



## ASX ANNOUNCEMENT

### **Simavita completes \$1.35m financing by way of secured, convertible notes Clear runway to progress major licensing opportunities for AlertPLUS™**

**For Immediate Release:**

**17 November, 2017**

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**Sydney, Australia** – Simavita Limited (ASX: SVA) today announced that it had completed a \$1,350,000 financing by way of secured, convertible notes.

These funds provide a clear runway for the continued implementation of the Company's PIVOT strategy.

Key to our strategy is the commercialization of AlertPLUS™, the Company's industry disruptive, platform technology for mass markets associated with a USD21bn global industry for adult and infant diapers. As previously announced, Simavita is actively pursuing licensing discussions with a number of major manufacturers in both North America and Europe.

AlertPLUS™ consists of an App downloaded to a smart device which continuously monitors for diaper wetness via a hyper low cost and disposable sensor embedded within a diaper. The App automatically alerts a carer/parent when to change the diaper. AlertPLUS™ is a platform for continuous innovation in patient and infant care, whilst immediately delivering a highly efficient tool to monitor and to better care for infants and adults.

In summary, the terms of the secured note issue (notes) provide that, subject to shareholder approval at the Company's next Annual General Meeting, the notes will convert into ordinary issued securities of the Company (CDIs) at a rate of \$0.04 per security on July 31 2018. In the event that the Company completes a further capital raising prior to the July 31 2018 conversion date, note holders have the option to convert at the date of the further issue at the new issue price. The notes are secured by way of a general charge over the assets of the Company and will have an attaching interest rate of 10% per annum. Accrued interest will also convert into ordinary, issued securities (CDIs). Further details of the secured note issue are attached hereto.

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

Ms Peta Jurd

E: [pjurd@simavita.com](mailto:pjurd@simavita.com)

T: +61 421 466 653

#### **About Simavita**

Simavita (ASX: SVA) develops and markets advanced systems associated with smart, wearable and disposable sensors for the health care industry. Our first products focus on major unmet needs for the assessment and management of incontinence. The annual global economic burden is billions of dollars for incontinence diapers alone and is increasing rapidly.

Simavita operates in Australia, Europe and North America where there is a significant and growing demand for products that deliver real clinical and cost benefits to the health care industry.

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](http://www.simavita.com)

## Schedule – Details of secured Note issue

The Company has entered into a secured note deed ("**Note Agreement**") pursuant to which it has issued a secured note ("**Note**") for an aggregate principal amount of AUD\$1,350,000 (the "**Financing**") to Dussman Pty Ltd (an entity associated with Mr Damien Haakman, a former director of the Company and an entity that is considered under Canadian Law to be an insider of the Company) (the "**Dussman Group**"), Parmelia Pty Ltd ("**Parmelia**"), Robert Hutchison and Mary Ann McKenzie in their capacities as trustees for the Inspiration Superannuation Fund ("**Inspiration**") and Jolimont Lodge Pty Ltd in its capacity as trustee for the Powell Superannuation Fund ("**Jolimont**"), (collectively, the "**Noteholders**").

All of the subscribers for the Notes are exempt person/s under Chapter 6D of the Corporations Act 2001 (Cth), i.e. wholesale and sophisticated Investors.

Until the Company obtains shareholder approval, the Debt Notes are secured debt notes (which are not an 'equity security' for the purposes of the ASX Listing Rules). The operation of the conversion mechanism of the Debt Notes is subject to prior shareholder approval ("**Conversion Mechanism**") and the conditions of the resultant AUD\$1,350,000 Convertible Notes are prescribed by the Convertible Note Terms contained in the secured debt notes entered into between the Company and each Noteholder on identical terms. Upon shareholder approval of the Conversion Mechanism, the Debt Notes become convertible, into CDIs (a form of 'equity security' for the purposes of the ASX Listing Rules). The timing and price at which the Debt Notes convert is set out in the Convertible Note Terms detailed below.

The Financing is the result of arm's length negotiations conducted between the Company and the Noteholders. Lodge Partners advised on and co-ordinated the raising of funding by the Company under the Debt Notes.

### ASX Waiver:

Dussman Pty Ltd (**Dussman**) currently holds approximately 26% of the issued and outstanding CDIs in the Company. Parmelia Pty Ltd ("**Parmelia**") currently holds approximately 8.8% of the issued and outstanding CDIs in the Company. Given the percentage holding of each of Dussman and Parmelia ("**Related Noteholders**") - they have each been treated as a "substantial holder in the Company" to which ASX Listing Rule 10.1 would apply in respect of the entry into the Notes.

Simavita has applied for an ASX Waiver in relation to ASX Listing Rule 10.1 for entry into the Note Agreement as follows:

Simavita Limited has applied for a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the assets and undertaking of the Company and its subsidiaries to the Related Noteholders under a proposed general security deed ("**Security**") to be granted in connection with the subscription by the Related Noteholder, without obtaining securityholder approval on the following conditions.

- 1.1 The Security includes a term that if an event of default occurs and any of the Related Noteholders exercise their rights under the Security, neither the Related Noteholder nor any of its associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person, including without limitation an administrator or liquidator) appointed by the Company or any of the Related Noteholders (or another securityholder or secured creditor) exercising its power of sale under the Security and selling the assets to an unrelated third party on

arm's length commercial terms and conditions and distributing the cash proceeds to the Company and/or any of the Related Noteholders in accordance with their legal entitlements.

1.2 A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.

1.3 Any variations to the terms of the Security which is:

1.3.1 not a minor change; or

1.3.2 inconsistent with the terms of the waiver,  
must be subject to securityholder approval.

1.4 The Company and the Related Noteholders must seek to discharge the Security when the funds advanced under the secured notes are either repaid to the Related Noteholders or converted into CDIs (assuming securityholder approval for their convertibility is subsequently obtained), or if it is not discharged, seek securityholder approval for the continuation of the Security for any further period.

1.5 The Company immediately releases to the market an announcement which sets out the terms of the waiver upon finalisation of the agreement with Related Noteholders.

The key terms from the Convertible Note Deed are summarised as follows:

<b>Term</b>	<b>Description</b>
<b>Use of Funds:</b>	Company's working capital purposes.
<b>Interest:</b>	Coupon rate of 10% per annum, with all interest payable upon the Maturity Date.
<b>Maturity Date:</b>	31 July 2018, at which time the Noteholder can elect the Notes be redeemed or subject to shareholder approval Converted into CDIs. The principal amount plus accrued interest is repayable earlier on the occurrence of an event of default (including shareholders not approving the convertibility of the Debt Notes).
<b>Security and priority:</b>	General securities deed poll (first ranking) over the entire Company's assets and undertakings in Australia in favour of each Noteholder. The secured money owing to each Noteholder by the Company shall rank pari passu and pro rata between each Noteholder without any preference or priority between them.

<p><b>Requisite Approvals</b></p>	<p>The Convertible Notes will remain secured debt notes unless and until the Company obtains all Requisite Approvals. “Requisite Approvals” comprise:</p> <ul style="list-style-type: none"> <li>(a) shareholder and CDI holder approvals under the applicable listing rules of the ASX;</li> <li>(b) ASX final approvals or consents; and</li> <li>(c) Australian and Canadian corporate law approvals required under applicable law, regulation or policy requirements,</li> </ul> <p>in each case for the Debt Notes to be Convertible into CDIs and for the issue of the CDIs upon Conversion.</p>
<p><b>Convertible Notes</b></p>	<p>Subject to obtaining all Requisite Approvals (including shareholder approval), the Convertible Notes will be automatically converted into CDIs on the earlier of the next capital raising or 31 July 2018. <b><u>If the applicable shareholder and CDI holder approvals are not obtained at the Meeting (item (a) the above section – 'Requisite Approvals'), an Event of Default will be deemed to have occurred immediately.</u></b> For all other Requisite Approvals (items (b) and (c) the above section – 'Requisite Approvals'), if such approvals are not obtained within 70 days of the Completion Date or such later date approved by the Noteholders (<b>Approval Period</b>), then that failure to obtain the Requisite Approvals before the expiry of the Approval Period shall be regarded as an Event of Default</p>
<p><b>Conversion</b></p>	<p>The Convertible Notes automatically convert into CDIs (in the event shareholder approval is obtained) into that number of CDIs calculated by dividing the sum of the principal amount paid under the Convertible Notes plus accrued interest; by the <b>Conversion Price</b> (being the lower of (i) \$0.04 per CDI and (ii) where prior to the Maturity Date the Company undertakes the Next Capital Raise, the price per CDI at which the Next Capital Raise has been completed).</p>
<p><b>Repayment:</b></p>	<p>Repayment is due on earlier of:</p> <ul style="list-style-type: none"> <li>• Maturity Date (18 July 2018); or</li> <li>• the occurrence of an Event of Default</li> </ul> <p>If repayment is due to the occurrence of an Event of Default the Company must redeem the relevant Notes the subject of a Default Redemption Notice by paying the Principal outstanding plus Accrued Interest (including interest at the annual rate of 12% as from the date of service of the default redemption notice)</p>

<p><b>Events of default:</b></p>	<p>The Convertible Note Deed also includes customary events of default including –</p> <ul style="list-style-type: none"> <li>• the Company breaches a material term of the Deed;</li> <li>• any warranty is materially misleading or untrue;</li> <li>• occurrence of an insolvency event;</li> <li>• failure to obtain a Requisite Approval (including shareholder approval) within the time periods;</li> <li>• Court judgement in excess of \$100,000 is obtained against the Company</li> </ul>
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The net proceeds will be used by Simavita for general working capital purposes.

In connection with the Financing and upon Conversion of the Notes, the Related Noteholders will (assuming no adjustment to the conversion price of AUD\$0.04 per CDI) have acquired beneficial ownership of 33,750,000 CDIs. The issuance of the Notes to the Related Noteholders is a “related party transactions” under the policies of the TSX-V and Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying on exemptions from the minority shareholder approval and formal valuation requirements applicable to the related party transactions under Sections 5.7(e) and 5.5(g), respectively, of MI 61-101.

There has been no prior formal valuation of the securities issued in the Financing as there has not been any necessity to do so. The Financing has been reviewed and unanimously approval by the independent members of the Board of Directors.