
Total Liabilities and Shareholders' Equity	<u><u>2,566,739</u></u>	<u><u>4,094,782</u></u>

The accompanying notes form an integral part of these consolidated financial statements

SIMAVITA LIMITED
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018
Appendix 4E - Item 5

	Share Capital \$	Reserves \$	Retained Losses \$	Totals \$
Balance at July 1, 2016	<u>64,083,824</u>	<u>3,638,297</u>	<u>(60,075,149)</u>	<u>7,646,972</u>
Net Loss for the period	-	-	(7,752,516)	(7,752,516)
Movement in Share-based payments reserve	-	1,053,326	-	1,053,326
Other comprehensive income, net of tax	-	(10,855)	-	(10,855)
Total comprehensive loss for the period	<u>-</u>	<u>1,042,471</u>	<u>(7,752,516)</u>	<u>(6,710,045)</u>
<i>Transactions with owners</i>				
Issue of common shares for cash	2,348,109	-	-	2,348,109
Reversal of lapsed options vested not exercised	-	(1,766,045)	1,766,045	-
Equity transaction costs	(188,853)	-	-	(188,853)
Cancellation of fractional shares	(24)	-	-	(24)
Total transactions with owners	<u>2,159,232</u>	<u>(1,766,045)</u>	<u>1,766,045</u>	<u>2,159,232</u>
Balance at June 30, 2017	<u>66,243,056</u>	<u>2,914,723</u>	<u>(66,061,620)</u>	<u>3,096,159</u>
Net Loss for the period	-	-	(4,942,295)	(4,942,295)
Movement in share-based payments reserve	-	84,510	-	84,510
Other comprehensive income, net of tax	-	(4,130)	-	(4,130)
Total comprehensive loss for the period	<u>-</u>	<u>80,380</u>	<u>(4,942,295)</u>	<u>(4,861,915)</u>
<i>Transactions with owners</i>				
Issue of common shares for cash	-	-	-	-
Reversal of lapsed options vested not exercised	-	(1,183,973)	1,183,973	-
Equity transaction costs	-	-	-	-
Cancellation of fractional shares	-	-	-	-
Total transactions with owners	<u>-</u>	<u>(1,183,973)</u>	<u>1,183,973</u>	<u>-</u>
Balance at June 30, 2018	<u>66,243,056</u>	<u>1,811,130</u>	<u>(69,819,942)</u>	<u>(1,765,756)</u>

The accompanying notes form an integral part of these consolidated financial statements

SIMAVITA LIMITE D
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
Appendix 4E - Item 6

	Consolidated	
	Jun 30, 2018	Jun 30, 2017
	\$	\$
Cash flows from /(used in) operating activities		
Loss for the year	(4,942,295)	(7,752,516)
Non-cash items		
Depreciation and amortization	50,670	108,027
Bad debts written-off	-	483
Share-based payments expenses	84,510	1,053,326
Net (Gain)/Loss on sale of plant and equipment	-	(150)
Unrealized foreign exchange movements	(10,497)	(3,015)
Accrued interest on convertible notes	172,619	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	544,495	576,458
(Increase)/decrease in inventories	283,620	(8,605)
(Increase)/decrease in prepayments	(61,210)	24,777
Increase/(decrease) in payables	(142,368)	(236,886)
Increase/(decrease) in provisions	(41,321)	(9,084)
Net cash flows from/(used in) operating activities	<u>(4,061,777)</u>	<u>(6,247,185)</u>
Cash flows from/(used in) investing activities		
Purchases of plant and equipment	(177)	(2,690)
Purchases of intangible assets	(224)	-
Proceeds from the sale of plant and equipment	-	150
Net cash flows from/(used in) investing activities	<u>(401)</u>	<u>(2,540)</u>
Cash flows from/(used in) financing activities		
Proceeds from the issue of shares by the Company	-	2,348,109
Proceeds from the borrowings	1,305,461	-
Proceeds from the issue of convertible notes	2,750,000	-
Repayment of the borrowings	(695,039)	-
Cancellation of fractional shares	-	(24)
Equity transaction costs	-	(188,853)
Net cash flows from/(used in) financing activities	<u>3,360,422</u>	<u>2,159,232</u>
Net increase/(Decrease) in cash and cash equivalents held	(701,756)	(4,090,493)
Cash and cash equivalents at the beginning of period	2,072,353	6,172,770
Net foreign exchange differences on cash and cash equivalents	<u>(9,113)</u>	<u>(9,924)</u>
Cash and cash equivalents at the end of period	<u>1,361,484</u>	<u>2,072,353</u>

The accompanying notes form an integral part of these consolidated financial statements