



ASX ANNOUNCEMENT – COMPANY UPDATE

Secures Over \$3 million in Funding to Focus on AlertPLUS™ Simavita Delivers Key Operational Update

For Immediate Release:

10 May 2019

Sydney, Australia – Simavita Limited (ASX: SVA) (“**Simavita**” or the “**Company**”) today announced that the Company had secured funding commitments in aggregate, of over \$3 million from professional and sophisticated investors to assist it in the commercialization of its unique platform technology AlertPLUS™ focused on the USD64bn diaper industry.

Financing Key Points:

- Funding is to be provided by way of Debt Notes. Repayment of the Notes is intended to be secured over the assets of the Company.
- Funds will be paid in 3 tranches. The Notes, subject to CDI holder approval at a Special General Meeting, are proposed to be convertible into CDIs in the Company.
- Members of the Board of Directors including Mr Michael Spooner and Mr Gary Pace will also, subject to prior CDI holder approval at a Special General Meeting, personally each invest \$50,000 in this financing. It should be noted that the third Director Mr Damien Haakman and his family are currently significant investors in the Company.
- New funding will greatly support the Company towards achieving its key revenue targets and enable the Company to commence its reorganisation objectives.
- Existing 2018 Series 1 Convertible Notes (for \$1million) have been modified such that the holder will maintain their interests until 30 June 2020. Those 2018 Series 1 Convertible Notes will convert at no less than 3 cents per CDI.
- In light of these changes and the current funding round, it has been agreed with the relevant subscriber that the Company will no longer require subscription pursuant to the 2018 Series 2 Convertible Note Deed (for \$1 million).
- Simavita plans to continue to work rapidly with its auditors to lift the Company’s suspension from trading on the ASX.

Operational Update:

- Funds to be invested will focus on commercialization and product sales of AlertPLUS™ to international markets.
- The Company recently completed a successful demonstration print run of 45 kilometers of sensor material in Europe. See below for further details.
- Simavita is currently working closely with partner organisations to complete commercial production of diapers incorporating the Simavita AlertPLUS™ sensors.
- We continue to undertake discussions with 3rd parties regarding licensing of our key patents.
- Plans are now well advanced regarding the reorganization of the Company, as first announced to the market on 31 January 2019.

Immediate Funding:

The Debt Notes, subject to CDI holder approval at a Special General Meeting (**SGM**) to be convened in June 2019, will become convertible at the election of the holder into CDIs.

Terms of the Debt Notes (including proposed conversion terms) will be provided to CDI holders in the notice of meeting for the SGM. The terms include:

- Tranche 1 - Payment of \$500,000 (which has been paid to the Company).
- Tranche 2 – Over \$1.5 million will be paid upon approval of the Note terms at a Special General Meeting.
- Tranche 3 – up to \$1 million to be paid, upon the completion of CE Mark registration of AlertPLUS™ (which needs to be before 1 November 2019), together with confirmation of written agreements sufficient magnitude to evidence the required market interest in AlertPLUS™.

As part of the current financing, the Company has been able to complete discussions with a holder of Series 1 2018 Convertible Notes. In summary, it was agreed that the Series 1 Note would be held in abeyance until 30 June 2020 and would be converted at a fixed price of 3cents. All other terms in relations to the Series 1 Notes remain in place. Furthermore, the Company has agreed with the Note holder that Series 2 2018 Note Deed would be terminated without the need for any subscription of funds nor the issue of any Series 2 Notes.

Application of Funds:

The Company has now completed its PIVOT strategy to materially reduce operating costs and to focus upon the delivery of a business model and software platform technology AlertPLUS™ which the Company believes has market demand and may deliver a strong and profitable business. The Company is now embarking on its Next Steps strategy. Funds to be received from this financing will also be applied to working capital. Our focus is to bring the Company's leading platform technology to market.

Since the adoption of the PIVOT strategy in 2017 the Company has transitioned into a MedTech Company with the objective of achieving a low recurring cost structure, capable of delivering product to new and major markets of interest.

The Company can now deliver sensors and a portfolio of Apps that meet a clear demand for change in major markets. Our platform technology AlertPLUS™ delivers cost effectiveness as well as better and timely information to address all segments of the international infant diaper and adult incontinence industry. Importantly, AlertPLUS™ is a platform that facilitates a suite of wellness applications using data from our sensors to provide information well beyond wetness detection. These additional applications will in due course include fall alerts, hydration management, ambient temperature and comfort control as well as many other indicators designed to improve care and securely deliver meaningful information. The operation of the AlertPLUS™ platform represents a clear unmet market need to provide low cost product to a rapidly growing US\$53bn diaper market for infants and a US\$11bn market for adult incontinence pads. It is our view that this market has failed to materially change in over 25 years prior to our platform development.

Commercialisation:

Our immediate objective is to license components of our key AlertPLUS™ to large corporates. In the past 12 months the Company has made significant progress:

- Key commercialisation activities specifically in major markets in Europe and the United States include focus on partners including:
 - Distributors
 - Manufacturers
 - Retailers including both online and bricks & mortar.

The Company continues very active dialogue with a number of major organisations with specific interest in our platform technology. Importantly it should be noted that these discussions are often complex, relate to major installations and may be of varying duration. The Company is committed to informing our CDI holders and market should these discussions translate into signed agreements that are material to the Company and its operations.

- Continue to develop key marketing information. Simavita maintains a sharp focus on competitive products. At this juncture we strongly believe that Simavita has a clear competitive advantage including issued patents for a technology platform that produces an exceptionally low cost and comprehensive solution for Adult as well as Infant markets.

In addition to competitor assessments, Simavita is collating consumer information through Focus User Group sessions internationally to test product acceptance and to enable the Company to deliver product that meets real market need.

Fundamental to our marketing efforts is the addition of a suite of marketing videos the first of which is currently in production for short term release.

- Simavita develops a number of key Apps that go well beyond simple wetness alerts. Apps that form part of the Company's platform relate to:
 - Falls
 - Hydration
 - Rest and Wellness
 - Movement sensors that detect and alert
 - Management information
- Speed and low cost manufacturing is essential. Simavita recently completed a key manufacturing milestone. In our first commercial test run in Europe, 45 kilometers of sensor materials were printed in 90 minutes and is sufficient to manufacture thousands of smart diapers. The manufacturing run was undertaken in front of a number of partner organisations. Deliverables included roles of our materials that may simply be inserted into diaper production lines without impact or change to manufacturing process, equipment or efficiencies.
- Strategic field testing with partner organisations in Europe is timed for Q3 2019. Field testing will be completed along-side key user groups.
- Complete regulatory approvals including CE Mark in selected markets are also aimed to be completed during Q3 2019.
- The Company is committed to a reorganisation including rebranding. We envisage the first elements of brand reorganisation will commence prior to 30 June 2019 and a full restructuring is planned for 30 June 2020.

Lodgment of the financial statements for the half year ended 31 December 2018

The completion of Tranche 2 of this financing will enable the Company to continue working with our auditors Price Waterhouse Coopers to finalise and lodge the half yearly accounts with the ASX. On the lodgment of these accounts the Company expects to resume trading on the ASX.

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

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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 AlertPLUS™ 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 CDI holders, 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 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