

Appendix 4E - Preliminary Final Report for the year ended June 30, 2020 Simavita Limited (ARBN 165 831 309) and Subsidiaries

Lodged with the ASX under Listing Rule 4.3A

Contents

	Page
Results for Announcement to the Market <i>Appendix 4E item 2</i>	2
Preliminary Consolidated Statement of Comprehensive Loss <i>Appendix 4E item 3</i>	5
Preliminary Consolidated Statement of Financial Position <i>Appendix 4E item 4</i>	6
Preliminary Consolidated Statement of Changes in Equity <i>Appendix 4E item 5</i>	7
Preliminary Consolidated Statement of Cash Flows <i>Appendix 4E item 6</i>	8

1 Company details

This report covers Simavita Limited (Simavita or Company) and the entities it controlled during the financial year (Simavita Group or Group or Consolidated Group), for the financial year ended June 30, 2020 (FY 2020).

The previous corresponding period is the year ended June 30, 2019 (FY 2019).

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 income from ordinary Activities (incl. other income)	\$919,534	Increased by \$14,444	Increased by 2%
2.2	Consolidated loss from ordinary activities after tax attributable to Members of the Group	(\$4,199,568)	Increased by \$265,352	Increased by 7%
2.3	Consolidated comprehensive loss attributable to Members of the Group	(\$4,199,845)	Increased by \$267,490	Increased by 7%

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

During the year, the Group has completed the next generation of the Smartz™ platform technology and achieved the following milestones:

- Advanced electronics and applications. Smartz™ now delivers a significantly expanded range of applications, flexible graphical user interface and powerful reporting tools from Cloud Based and highly secured data. Smartz™ now seamlessly delivers at home and in complex institutional settings.
- Manufactured adult and infant Smartz™ enabled diapers across multiple geographic regions and multiple product types and sizes. Full commercial manufacturing from a standing start can now occur within days.
- Secured logistics supply chains in the event of further disruptions.
- Significantly enhanced regulatory documentation, systems security and data confidentiality.
- Apps are now downloadable from multiple App Stores.
- The Company has materially completed planning and international training necessary to roll out product to a number of countries. However, due to COVID-19 requirements to completely lock down aged care facilities, this key target will remain in abeyance until the international community reopens.

Smartz™ is available for adult and infant markets. It is, we believe, an industry disruptive, platform technology. The technology will be licensed to major manufacturers for sale to distributors, retailers and aged care institutions.

The Group can now deliver sensors and a portfolio of APPS that meet a growing demand for change in major markets. The operation of the Smartz™ 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.

Simavita has been granted patented rights to this core technology.

The Company obtained CE Mark registration and FCC approval in November 2019 and is currently upgrading those registrations in light of significant design enhancements, including external regulatory testing, as a medical device in Europe, USA, Canada and Australia. The Group's continued focus on cost management has resulted in operating costs increasing slightly year-on-year despite increased investment in R&D.

The Group's sales strategy is to license our Smartz™ platform technology to major manufacturers whilst continuing to focus on government payers who support the disabled and aged. This shift in strategy has seen the Group largely eliminate those activities associated with direct sales. Going forward the Group will not hold inventory. The future strategy is based upon sustainable, high margin license fees with costs remaining proportionally flat. This shift in strategy has allowed reallocation of resources to focus on partnering our products. As previously foreshadowed, for the current period this has impacted sales receipts.

In summary, the Company is funded to meet its immediate needs and has been ready to roll out its technology to major international markets since early 2020. The COVID-19 pandemic, however, has materially impacted a number of the Company's activities arising from:

- The closure of the international aged care market due to the extreme risk of mortality
- Manufacturing partners overwhelmed by market demand and changes to manufacturing.

During this period, the Company has taken the opportunity to focus on technology enhancements and in materially strengthening ties with potential partner organisations.

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

The preliminary total comprehensive loss is greater than the prior year by \$267,490 due primarily to:

- > Total operating expenses of \$5,075,105 (excluding share-based expense) increased by 8% from FY 2019
- > Total income (including other income) for the reporting period was \$919,534, an increase of 2% from FY 2019. Sales have fallen from \$184,576 for the year ending June 30, 2019 to \$43,469 for the year to June 30, 2020 as a consequence of changed business model.
- > Total loss from operating activities for the year after income tax was \$4,199,568 an increase of \$265,352 or 7% compared to FY 2019

2.9 Net tangible assets per share

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

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 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.

We anticipate an unqualified opinion to be issued with an emphasis of matter paragraph regarding a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

2.14 Attachments

The preliminary financial statements of the Group for the year ended June 30, 2020 are attached.

Signed on behalf of Simavita Limited



Peta C. Jurd

Company secretary

Dated this 28th day of August 2020.

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Consolidated	
	Jun 30, 2020	Jun 30, 2019
	\$	\$
Revenue	43,469	184,576
Cost of sales	(19,997)	(86,969)
Gross profit	<u>23,472</u>	<u>97,607</u>
Other income	876,065	720,514
Expenses		
Finance costs	(518,448)	(224,663)
General and administration	(2,292,565)	(1,870,821)
Occupancy costs	(30,013)	(143,219)
Research and development	(1,671,041)	(1,109,442)
Sales, marketing and distribution	(563,038)	(1,347,492)
Share-based payments expense	(24,000)	(56,700)
Loss before income tax	<u>(4,199,568)</u>	<u>(3,934,216)</u>
Income tax	-	-
Loss for the year	<u>(4,199,568)</u>	<u>(3,934,216)</u>
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to profit/ (loss)		
Translation of foreign operation	(277)	1,861
Total comprehensive loss for the year	<u>(4,199,845)</u>	<u>(3,932,355)</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	(0.01)	(0.01)
Diluted loss per common share	(0.01)	(0.01)
Earnings per share for loss attributable to the ordinary equity holders of the Group:		
Basic loss per common share	(0.01)	(0.01)
Diluted loss per common share	(0.01)	(0.01)

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Consolidated	
	Jun 30, 2020	Jun 30, 2018
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	2,062,844	689,462
Trade and other receivables	791,618	695,934
Inventories	-	-
Other assets	205,397	140,300
Total Current Assets	<u>3,059,859</u>	<u>1,525,696</u>
Non-Current Assets		
Property, plant and equipment	199,480	149,869
Intangible assets	19,861	23,113
Total Non-Current assets	<u>219,341</u>	<u>172,982</u>
Total Assets	<u><u>3,279,200</u></u>	<u><u>1,698,678</u></u>
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Trade and other payables	600,294	398,609
Borrowings	5,796,977	3,248,934
Provisions	291,124	197,343
Total Current Liabilities	<u>6,688,395</u>	<u>3,844,886</u>
Non-Current Liabilities		
Provisions	15,465	8,578
Total Non-Current Liabilities	<u>15,465</u>	<u>8,578</u>
Total Liabilities	<u><u>6,703,860</u></u>	<u><u>3,853,464</u></u>
Shareholders' Equity		
Share capital	72,635,386	69,729,681
Reserves	1,512,005	1,502,308
Accumulated losses	(77,572,051)	(73,386,775)
Total Shareholders' Equity	<u>(3,424,660)</u>	<u>(2,154,786)</u>
Total Liabilities and Shareholders' Equity	<u><u>3,279,200</u></u>	<u><u>1,698,678</u></u>

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SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Reserves	Accumulated Losses	Totals
	\$	\$	\$	\$
Balance at July 1, 2018	66,243,056	1,811,130	(69,819,942)	(1,765,756)
Net Loss for the year	-	-	(3,934,216)	(3,934,216)
Other comprehensive income, net of tax	-	1,861	-	1,861
Total comprehensive loss for the year	-	1,861	(3,934,216)	(3,932,355)
<i>Transactions with owners</i>				
Issue of common shares for cash	2,155,000	-	-	2,155,000
Issue of common shares from conversion of convertible notes	1,441,808	-	-	1,441,808
Movements in share-based payments reserve	-	56,700	-	56,700
Reversal of lapsed options vested not exercised	-	(367,383)	367,383	-
Equity transaction costs	(110,183)	-	-	(110,183)
Total transactions with owners	3,486,625	(310,683)	367,383	3,543,325
Balance at June 30, 2019	69,729,681	1,502,308	(73,386,775)	(2,154,786)
Balance at July 1, 2019	69,729,681	1,502,308	(73,386,775)	(2,154,786)
Net Loss for the year	-	-	(4,199,568)	(4,199,568)
Other comprehensive loss, net of tax	-	(277)	-	(277)
Total comprehensive loss for the year	-	(277)	(4,199,568)	(4,199,845)
<i>Transactions with owners</i>				
Issue of common shares for cash	2,920,000	-	-	2,920,000
Movement in share-based payments reserve	-	24,000	-	24,000
Adjustment for adoption of AASB 16 - Leases	-	-	266	266
Reversal of lapsed options vested not exercised	-	(14,026)	14,026	-
Equity transaction costs	(14,295)	-	-	(14,295)
Total transactions with owners	2,905,705	9,974	14,292	2,929,971
Balance at June 30, 2020	72,635,386	1,512,005	(77,572,051)	(3,424,660)

SIMAVITA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Consolidated	
	Jun 30, 2020	Jun 30, 2019
	\$	\$
Cash flows from /(used in) operating activities		
Loss for the year	(4,199,568)	(3,934,216)
Non-cash items		
Depreciation and amortization	163,083	18,637
Share-based payments expenses	24,000	56,700
Unrealized foreign exchange movements	(277)	3,972
Accrued interest on borrowings and convertible notes	461,641	211,721
Changes in working capital		
(Increase)/decrease in receivables	(95,684)	97,000
(Increase)/decrease in inventories	-	207,008
(Increase)/decrease in prepayments	(65,097)	27,575
Increase/(decrease) in payables	201,685	(177,401)
Increase/(decrease) in provisions	(29,735)	(17,523)
Net cash flows from/(used in) operating activities	<u>(3,539,952)</u>	<u>(3,506,527)</u>
Cash flows from/(used in) investing activities		
Purchases of plant and equipment	(78,773)	(154,181)
Purchases of intangible assets	-	-
Proceeds from the sale of plant and equipment	-	-
Net cash flows from/(used in) investing activities	<u>(78,773)</u>	<u>(154,181)</u>
Cash flows from/(used in) financing activities		
Proceeds from the issue of shares by the Company	2,920,000	2,155,000
Proceeds from borrowings	590,156	253,754
Proceeds from the issue of convertible notes	1,750,000	1,390,000
Repayment of borrowings	(253,754)	(708,871)
Equity transaction costs	(14,295)	(110,183)
Net cash flows from/(used in) financing activities	<u>4,992,107</u>	<u>2,979,700</u>
Net increase/(decrease) in cash and cash equivalents held	1,373,382	(681,008)
Cash and cash equivalents at the beginning of year	689,462	1,361,484
Net foreign exchange differences on cash and cash equivalents	-	8,986
Cash and cash equivalents at the end of year	<u>2,062,844</u>	<u>689,462</u>