

Talius Group September 2024 Quarterly Report

23 October 2024

- **Cash receipts from customers of \$3.5 million for the quarter**
- **Cash and cash equivalents at the end of the quarter \$1.13 million**
- **Positive operating cash flow for the quarter**
- **Revenue was \$3.35 million being an increase of 160% QoQ**
- **Material order received from Bolton Clarke**
- **Subscriptions now over 36,000 and continuing 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 September 2024 (the **quarter**).

This quarter marks another significant step forward, reinforcing our positive momentum as we aim for a stronger second half of the year, building on the progress of the first half.

The Aged Care Bill

On 12 September 2024, the Australian Government introduced the new Act Care Bill 2024 to replace the Aged Care Act 1997 in readiness for the significant reforms and major investment into the sector commencing 1 July 2025.

Described by the Prime Minister Anthony Albanese as once in a generation aged care reforms, \$5.6 billion will be invested in a reform package which represents the greatest improvement to aged care in 30 years¹. The investment will focus significantly on keeping older people at home and to be able to have the support to die at home. For every \$1 an older Australian contributes, the Government will contribute an average of \$3.30 to residential care, and \$7.80 to Support at Home. Talius regards this as a material catalyst for the sector and the Company is at the forefront of being a material provider/digital partner.

There are strong drivers for the uptake of digital technologies to support better and more responsive care in a market with severe workforce shortages and the fast-growing ageing population.

Talius is already providing a scalable 'digital model of care' for home care providers. There is growing interest since the government announcement in our Safer, Smarter Connected Home digital technology system which includes the CSIRO algorithm for monitoring changes of Activities of Daily Living, exclusively licensed to Talius.

This model can be added to the 36,000 PERS devices already deployed to retirement villages as well as into private homes nationally. There are currently around 1.4 million older people receiving government home-based support and people over the age of 65 is expected to increase by 54% by 2041 (CEPAR).

¹ <https://www.health.gov.au/ministers/the-hon-anika-wells-mp/media/once-in-a-generation-aged-care-reforms>

Sales

During the quarter, Talius received cash payments totaling \$3.5 million from the sale of digital technology hardware and data service to our enterprise customers. This amount is equal to the total receipts of 1H24.

The material orders received in the previous quarter are now being fulfilled through regular monthly deliveries. Notably, the rollout of the material frame order for Hato Hone St John (HHSTJ) in New Zealand, initially announced in April 2024, is progressing well and generating consistent revenue. Additionally, further orders from HHSTJ will continue to drive growth through the remainder of this year and into 2025.

We are also pleased to report that we have delivered the first two shipments to ADT New Zealand and cash receipts have been received from the ADT purchase order, announced on 11 June 2024.

As these combined rollouts start to be installed over the following quarters we will see a significant increase in the Talius Smart Care platform subscriptions and improved ARR.

A new material order from Bolton Clarke, announced just after the quarter ended on 14 October 2024, is also in progress with delivery anticipated in December 2024.

Home and Community Care

The Safer Smarter Connected Home uses the Care @ Home digital technology IoT set of devices that passively monitor the wellbeing of older people. It also includes technology that provides customised alerts, telehealth capability through the TV, and mobile personal emergency responses systems (mPERS), all connected through the Talius platform. This enables home care providers, monitoring services and family and friends to support the older person to stay safely at home. Care providers can also identify for changes using the CSIRO activities of daily living algorithm and be able to monitor at scale across their thousands of client cohorts. We have designed an easy entry point for staging the introduction into aged care provider operations with a structured onboarding and support model that builds their internal capacity to scale.

Talius signed an exclusive distribution agreement with SpaceTalk during the quarter. This MPERS device adds to the Talius suite of technology capabilities for older people to stay safe outside of their homes. It has particular features which support people with cognitive impairment and dementia, along with a "falls SOS" feature.

To assist the industry to understand their model and being able to implement and scale the Talius platform, pilot programs are currently underway with a number of the largest Homecare providers. As an example, Talius recently hosted Melbourne based aged care provider, Benetas, to our co-design workshop in September 2024. The Whiddon home care pilot is continuing and there are several aged care providers actively engaged with plans to start their digital transformation journey with Talius in the next three months, in readiness for the new aged care act reforms.

Retirement Villages Sector

The Talius account management team has been proactively supporting our Retirement Village clients and bedding down service level agreements and support models to maintain the ever increasing number of Talius Care@home product solutions. This has provided opportunities for the team to introduce new services and upsell to the existing client base, and will remain a key focus going forward.

Residential Aged Care (RAC)

Our foothold in the RAC market is continuing to strengthen, with major organisations partnering with Talius and several new villages being added for completion in the coming months. This allows our account managers to continually add value and expand capability to these customers, by increasing connected points to their Talius platform.

The projects team handed over (or are bringing to completion) several sites this quarter including:

- Australian Unity – The Alba
- Australian Unity – Walmsley
- ACH Milpara
- Yukana Aged Care
- Hyecorp – Heart of Wiloughby
- ACH – Vita

Best Care Research Project Update

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) grant, aims to reduce falls among residents. Early findings found an overwhelmingly positive experience by staff using the technology. Preliminary results indicate that staff find the call bell system with the Talius Call Connect and handset functionality particularly helpful in preventing falls, as they can respond to calls and alerts more quickly compared to the previous system in place. Over the course of the next two months, detailed analysis by CSIRO will be undertaken and widespread dissemination of the findings.

Beyond Care

There has been notable interest in the combined solution of our mPERS and SpaceTalk for the beyond care market, which we are initiating through our current partners who are in the electronic security industry and are currently supporting customers through their monitoring services. This is a key focus to develop these partnerships and leverage their outbound sales teams for a broader reach of the Talius platform and a complete solution in safety applications, which will continue to grow our subscription base.

Talius has already commenced the lone worker/mobile duress rollout with partners such as ADT. However, with new hardware and a more robust scalable platform, we are now looking to grow this vertical.

The next generation of Aged Care technology

Subscriptions

Talius continues to witness encouraging growth in services subscriptions, with numbers now at over 36,000. Pleasingly, we have at least an additional 15,000 subscriptions contracted but not yet active, which are continually being activated.

Recurring subscriptions revenues have now grown on an annualised basis to \$2.6 million, up 8% from the previous quarter. Looking ahead, Talius remains optimistic about continuing this growth trend as more project sites become operational and the customer base subscriptions expand.

Marketing and Industry Events

The Talius sales team are very excited to be attending the Aged & Community Care Providers Association (ACCPA) conference in Adelaide in October 2024. This is the largest industry event with several thousand key delegates and key decision makers in attendance. The theme of the event is "Inspire. Innovate. Impact." which aligns perfectly with the Talius platform and allows our technology solution to be presented to the industry professionals. This event will generate significant leads for both the residential aged care and home care markets.

Research and Development

We have a continued focus on developing the Talius platform and refining the dashboards for both home care and residential aged care operating environments continues. This includes updating the software to increase efficiencies with onboarding, off boarding end users and preparing for the significant uptake of the Safer Smarter Connected Home model for home care providers. We are also enabling greater data sharing between 24 hour monitoring services to the platform, an important connection for home care providers particularly as they monitor vulnerable clients.

Financial Position

Talius recognised revenue of \$3.35 million² for the quarter, an increase of 160% on the previous quarter. ARR is now \$2.6 million and growing as installed projects come online.

The Company recorded a positive operating cash flow quarter and year to date and closed the quarter with total cash of \$1.13 million.

The Company received cash payments during the quarter of \$3.5 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 \$3.35 million, with 31.5% (\$2.2 million) expended on inventory and other cost of sales, 12.7% (\$0.9million) on R&D and staff costs, with the remaining balance of 4% (\$0.26 million) going towards marketing, office rent and other general administration costs.

² Unaudited

The related party payments of \$137,255 during the quarter (detailed in Section 6 of the accompanying Appendix 4C) relate to payments for director fees, remuneration for the Managing Director and Executive Director and related superannuation payments.

Board and Executive Changes

Talius was pleased to announce the appointment of Dr. Maggie Haertsch to its Board of Directors as an Executive Director effective August 2024. Dr. Haertsch, who joined Talius in March 2023 as Consulting Clinical Research Director, has over 40 years of experience in the aged care and health sectors. She has played a key role in advancing Talius' strategic initiatives, including securing the ARIA Grant and driving key partnerships within aged care.

Her extensive background in clinical practice, research, and executive leadership will continue to guide Talius' expansion in the aged care industry, positioning the Company to capitalise on growth opportunities and enhance service offerings.

In September 2024, Andrew Ritter was appointed as Chief Financial Officer and Company Secretary. Mr. Ritter has a strong background in the digital technology sector and has provided financial advice and assistance to a number of publicly listed entities across a variety of industry sectors, including MSL Solutions Limited – a SaaS technology provider to the sports, leisure and hospitality sectors. Mr. Ritter's expertise will be crucial as Talius scales its operations.

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

"After a slow start to the year, we are glad to see the big uplift in revenue for the quarter and delivering two successive operating cash flow positive quarters. The delayed release of the long-awaited government policy reforms to the aged care sector caused much procrastination around decisions, which in turn impacted our progress. However, with the Government's announcement in September 2024 providing more clarity we are seeing improved conversions and more constant deal flow over the coming quarters, with significant contracted sales out to March 2025.

As we come to the end of the 3G upgrade in Australia, which was a great catalyst for Talus, we are now starting the same process in New Zealand and supporting our two large clients, St Johns Ambulance and ADT New Zealand, with their major roll outs over the coming quarters. We have continued to make improvements across the whole business, and especially our platform. The executive team have been able to focus on improving efficiencies across the verticals and this will continue to be a focus to improve our gross margins.

The software development team have made some significant milestones and improvements to the Talius Platform, with new releases on the Talius Track – Real Time Location Module, which will provide real-time visual of all residents and staff on a map overlay. Talius Connect has also had a user interface update utilising more modern framework, which we are looking forward to demonstrating at the ACCPA conference."

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

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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 SEPTEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,500	7,066
1.2 Payments for		
(a) research and development	(41)	(136)
(b) product manufacturing and operating costs	(2,200)	(3,297)
(c) advertising and marketing	(45)	(124)
(d) property expenses	(2)	(7)
(e) staff costs	(849)	(2,927)
(f) administration and corporate costs	(211)	(575)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(7)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	95	95
1.8 Other income	-	-
1.9 Net cash from / (used in) operating activities	240	79
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) software, plant and equipment	(308)	(523)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(31)	(93)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(339)	(616)

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)
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	(52)	(104)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(22)	(63)
3.10	Net cash from / (used in) financing activities	(74)	(247)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,299	1,910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	240	79
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(339)	(616)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(74)	(247)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,126	1,126

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	1,126	1,299
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)	1,126	1,299

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	137
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: \$137,225</p>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	67	67
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)	240
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,126
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,126
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 October 2024

Authorised by: The Board of Talius Group Limited
(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.