

Simavita

ASX ANNOUNCEMENT

SIMAVITA SEEKS ASX DELISTING TO PURSUE NEXT PHASE OF COMMERCIALISATION

ASX: SVA

30 October, 2020

Sydney, Australia – Simavita Limited (“**Simavita**”) (ASX: SVA) today announced its proposed reorganisation strategy.

Fundamental to this strategy is to immediately proceed to seek shareholder approval to delist the Company from the ASX (“**Delisting**”), with Simavita members having the opportunity to exit via an equal capital reduction (as outlined below) and for Simavita to continue as an unlisted company with the commercialisation of its Smartz™ platform technology (focused on the development of smart, wearable and disposable platform technologies for the health care market). The resolution seeking approval to delist is subject to the Company raising A\$1 million to fund the Capital Reduction.

Key points

- The Company has for some time been in discussion with a number of large, global industry companies with significant interest in potential commercial products embodying smart, wearable and disposable technologies for the health care market. These discussions have been complex and lengthy and will require significantly more funding. Therefore in the Board's view, it is clear that in the short term, future commercial transactions will be dependent upon Simavita being unlisted.
- In conjunction with the Delisting, the Company proposes to conduct an equal capital reduction. The Company intends to offer to purchase up to A\$20,000 worth of CHES Depositary Interests (**CDIs**) from each eligible securityholder as at the record date for the Capital Reduction (“**Capital Reduction**”).

The Capital Reduction offer price will be A\$0.0185 per CDI. This price represents a 5% premium to the ASX Volume Weighted Average Price for the 5-day trading period preceding 30 October 2020 (“**VWAP**”). The proposed capital reduction will be funded from cash reserves.

- As previously disclosed, the Company has been significantly impacted by COVID-19. The “lock down” of the aged care industry throughout the geographic areas of interest, including Europe and North America, has meant that the Company has not been able to complete essential clinical or market studies with key participating organisations. None the less, the Company will continue to incur costs and will require additional financing.
- A number of investors and strategic parties have expressed significant interest in an investment in Simavita as an unlisted company, but there is no guarantee as to the pricing, amount or timing of any such strategic investment.

- The Board will call a Special Meeting for securityholders to vote on the proposed Delisting and Capital Reduction as soon as reasonably practical. All Directors confirm that they plan to maintain their holding of CDIs throughout the Delisting and Capital Reduction process. As outlined above, the resolution seeking approval to delist is subject to the Company raising A\$1 million to fund the Capital Reduction.
- Simavita CDIs will continue to trade on the ASX through to the date of the Special Meeting and, if the Delisting is approved by securityholders, for one month after the Special Meeting.

Opportunities in the Global Diaper Market

The annual global adult and infant diaper market is an estimated USD\$64 billion. Simavita's core mission is to be a world leading "internet of things" (IoT) technology provider to this market by making diapers both smart and connected.

Whilst the global diaper market is large, only a few major manufacturers with global distribution networks represent the lion's share of the market. The market itself is extremely competitive and under continuous pressure from rising costs and increasing, as well as rapidly changing, customer requirements.

Simavita regularly meets with, and presents to, these manufacturers. Management believes the Company and its technology position are perceived as a leader in the area of smart and connected diapers and therefore is attracting interest from those few major manufacturers.

At this time, Simavita has commenced commercial and marketing discussions with a number of major manufacturing potential partners and is focused on test manufacturing of Smartz™ enabled product together with clinical, as well as market, planning.

Furthermore, despite the significant impact and effects of COVID-19, the Company has completed a number of product developments which it believes will deliver market advantages including:

- The delivery of new and upgraded Apps
- App testing
- Development of regulatory documentation for EU and North American markets.

Reasons for Seeking Delisting

Simavita's reasons for seeking removal from the Official List include:

- **Short-term commercial interest from potential international partners:** Simavita is continuing in its discussions with major diaper manufacturers (having completed a pilot run of diapers incorporating the Simavita technology) and major industry suppliers to those major diaper manufacturers - with a view to concluding a partnering, licensing or investment with such industry participants. 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. While those discussions are well advanced (but no guarantee they will result in any binding agreements), some of the industry participants who have expressed an interest in funding Simavita and / or partnering / licensing with Simavita, have stated a preference that Simavita is not publicly-listed at the time of their investment or partnering arrangements.

- **Improved access to capital:** In seeking to raise additional capital, the Company has encountered a number of challenges including potential investors having investment restrictions that preclude them from investing in listed entities or professional investors who use the trading volumes and prices of CDIs in valuing an investment opportunity in Simavita.
- **Best interests of all CDI holders:** The Simavita Board considers that it is in the best interests of all CDI holders that the Company delist from the ASX at this time to access alternative funding sources that are not currently available given Simavita's ASX listing and that this alternative funding may be less dilutionary to securityholders than raising further growth financing on ASX, although there can be no guarantee as to the amount (if any), timing or price for any future investments.
- **Growth:** It is Simavita's intention to continue to develop and to license Simavita's technology. The Company is committed to deliver service to our customers and focus on successfully rolling out new technology to highly competitive international mass markets. Future investment in Simavita as an unlisted company will be used to accelerate growth.
- **Valuation:** The Simavita Board considers that the price of CDIs that are trading on the ASX are materially lower than the underlying value of Simavita, and also of the net assets that these CDIs represent.
- **Liquidity:** The Directors believe that, despite the number of CDIs on issue, there is inadequate liquidity in the CDIs traded on the ASX at current prices to provide securityholders with an avenue to reasonably trade their securities.
- **Administrative:** The financial, administrative and compliance obligations and costs associated with maintaining a Canadian company being listed on the ASX can no longer be justified.
- **Large Number of Unmarketable Parcels:** There are a large number of CDIs that represent "unmarketable" parcels, indicating a limited market for trading of the securities.

Special Meeting to Approve Delisting and Capital Reduction

A formal application for removal from the official list of ASX has been submitted today.

At the Special Meeting, in addition to the Delisting proposal, the Board will also ask securityholders to approve a voluntary capital reduction of up to A\$20,000 worth of CDIs per CDI holder ("**Capital Reduction**"). The proposed Capital Reduction will occur at a price of \$0.0185 per CDI. This price represents a 5% premium to the Volume Weighted Average Price for the 5 day trading period preceding 30 October 2020 ("**VWAP**").

The proposed Capital Reduction enable those securityholders that do not wish to remain as shareholders of an unlisted public company to sell part of their holdings, or their entire holding in the case of securityholders with less than 1,081,081 CDIs (being a holding worth A\$20,000).

Potential Future Transaction and Liquidity After Delisting

The Company is currently engaged in confidential, non-binding discussions with potential investors regarding an equity investment (the "**Potential Financing**"). The Potential Financing, if it were to be agreed, would be predicated upon a successful Delisting of the Company from the Official List of the ASX.

If there were to be future investments after the Delisting, these may occur at a valuation that is not linked to the current ASX market price. The Board believes that if there are any future investments, these will be less dilutionary to securityholders after Delisting and may avoid a further capital restructuring in the near future. However, there can be no guarantee as to the amount (if any), price or timing of any such future investment. As an unlisted company, Simavita may need to obtain shareholder approval for any capital restructure or any future investment transaction which could affect control of the Company under Canadian law.

Additional Information

Set out in the “Additional Information” section below is a summary of the proposed Delisting process and Capital Reduction. Additional details will also be contained in the Notice of Special Meeting and Information Circular and Capital Reduction booklet to be sent to securityholders in due course.

Simavita CDIs will continue to trade on ASX through the date of the Special Meeting, which is expected to be held on 2 December, 2020 and, if the Delisting is approved by securityholders, it is expected that Simavita CDIs will trade until 30 December 2020.

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 Chairman 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 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

Additional Information

Delisting process and ASX requirements

Simavita has sought approval from the ASX for its removal from the official list of the ASX (“Delisting”), and the ASX has provided in-principle advice that it will grant approval for the Delisting subject to the following:

1. Approval of the Delisting by securityholders by special resolution;
2. The Notice of Special Meeting and Information Circular seeking securityholder approval for the Delisting including a statement, in form and substance satisfactory to ASX, setting out:
 - 2.1 that the removal will take place no earlier than one month after approval is granted;
 - 2.2 the consequences to securityholders of giving that approval;
 - 2.3 the time and date at which the entity will be removed from ASX if that approval is given; and
 - 2.4 the steps holders must take to convert their CDIs to underlying securities, if that is what they wish to do; and the steps that will be taken by CHES Depositary Nominees if holders do not convert their CDIs to the underlying securities by a nominated date.
3. The Company releasing the full terms of its decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX; and
4. The Company complying with the relevant rules and procedures under Section 13.5A of the ASX Settlement Operating Rules (which relate to the termination of the CDI structure).

In proposing the Delisting, the Board recognises that it would be beneficial to provide a liquidity mechanism for certain securityholders, particularly those securityholders holding a smaller number of shares or CDIs (**Securities**), who do not wish to continue holding Simavita shares in an unlisted company. Accordingly, in addition to the ability to sell their CDIs on ASX up to the date of suspension prior to Delisting, the Company will offer a voluntary capital reduction to provide securityholders with the opportunity to sell part of their holdings (or for securityholders holding an aggregate value of CDIs of up to and including A\$20,000, all of their holdings) in conjunction with the Delisting (the **Capital Reduction**). If CDI holders do not approve the Delisting, the Company will not proceed with the Capital Reduction.

Options available to CDI holders

Simavita will shortly send each securityholder a letter which will provide an overview of the Delisting process as well as details of the following options which will be available to CDI holders:

- The continued right to buy and sell CDIs on ASX until trading of CDIs is suspended from the official list of ASX (expected to occur on or around 30 December 2020);
- Participation in the Capital Reduction, in which case some or all of the CDI holder's holding (up to an aggregate value of A\$20,000) will be cancelled and the CDI holder will receive payment of A\$0.0185 per CDI cancelled;
- The CDI holder 'opts out' of (i.e. does not participate in) the Capital Reduction, in which case there will be a compulsory conversion of remaining CDIs held by those CDI holders (who 'opt out') into shares of Simavita following the Delisting (expected to occur on or around 30 December 2020); and
- Buy more CDIs on market prior to Delisting.

If the Delisting is approved, any securityholders who do not sell their Securities prior to Simavita being removed from the Official List of ASX will continue to hold shares in Simavita as an unlisted non-public reporting Canadian company.

Consequences of Delisting

The consequences of Delisting for Simavita and its securityholder will be detailed in the Notice of Special Meeting and Information Circular, and include:

- CDI holders will no longer be able to trade their CDIs on ASX.
- ASX Listing Rules will cease to apply to the Company.
- As a Canadian unlisted non-public reporting company, the Company can continue to raise funds by way of private placement of securities pursuant to various exemptions under Canadian securities laws and by way of private agreement without being subject to certain onerous Canadian securities law disclosures and requirements.
- Shareholders wishing to trade their shares after Delisting and conversion of the CDIs will be entitled to transfer their shares off-market to a willing third party purchaser in accordance with the Company's articles and notice of articles (and any applicable Canadian securities laws). As the shares will not be listed on an active market, there will be limited liquidity and Securityholders will be personally responsible for sourcing potential purchasers of their shares.
- Shareholders are not afforded rights of dissent with respect to the Delisting, However, if the Delisting is approved and the Company proceeds, Shareholders may avail themselves of taking certain legal action if they consider the removal from the ASX contrary to their interests as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, them. The Company encourages all securityholders to consult with their own investment dealer, stock broker, accountant, lawyer or other professional advisor.

As noted above, the Board believes that for the foreseeable future it is in the interest of securityholders to convert to an unlisted public company. While the Board of the Company recommends Delisting, it will request shareholder approval for the Delisting at a Special Meeting of the Company to be held on 2 December 2020. Of course, if the securityholders vote to remain listed on ASX, the Board will support the continued listing. If Delisting is not supported it is likely to significantly restrict the partnering opportunities the Company has as well as limiting its access to capital.

Securityholders of record as of 30 October 2020 will be eligible to vote at the Special Meeting.

Further details of the Delisting, including potential advantages and disadvantages and consequences for securityholders will be set out in the Notice of Special Meeting (and Information Circular) for the Special Meeting which will be dispatched to securityholders on or around 30 October 2020.

Capital Reduction

In conjunction with the Delisting, the Company proposes to conduct a Capital Reduction of its Securities. The Company intends to offer to purchase up to A\$20,000 worth of CDIs from each eligible securityholder as at the record date for the Capital Reduction.

The Capital Reduction offer price will be \$0.0185 per CDI. This price represents a 5% premium to the Volume Weighted Average Price for the 5-day trading period on the ASX preceding 30 October 2020 ("VWAP").

The Company's Executive Chairman, Mr Michael Spooner, and the other Directors of Simavita have confirmed that they will not participate in the Capital Reduction, and that they plan to hold all of their Securities in Simavita for the foreseeable future as an unlisted public company (assuming the Delisting is approved by securityholders).

If the Delisting is approved, securityholders who have not sold their Securities on the ASX prior to the Delisting date (or had them cancelled via the Capital Reduction) will hold shares in an unlisted Canadian public company.

Further details of the Capital Reduction including how securityholders can participate will be included in the Capital Reduction booklet which will be dispatched to holders on 5 November 2020.

Potential Future Transaction/(s) After Delisting

As noted in the announcement above, numerous parties have indicated a strong interest in subscribing for new shares in the Company and providing additional funding to the Company (provided it is unlisted at the time).

If this funding is secured, at this stage it is intended that it would be used to accelerate growth of the business and/or finance further capital reduction(s) of shares post-Delisting. While the Board is confident that the Company will successfully secure future private investment(s), there can be no guarantee as to the amount (if any) or timing for any such future investment, or that the Company will secure an investment on terms which are acceptable to the Board and securityholders. The terms of any subsequent capital reduction would require approval by securityholders after Delisting in compliance with Canadian Law.

Indicative Timetable

Date	Action
30 October 2020	Record date for voting at Special Meeting
30 October 2020	Submission of formal application to ASX for Delisting
30 October 2020	Announce proposed Delisting of the Company from ASX and Capital Reduction (subject to receipt of shareholder approval).
5 November 2020	Notice of Meeting (seeking approval for the Capital Reduction and Delisting) dispatched to securityholders together with information pack for CDI holders
2 December 2020	Special Meeting to approve Capital Reduction and Delisting of the Company from ASX
2 December 2020	Lodgement of Appendix 3C (initial notice) for capital reduction
7 December 2020	Ex-date for securityholders entitled to participate in the Capital Reduction
8 December 2020	Record date to identify securityholders entitled to participate in the Capital Reduction
8 December 2020	Capital Reduction offer and retention form dispatched to eligible securityholders
8 December 2020	Capital Reduction period opens
30 December 2020	Suspension Date – suspension of CDIs from trading on ASX
31 December 2020	Capital Reduction period closes
4 January 2021	Lodgement of Appendix 3F (final notice) for capital reduction
4 January 2021	Notification of volume of Securities to be repurchased by the Company under the Capital Reduction
4 January 2021	Removal of Simavita from the official list of ASX
5 January 2021	ASX Settlement Pty Limited to revoke approval of CDIs
7 January 2021	Payment date under Capital Reduction
7 January 2021	Cancellation of shares and corresponding CDIs as a result of repurchase under the Capital Reduction
after 7 January 2021*	Board of directors of CDN resolve to revoke trust
after 7 January 2021*	Notice sent to CDI holders stating that approval of CDIs has been revoked by ASX Settlement and that CDN has revoked the trust (and the effective date of the revocation of the trust)
after 7 January 2021*	CDN transfers title to the shares underlying any remaining CDIs to the former CDI holders

Note: * will be updated after consultation with ASX. All dates and times above are to Sydney, Australia time (Australian Eastern Daylight Time). The Company will also inform securityholders of any changes to the indicative timetable referred to above by market announcement made via the ASX market announcements platform.