

Talius Group

June 2024 Quarterly Report

23 July 2024

- **Cash receipts from customers of \$2.1 million for the quarter**
- **Cash and cash equivalents at the end of the quarter was \$1.3 million**
- **Positive operating cashflow quarter**
- **Material orders received from Hato Hone St John and ADT**
- **Subscriptions now over 35,000 which continue to grow**

Talius Group Limited (Talius or the Company) (ASX:TAL) is pleased to provide the following activities and business updates alongside its Appendix 4C - Quarterly Cashflow Report for the quarter ended 30 June 2024 (the **quarter**).

This quarter marks an improvement over the prior period, despite the first half of the year falling short of our initial expectations. Nonetheless, the strategic successes achieved during the quarter have laid a robust foundation for enhanced performance in the second half of the year and beyond.

Looking ahead, Talius is poised to capitalise on the successes achieved during the quarter, with a strong focus on converting our promising pipeline into tangible results in the upcoming quarters of the year. We remain committed to driving shareholder value and sustaining our growth trajectory.

Sales

During the quarter, Talius received cash payments totaling \$2.1 million from the sale of assistive technology to our enterprise customers.

The substantial orders received during the quarter have established the foundations for a solid trajectory for growth through Q3 and beyond.

Material Orders:

- On 30 April 2024, Talius announced receipt of a material Frame Order from Hato Hone St John (HHSTJ) for the purchase of 13,500 PER's (Personal Emergency Response Systems) units. This Frame Order will accommodate multiple binding Purchase Orders (PO's) that HHSTJ will place. It detailed HHSTJ's commitment to procure at least 1,500 units per month for the financial year commencing 1 July 2024 through to 30 June 2025.

The total revenue for the expected PO's under the Frame Order of 13,500 units is forecast to be in excess of \$4 million. Delivery of the orders have now commenced, and additional purchase orders are to be rolled out across the remainder of this year and next. This is in addition to the initial order of 2,500 PERs units from HHSTJ announced in March 2024.

- On 11 June 2024, Talius announced receipt of its first PO's from ADT in New Zealand (ADT), a subsidiary of Intelligent Monitoring Group (ASX:IMB). ADT has provided to date five (5) PO's of 1,000 PERs units per month from August 2024 until December 2024. The gross revenue for these 5,000 units is forecast to be in excess of \$1.5 million.

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In addition to these material orders, Talius continues to have regular order flow from its existing customer base including ADT Australia, Feros Care and Bolton Clarke.

Retirement Villages Sector

Talius has completed the final stage PERs rollouts for the following providers:

- Keyton / Lendlease
- Uniting NSW
- Royal Freemasons
- Whiddon
- Goodwin

As the 3G network approaches its shutdown at the end of August 2024, Talius has proactively upgraded over 25,000 homes and apartments within retirement villages across Australia, ensuring continuous and enhanced service delivery. Our account management team is dedicated to expanding our service offerings within this sector, thereby increasing the value and reach of our recurring revenue streams.

Residential Aged Care

The projects team are currently in various stages of installation and deployment with the following clients:

- Best Care Research Project - We have successfully implemented the Talius ecosystem of devices and the Talius Smart Care Cloud Platform at Whiddon, a Sydney-based residential aged care service. This initiative, in partnership with CSIRO and funded by the Aged Care Research & Industry Innovation Australia (ARIIA) grants, aims to reduce falls among residents. The project has transitioned to the data research phase, and we eagerly anticipate the forthcoming outcomes and detailed reports from CSIRO.
- ACH Group - We are nearing completion of the 'Vita' project for the ACH Group in Adelaide. This marks the culmination of our engagements across 10 residential aged care sites with ACH Group. Our ongoing collaboration will extend beyond this project as we continue to enhance the Talius system with additional services to support ACH Group's operational needs and elevate care outcomes for their residents.

Additionally, Talius has been awarded the contract for the deployment of the Talius Smart Care Platform at Hycorp's new boutique development, Heart of Willoughby in Sydney. This consists of a 45 bed Residential Aged Care facility and 126 Independent Living Units.

Home and Community Care

Talius is actively collaborating with several home care providers to develop a data-enabled care strategy, responding to new government reforms that mandate providers to demonstrate comprehensive oversight of their clients.

This requirement presents significant challenges in home care settings, where caregiver visits are periodic, potentially leading to missed or undetected client issues.

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To address these challenges, Talius has introduced the Care@home Kits, which utilise IoT data sensors to passively monitor activities of daily living. This technology provides crucial insights to both care providers and family members, enhancing the quality of care without compromising privacy or dignity of the client, as it does not rely on cameras or audio listening devices.

We have initiated deployment of this innovative solution through a pilot program with the Whiddon Home Care team in Sydney. Given the current market of over 1.8 million aged care clients—a number expected to double over the next two decades—we anticipate significant growth potential for this solution in enhancing home care services nationwide.

Subscriptions

Talius continues to witness encouraging growth in services subscriptions, with numbers now surpassing 35,000. This increase is largely attributed to the integration of new customers into our Talius Smart Care Platform, following the completion of various projects and recent sales efforts.

Recurring subscriptions revenues have now grown on an annualised basis, to \$2.4 million and continues to grow.

Looking ahead, Talius is optimistic about continuing this growth trend. As more project sites become operational, it is we expected our subscriptions customer base to further expand.

Currently, with around 11,400 subscriptions contracted but not yet active, Talius is confident that it is on track to achieving a milestone of over 50,000 subscriptions.

Marketing and Industry Events

Talius remains dedicated to expanding its brand visibility and industry presence, highlighted by our marketing initiatives over the past quarter. Our strategic efforts in advertising, digital campaigns, and stakeholder engagement have significantly elevated our profile across key markets.

During the quarter, Talius participated in several leading industry events which provided platforms for showcasing our latest innovations in assistive technology.

- In May, Talius hosted a pivotal event at the Melbourne University Validitron SimLab, an innovative space designed for testing and refining new models of care. Here, we highlighted our new developments in Remote Patient Monitoring, illustrating how the Talius platform enables healthcare providers to gather data from home environments, thereby enhancing patient support and governance.
- Together with Datos Health, Talius featured Essence SmartCare products at the Digital Health Festival 2024. This demonstration underscored how Talius' solutions are at the forefront of driving innovation and shaping the future of healthcare.
- At the OTX Conference in Perth during June, Talius showcased our technology solutions that focus on improving the quality of life for older individuals and preventing functional and occupational decline. We also demonstrated how AI is utilised to automate physical therapy assessments.

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Research and Development

During the quarter, Talius has achieved significant milestones in enhancing our technology platform. Our R&D team has successfully transitioned our database to Databricks, a superior platform that excels in processing and transforming vast amounts of data. This shift not only facilitates more robust data exploration through advanced machine learning models but also enhances our ability to deliver improved AI-driven decisions and more valuable outcomes for our clients.

In addition to these advancements, substantial progress has been made on the Talius Track RTLS platform. This innovative system provides real-time data insights into the movements and interactions of all residents, staff, and assets. Integrated with Talius Connect, the platform ensures that responsive and proportionate actions are efficiently delivered, enhancing both operational efficiency and care quality.

Financial Position

Talius recognised revenue of \$2.1 million¹ in the quarter, an increase of 67% on the previous quarter. ARR is now \$2.4 million and growing as installed projects come online.

The Company recorded a positive operating cash flow quarter. The Company closed the quarter with total cash of \$1.3 million.

The Company received cash payments during the quarter of \$2.1 million from sales of assistive technology to enterprise customers. Talius has a number of committed orders due for completion in the coming months, most of which will be supplied using on hand inventories.

Operating cash outflows throughout the quarter was \$2.08 million, with 36% (\$0.74 million) expended on inventory and other cost of sales, 55% (\$1.14 million) on R&D and staff costs, with the remaining balance of 9% (\$0.26 million) going towards marketing, office rent and other general administration costs.

The related party payments of \$120,575 during the quarter detailed in Section 6 of the accompanying Appendix 4C relate to payments for director fees, the Managing Director's salary, and superannuation payments.

Completion of Buy Back

During the quarter, the Company announced and completed a "unmarketable parcel share buy-back" (**Buy-Back**).

The successful Buy-Back assisted Talius in reducing registry and administrative costs associated with maintaining a large number of very small holdings.

The Buy-Back was not compulsory. The final number of shares purchased under the Buy-Back was 8,980,646 ordinary shares, held by a total of 738 shareholders. This represented approximately 43.7% of the Company's total number of shareholders as at the closing date of the Buy-Back.

¹ Unaudited

Conducted at a 5-day volume weighted average price (VWAP) of \$0.008, the aggregate value of the shares bought back under the Buy-Back was \$71,842.71. The shares bought back have since been cancelled.

Key Staff Movements

Talius is delighted to announce the appointment of Arun Malazahargan as National Operations Manager. With extensive experience in operations and project management across IoT and SaaS environments, including sectors like aged care, security, and hospitals, Arun brings a wealth of expertise to our team. His leadership is expected to drive operational excellence and enhance our commitment to client-centric service delivery.

We are also pleased to confirm that Mr. Carter, after serving as Interim Executive Director, has resumed his role as Non-Executive Director effective 1 June 2024. This follows his successful re-election to the board at our Annual General Meeting in May. The Company extends its gratitude to Mr. Carter for his invaluable contributions during his interim tenure.

Commenting on the quarter, Mr. Graham Russell, Managing Director said:

"We were delighted to have received the material orders during the quarter from Hato Hone St John and ADT New Zealand. The roll out of these orders will deliver strong revenue flow over the coming quarters.

While the first half of the year started slower than anticipated, even with substantial orders in hand, we've successfully navigated initial delays related to client administration and logistics. We now boast a solid sales pipeline extending to 2Q 2025, signaling strong future performance.

We acknowledge some challenges, notably the delays in government reforms which were anticipated to revolutionize the aged care industry this year. Despite these hurdles, we remain optimistic as these reforms—introducing a new rights-based Aged Care Act and enhanced Quality Standards—are expected to transform service delivery upon their enactment.

I am very excited about the great work completed by the Talius Research and Development team. The new features and improved frameworks will provide incredible amounts of data that we can use to improve operations and care outcomes. The initial feedback from clients has been overwhelmingly positive and we look forward to finishing the development work over the next quarter."

This announcement has been authorised by the Board of Directors of Talius Group Limited.

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The next generation of Aged Care technology

About Talius Group Limited (ASX: TAL)

Talius provides a suite of technology enabled care solutions to the aged and disability sectors across multiple verticals, including retirement living, residential aged care, home, and community settings to improve the quality of life, later in life.

Talius' Software as a Service (SaaS) data analytics platform Talius Smart Care combines smart sensors with AI machine learning that delivers automated actions. Talius links awareness, analysis, and action through one platform allowing the care model to move from spot check care to sense-respond care. Nursing staff can switch their focus from data collection to building a human connection. Most importantly, residents benefit from a new era of autonomy and dignity.

Talius helps protect and connect our elderly and people with disabilities with a scalable healthcare technology platform integrated with leading third-party providers to ensure end-to-end solutions for Connected Health.

FORWARD LOOKING STATEMENTS

Certain statements contained in this ASX release, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

- (a) are necessarily based upon several estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political, and social uncertainties and contingencies;*
- (b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and*
- (c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results, and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social, and other conditions. The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether because of new information, future events, or results or otherwise.*

The words "believe", "expect", "contracted", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "planned" and similar expressions identify forward looking statements. All forward looking statements contained in this ASX release are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

TALIUS GROUP LIMITED

ABN

62 111 823 762

Quarter ended ("current quarter")

30 JUNE 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,129	3,566
1.2 Payments for		
(a) research and development	(44)	(95)
(b) product manufacturing and operating costs	(741)	(1,097)
(c) advertising and marketing	(33)	(79)
(d) property expenses	(4)	(5)
(e) staff costs	(1,097)	(2,078)
(f) administration and corporate costs	(156)	(364)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(6)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other income	-	-
1.9 Net cash from / (used in) operating activities	51	(161)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) software, plant and equipment	(205)	(215)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(31)	(62)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(236)	(277)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Share buyback	(72)	(72)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(13)	(52)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(21)	(41)
3.10	Net cash from / (used in) financing activities	(106)	(173)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,590	1910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	51	(161)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(236)	(277)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(106)	(173)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,299	1,299

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,299	1,590
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,299	1,590

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	121
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Director fees: \$120,575</p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	119	119
7.2 Credit standby arrangements	-	-
7.3 Other – Insurance premium funding	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Insurance premium funding facility provided by Hunter Premium Funding. The amount is unsecured, repayable in monthly instalments by February 2025 and bears interest at 9.2% per annum.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	51
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,299
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,299
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	NA
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 July 2024.....

Authorised by: the Board of Talius Group Limited for release.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.