

## ASX release

**HALF YEAR RESULTS FY24****Highlights:**

- 78% reduction in cash used in Operating Activities for the first six-month of FY24
- Annualised cost reductions of over \$2m
- \$0.67m refund received for its FY23 Research and Development Tax Incentive (RDTI)
- Full repayment of \$0.50m Research and Development Tax Incentive loan
- Expansion of the partnership between TALi and Genius Learning Pty Ltd (“Genius”)
- Agreement with Akili Interactive Labs Inc (Akili) mutually terminated
- Board continuing to explore merger and acquisition (M&A) opportunities

Melbourne, 19 February 2024: TALi Digital Limited (TALi) (ASX: TD1), a digital health company delivering diagnostic and therapeutic solutions to enhance cognitive function and behaviour, today released its Half Year Financial Report for the six months ended 31 December 2023.

**Financial update**

TALi recorded a loss of \$2.8m for the six months ending 31 December 2023 (31 December 2022: \$1.0m). The loss was driven by a \$2.1m once-off non-cash net impairment to TALi’s previously capitalised expenditure and corresponding deferred revenues associated with the TALi products. Net operating cash outflows for the six months ending 31 December 2023 was \$0.1m (31 December 2022: \$0.5m) and TALi reported closing cash of \$2.4m at 31 December 2023 (30 June 2023: \$3.0m). TALi received \$0.67m for its FY23 RDTI refund and fully repaid the \$0.50m RDTI loan held with Treasury Corporate Victoria.

**Expanded Strategic Alliance Agreement with Genius Learning Pty Ltd**

The strategic review in August 2023 resulted in an expanded Strategic Alliance Agreement with Genius Learning Pty Ltd (“Genius”) where Genius agreed to:

- act as exclusive distributor of TALi’s products in the education sector and non-exclusively across the healthcare sector;
- develop TALi’s products in consultation with TALi;
- assume the conduct of TALi’s product development and maintenance activities as well as its sales and marketing functions;
- and assume relationships with TALi’s customers and partners (including assuming any obligations with current contracted TALi partners), subject to the terms of those existing arrangements.

The partnership agreement is well underway with the TALi platform in the final stages of being transitioned and managed by the team at Genius. TALi is expected to achieve an annualised cost reduction of over \$2.0m, and will retain 20% of all revenue achieved by TALi products generated through the strategic partnership with Genius. Commercial relaunch by Genius is expected to occur in the March quarter of FY24.

***Terminated agreement with Akili Interactive Labs Inc***

TALi advised that following the business transformation announcement released by Akili on 13 September 2023 where it announced its strategic plan to transition from a prescription to a non-prescription business model, that TALi and Akili had mutually agreed to terminate the strategic license agreement previously announced 18 August 2021.

The termination relieved both parties of commitments to future research and development activities and all potential liability from penalties. It also returned the exclusive rights to distribution of TALi products in North America to TALi.

***Merger and Acquisition Opportunities***

As a result of the significant cost savings and strong cash reserves, TALi has been presented with a number of M&A opportunities from various parties which puts the Company in a strong position to explore and investigate growth orientated pathways. The Board remains focused on maximising value for its shareholders and will continue to seek aligned opportunities to grow and expand the business to deliver that value.

**Outlook**

TALi has a strong balance sheet and reduced operating expenditure. It is therefore well positioned to implement the outcomes of the 2023 strategic review which include driving sales and marketing efforts of its products through the Genius partnership whilst remaining focused on maximising value for its shareholders by seeking aligned opportunities to grow and expand the business to deliver that value.

**-END-**

**Release authorised by:**

The Board of TALi Digital Limited

**CONTACT**

**Corporate**

Mark Simari

Chair

TALi Digital

1300 082 013

investors@talidigital.com

**About TALi Digital**

TALi Digital Limited (ASX: TD1) is a digital health company focused on delivering diagnostic and therapeutic solutions to enhance attention and overall cognitive function. The Company has built a patented platform technology with the first programs targeting cognitive attention skills during early childhood via an evidence-based screening tool (DETECT®) incorporated into training modules (TRAIN®, ReadyAttentionGo! and AttentionTime!).

These programs are designed to be play-based interactions and can be complementary to existing therapy, placing TALi at the forefront of improving early intervention for childhood attention and concentration performance, which supports our vision to deliver a personalised digital experience to enhance cognitive care.

With a continuous innovation focus, the Company's existing technology opens a pathway to product developments relevant to ADHD (Attention Deficit Hyperactivity Disorder) and ASD (Autism Spectrum Disorder).

Learn more at [talidigital.com](https://talidigital.com).

## 1. Company details

Name of entity:	TALi Digital Limited
ABN:	53 108 150 750
Reporting period:	For the period ended 31 December 2023
Previous period:	For the period ended 31 December 2022

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities and other income	down	74.5% to	111,093
Loss from continuing operations from ordinary activities after tax attributable to the owners of TALi Digital Limited	up	194.4% to	(2,885,924)
Loss from continuing operations for the period attributable to the owners of TALi Digital Limited	up	194.4% to	(2,885,924)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The loss from continuing operations for the Company after providing for income tax amounted to \$2,885,924 (31 December 2022: \$980,132).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.07</u>	<u>0.02</u>

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

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## 11. Attachments

*Details of attachments (if any):*

The Half Year Report of TALi Digital Limited for the period ended 31 December 2023 is attached.

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## 12. Signed

Authorised for release by the Board.

Signed \_\_\_\_\_

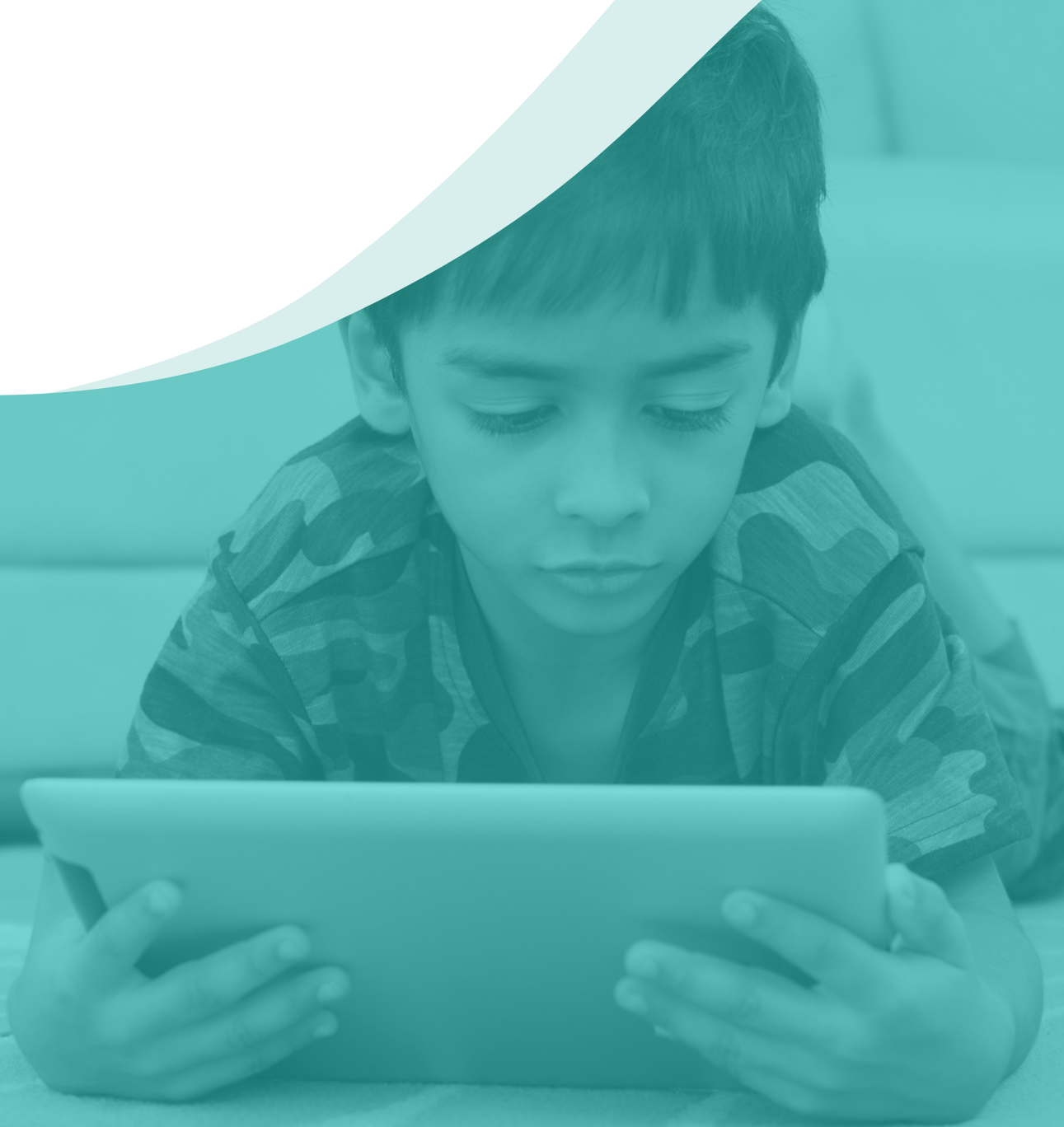


Mark Simari  
Chair

Date: 19 February 2024



# Half Year Report 31 December 2023



Directors	Mr Mark Simari (appointed 6 October 2022) Mr Stephen Munday (appointed 18 October 2022) Dr David Brookes (appointed 29 June 2020) Mr David Williams (appointed 15 December 2021)
Company secretary	Mr Tim Luscombe (appointed 5 December 2022)
Registered office	TALi Digital Limited Suite 201, 697 Burke Road Camberwell, Victoria 3124 +61 3 9192 9937   1300 082 013 talidigital.com   info@talidigital.com.au
Principal place of business	TALi Digital Limited Suite 201, 697 Burke Road Camberwell, Victoria 3124 +61 3 9192 9937   1300 082 013 talidigital.com   info@talidigital.com.au
Share register	Automic Registry Services Level 3, 50 Holt Street Surry Hills, New South Wales 2010 Australia Telephone: 1300 288 64 Website: automic.com.au Email: hello@automic.com.au
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000
Stock exchange listing	TALi Digital Limited shares are listed on the Australian Securities Exchange.
ASX code	TD1
Website	www.talidigital.com

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of TALi Digital Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2023.

## Directors

The following persons were directors of TALi Digital Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

### Name and independence status

Mark Simari  
Executive Chair

### Period of office and special responsibilities

Appointed as Executive Chair on 16 August 2023. Previously appointed Non-Executive Director & Chair on October 6 2022, and Director from 2016 to 2020. Member of the Audit Committee and the reformed Remuneration and Nomination Committee.

Stephen Munday  
Non-Executive Director

Appointed October 18, 2022. Simultaneously Mr Munday was appointed the Chair of the Audit Committee and is also a member of the reformed Remuneration and Nomination Committee.

David Brookes  
Non-Executive Director

Appointed June 29, 2020. Simultaneously Dr Brookes was appointed the Chair of the Audit Committee which he subsequently resigned from on 18 October, 2022. Remains a Member of the Audit Committee and is a member of the reformed Remuneration and Nomination Committee.

David Williams  
Non-Executive Director

Appointed on 15 December 2021. Member of the Audit Committee and Chair of the reformed Remuneration and Nomination Committee.

## Principal activities

TALi Digital Limited (ASX: TD1) is a digital health company delivering diagnostic and therapeutic solutions to enhance attention cognitive function. The Company has built a patented platform technology with our first programs targeting cognitive attention skills during early childhood via an evidence-based screening tool (DETECT®) and training modules (TRAIN® and ReadyAttentionGo!). These programs are designed to be play-based interactions and can be complementary to existing therapy, placing TALi at the forefront of improving early intervention for childhood attention and concentration performance, which supports our vision to deliver a personalised digital experience to enhance cognitive care. A continuous innovation focus will see the Company deliver a series of product developments relevant to ADHD (Attention Deficit Hyperactivity Disorder) and ASD (Autism Spectrum Disorder).

TALi is incorporated and domiciled in Australia, and with a registered office and principal place of business located at Suite 201, 697 Burke Road, Camberwell Vic 3121. Except as disclosed elsewhere in this Report, there have been no significant changes in the nature of these activities during the year.

## Review of Operations

### Highlights:

- Net cash used in operating activities for the six-month period to 31 December 2022 was \$123,918 (31 December 2022: \$463,200) a reduction of 78% compared to the first six months of FY23, with closing cash at 31 December 2023 of \$2,361,793 (30 June 2023: \$2,986,733)
- Loss from continuing operations after income tax for first six months ending 31 December 2023 was \$2,885,924 (31 December 2022: \$980,132), the loss driven by the net fair value impairment of \$2.1 million.
- TALi received \$0.67 million for its FY23 Research and Development Tax Incentive (RDTI) refund and fully repaid the \$0.50 million RDTI loan held with Treasury Corporate Victoria.
- Strategic review undertaken during 2023 results in an expansion of the partnership between TALi and Genius Learning Pty Ltd ("Genius"). The partnership agreement is well underway with the TALi platform in the final stages of being transitioned and managed by the team at Genius.
- Agreement with Akili Interactive Labs Inc (Akili) mutually terminated following a change in Akili business model.
- TALi exploring merger and acquisition (M&A) opportunities.

### ***Expanded Strategic Alliance Agreement with Genius Learning Pty Ltd***

The strategic review in August 2023 resulted in an expanded Strategic Alliance Agreement with Genius Learning Pty Ltd (“Genius”) where Genius agreed to:

- act as exclusive distributor of TALi’s products in the education sector and non-exclusively across the healthcare sector;
- develop TALi’s products in consultation with TALi;
- assume the conduct of TALi’s product development and maintenance activities as well as its sales and marketing functions;
- and assume relationships with TALi’s customers and partners (including assuming any obligations with current contracted TALi partners), subject to the terms of those existing arrangements.

The partnership agreement is well underway with the TALi platform in the final stages of being transitioned and managed by the team at Genius. TALi is expected to achieve an annualised cost reduction of over \$2.0 million, and will retain 20% of all revenue achieved by TALi products generated through the strategic partnership with Genius. Commercial relaunch by Genius is expected to occur in the March quarter of FY24.

### ***Derecognition of TALi product capitalised expenditure and related incentives/grants***

Due to the delays in the commercialisation of the TALi products, the capitalised Intellectual Property, Acquired Licences and Development costs associated with the TALi products no longer meet the requirements for recognition under Australian Accounting Standards. As a result, a once-off non-cash write-off (impairment) to those assets has been recognised in this first six months accounts.

Due to this impairment of TALi products related intangible assets, the deferred income relating to the R&D incentives and CRC-P grants received in prior periods, have also been written off. The two related once-off non-cash write-offs have been offset resulting in a \$2.1m net write-off.

As Genius has assumed the conduct of TALi’s product development and maintenance activities under the expanded Strategic Alliance Agreement, TALi will not incur such costs in the future for these products.

### ***Terminated agreement with Akili Interactive Labs Inc***

TALi advised that following the business transformation announcement released by Akili on 13 September 2023 where it announced its strategic plan to transition from a prescription to a non-prescription business model, that TALi and Akili had mutually agreed to terminate the strategic license agreement previously announced 18 August 2021.

The termination relieved both parties of commitments to future research and development activities and all potential liability from penalties. It also returned the exclusive rights to distribution of TALi products in North America to TALi.

### ***Merger and Acquisition Opportunities***

As a result of the significant cost savings and strong cash reserves, TALi has been presented with a number of M&A opportunities from various parties which puts the Company in a strong position to explore and investigate growth orientated pathways. The Board remains focused on maximising value for its shareholders and will continue to seek aligned opportunities to grow and expand the business to deliver that value.

### Material Business risks

The material business risks faced by the company that are likely to have an effect on the financial prospects of the company, disclosed above, and how the company manages these risks include:

- **Technological obsolescence** - given the rapidly changing environment in which the company operates, this could have a significant impact on our financial results. We address this risk through investment in product development by Genius our strategic partner (details of the partnership are included above under "Genius Childcare partners with TALi") and by constantly monitoring the market. With the expansion of EdTech and other digital offerings in all sectors of the education and healthcare markets, we see this risk increasing in the future
- **Changes in government policy** - given the sizable impact of government funding in education and our strategic partnership with Genius in early childhood education, this could have a significant impact on our financial results. Based on the views of prominent economic commentators, we do not anticipate any significant slowdown in government funding for education in the next few years, but are currently investigating the option with Genius for sales models which do not rely on government funding and expanding our sales into other emerging economies, such as Indonesia and Singapore
- **Distributor viability** - given that our current development, sales and marketing operating are being provided by Genius (details of the partnership are included above under "Genius Childcare partners with TALi"), their future viability could have a significant impact on our financial results. We consider this is unlikely to have any significant impact on our financial results in the next year, but could potentially be significant in future years if they are unable to provide these services. Genius are currently expanding the number of childcare centres they operate, are well funded by Sprint Capital and have strategic relationships with other large players in early childhood education. There is no reason to believe that Genius will be unable to perform under the strategic partnership; however, we continue to monitor the company, its relationships and the sector

### Outlook

TALi has a strong balance sheet and reduced operating expenditure. It is therefore well positioned to implement the outcomes of the 2023 strategic review which include driving sales and marketing efforts of its products through the Genius partnership whilst remaining focused on maximising value for its shareholders by seeking aligned opportunities to grow and expand the business to deliver that value.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Simari  
Chair

19 February 2024

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of TALi Digital Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature of "RSM" in black ink.

**RSM AUSTRALIA PARTNERS**

A handwritten signature of "A L Whittingham" in black ink.

**A L WHITTINGHAM**

Partner

Melbourne, VIC

Dated: 19 February 2024

**TALi Digital Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2023**



	Note	31 Dec 2023 \$	31 Dec 2022 \$
<b>Revenue</b>			
Revenue from continuing activities	6	(28,347)	3,067
Other income	7	139,440	433,190
Total revenue and other income		<u>111,093</u>	<u>436,257</u>
<b>Expenses</b>			
Research and development		(5,272)	(30,078)
Employee benefits and personnel expenses		(246,509)	(593,956)
Share based payments		(52,908)	(5,364)
Depreciation and amortisation		(178,198)	(150,914)
Net impairment of assets and liabilities	8	(2,144,102)	-
Corporate administration		(406,721)	(484,964)
Advertising and promotion		(4,345)	(148,557)
Other expenses		-	(1,002)
Total expenses		<u>(3,038,055)</u>	<u>(1,414,835)</u>
<b>Operating loss</b>		(2,926,962)	(978,578)
Net finance income / (expense)		38,316	(1,037)
Foreign exchange gains/losses		<u>2,722</u>	<u>(517)</u>
<b>Loss from continuing operations before income tax expense</b>		(2,885,924)	(980,132)
Income tax expense		-	-
<b>Loss from continuing operations after income tax expense for the period attributable to the owners of TALi Digital Limited</b>		(2,885,924)	(980,132)
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period attributable to the owners of TALi Digital Limited</b>		<u>(2,885,924)</u>	<u>(980,132)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	5	(0.09)	(0.08)
Diluted loss per share	5	(0.09)	(0.08)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2023 \$	30 Jun 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,361,793	2,986,733
Trade and other receivables	9	24,294	712,490
Investments		4,658	3,510
Other current assets		16,579	17,808
<b>Total current assets</b>		<u>2,407,324</u>	<u>3,720,541</u>
<b>Non-current assets</b>			
Property, plant and equipment		-	13,290
Intangibles	10	-	4,358,389
<b>Total non-current assets</b>		<u>-</u>	<u>4,371,679</u>
<b>Total assets</b>		<u>2,407,324</u>	<u>8,092,220</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		71,792	165,520
Deferred income	11	-	173,743
Borrowings	12	-	505,489
Employee benefits		-	116,413
<b>Total current liabilities</b>		<u>71,792</u>	<u>961,165</u>
<b>Non-current liabilities</b>			
Deferred income	11	-	1,962,509
<b>Total non-current liabilities</b>		<u>-</u>	<u>1,962,509</u>
<b>Total liabilities</b>		<u>71,792</u>	<u>2,923,674</u>
<b>Net assets</b>		<u>2,335,532</u>	<u>5,168,546</u>
<b>Equity</b>			
Issued capital	13	214,835,167	214,835,167
Reserves	14	487,695	466,741
Accumulated losses		(212,987,330)	(210,133,362)
<b>Total equity</b>		<u>2,335,532</u>	<u>5,168,546</u>

	Issued capital \$	Share-based payment reserve \$	Revaluation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	211,038,225	1,687,306	(1,000,000)	(208,295,113)	3,430,418
Loss from continuing operations after income tax expense for the period	-	-	-	(980,132)	(980,132)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(980,132)	(980,132)
Issue of shares	985,181	-	-	-	985,181
Transaction costs relating to rights issues and placements	(32,024)	-	-	-	(32,024)
Share-based payment transactions	(242,077)	247,441	-	-	5,364
Reversal of share-based payment transactions from prior periods	-	(1,209,037)	-	1,209,037	-
Balance at 31 December 2022	<u>211,749,305</u>	<u>725,710</u>	<u>(1,000,000)</u>	<u>(208,066,208)</u>	<u>3,408,807</u>

	Issued capital \$	Share-based payment reserve \$	Revaluation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	214,835,167	466,741	-	(210,133,362)	5,168,546
Loss from continuing operations after income tax expense for the period	-	-	-	(2,885,924)	(2,885,924)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,885,924)	(2,885,924)
Share-based payment transactions	-	52,910	-	-	52,910
Reversal of share-based payment transactions from prior periods	-	(31,956)	-	31,956	-
Balance at 31 December 2023	<u>214,835,167</u>	<u>487,695</u>	<u>-</u>	<u>(212,987,330)</u>	<u>2,335,532</u>

	31 Dec 2023	31 Dec 2022
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers from continuing operations	(31,182)	4,167
Cash payments to suppliers and employees	(860,799)	(1,293,352)
Grants received	51,420	36,600
Interest received	49,830	-
Other income received	-	108,107
R&D tax incentive	666,813	681,278
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	(123,918)	(463,200)
<b>Cash flows from investing activities</b>		
Payments for intangible assets	-	(434,095)
	<u>                    </u>	<u>                    </u>
Net cash used in investing activities	-	(434,095)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	985,181
Share issue transaction costs	-	(9,837)
Repayment of borrowings	(503,744)	-
	<u>                    </u>	<u>                    </u>
Net cash from/(used in) financing activities	(503,744)	975,344
Net (decrease)/increase in cash and cash equivalents	(627,662)	78,049
Cash and cash equivalents at the beginning of the financial period	2,986,733	1,845,128
Effects of exchange rate changes on cash and cash equivalents	2,722	(516)
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial period	<u>2,361,793</u>	<u>1,922,661</u>



## 1. General information

The financial statements cover TALi Digital Limited as a Company consisting of TALi Digital Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is TALi Digital Limited's functional and presentation currency.

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 February 2024.

## 2. Reporting entity

TALi Digital Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2023 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

## 3. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 4. Operating segments

### Identification of reportable operating segments

Operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. From 1 July 2019 it was determined by the Board of Directors that the consolidated entity had only one operating segment.

## 5. Loss per share

	31 Dec 2023	31 Dec 2022
	\$	\$
Loss from continuing operations after income tax attributable to the owners of TALi Digital Limited	<u>(2,885,924)</u>	<u>(980,132)</u>

## 5. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	3,295,155,625	1,292,101,375
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>3,295,155,625</u>	<u>1,292,101,375</u>
	Cents	Cents
Basic loss per share	(0.09)	(0.08)
Diluted loss per share	(0.09)	(0.08)

## 6. Revenue from continuing activities

	31 Dec 2023	31 Dec 2022
	\$	\$
Sale of licenses	1,996	3,067
Refunds	<u>(30,343)</u>	<u>-</u>
	<u>(28,347)</u>	<u>3,067</u>

In August 2023 the Company announced it was expanding its existing strategic partnership with Genius Childcare (Genius) by outsourcing product development, sales and product support to Genius. Given the transition those customer who held unused licenses were offered full refunds.

## 7. Other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Grant income	71,830	57,010
R&D Tax Incentives	66,462	319,994
Co-Development US	-	55,646
Other income	<u>1,148</u>	<u>540</u>
	<u>139,440</u>	<u>433,190</u>

## 8. Net impairment of assets and liabilities

	31 Dec 2023	31 Dec 2022
Intangibles impairment (Note 10)	4,185,487	-
Deferred income impairment (Note 11)	(2,049,380)	-
Plant, Property and Equipment write off	<u>7,995</u>	<u>-</u>
	<u>2,144,102</u>	<u>-</u>

During the six month period to 31 December 2023 the Company impaired all intangible assets to nil, recognising an impairment expense of \$4,185,487.

Due to the impairment of capitalised expenditure previously recognised as intangible assets, the deferred income relating to the R&D incentive and CRC-P grant received in prior periods, have also been written off.

## 9. Trade and other receivables

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current assets</i>		
Trade and other receivables	24,294	45,677
R&D tax incentive and other tax receivables	-	666,813
	<u>24,294</u>	<u>712,490</u>

## 10. Intangibles

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Non-current assets</i>		
Development - at cost	4,823,002	4,823,002
Less: Accumulated amortisation	(1,179,331)	(1,026,503)
Less: Impairment	(3,643,671)	-
	<u>-</u>	<u>3,796,499</u>
Intellectual property - at cost	1,149,073	1,149,073
Less: Accumulated amortisation	(796,389)	(785,690)
Less: Impairment	(352,684)	-
	<u>-</u>	<u>363,383</u>
Acquired licences - at cost	375,000	375,000
Less: Accumulated amortisation	(185,868)	(176,493)
Less: Impairment	(189,132)	-
	<u>-</u>	<u>198,507</u>
	<u>-</u>	<u>4,358,389</u>

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Acquired licenses \$	Acquired intellectual property \$	Internally generated assets \$	Total \$
Balance at 1 July 2023	198,506	363,384	3,796,499	4,358,389
Amortisation expense	(9,374)	(10,700)	(152,828)	(172,902)
Impairment of assets (note 8)	(189,132)	(352,684)	(3,643,671)	(4,185,487)
Balance at 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the six month period to 31 December 2023 the Company impaired all intangible assets to nil, recognising an impairment expense of \$4,185,487

## 11. Deferred income

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	-	173,743
<i>Non-current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	-	1,962,509
Total deferred income	<u>-</u>	<u>2,136,252</u>

### Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial period are set out below:

Opening balance	2,136,252	1,936,748
Current year additions	-	354,533
Release of deferred revenue to profit and loss	(86,872)	(155,029)
Less: Impairment (note 8)	(2,049,380)	-
Closing balance	<u>-</u>	<u>2,136,252</u>

Due to the impairment of capitalised expenditure previously recognised as intangible assets, the deferred income relating to the R&D incentive and CRC-P grant received in prior periods, have also been written off.

## 12. Borrowings

	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current liabilities</i>		
Loan - R&D Funding	-	505,489

Repayment of the Facility was timed to coincide with receipt of Tali Digital's FY2023 RDTI refund, which was received in September 2023. The loan was repaid in the same month.

## 13. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$	30 Jun 2023 \$
Ordinary shares - fully paid	<u>3,295,155,625</u>	<u>3,295,155,625</u>	<u>214,835,167</u>	<u>214,835,167</u>

The following movements in ordinary shares were recorded during the half-year ended.

	31 Dec 2023 Shares	30 June 2023 Shares	31 Dec 2023 \$	30 June 2023 \$
Balance brought forward as at 1 July	3,295,155,625	1,224,791,666	214,835,167	211,038,225
Issue of shares through rights issue and placements	-	2,070,363,959	-	4,211,278
Transaction costs relating to rights issue and placements <sup>1</sup>	-	-	-	(255,190)
Transaction costs relating to rights issue and placements <sup>2</sup>	-	-	-	(159,146)
Balance carried forward	<u>3,295,155,625</u>	<u>3,295,155,625</u>	<u>214,835,167</u>	<u>214,835,167</u>

### 13. Issued capital (continued)

<sup>1</sup> Directly attributable costs incurred in raising capital are presented as a reduction in equity.

<sup>2</sup> Share based payment expense provided to the Lead Broker for services during the Placement.

#### Ordinary shares

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to one vote per share at shareholders' meetings and to receive any dividends as may be declared. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Ordinary shares have no par value.

### 14. Reserves

	31 Dec 2023	30 Jun 2023
	\$	\$
Share-based payments reserve	<u>487,695</u>	<u>466,741</u>

#### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	31 Dec 2023	30 Jun 2023
	\$	\$
Opening balance	466,741	1,687,306
Share-based payment transactions	52,910	40,663
Share-based payment transactions to brokers and shareholders	-	159,146
Reversal of share-based payment transactions to employees from prior periods	<u>(31,956)</u>	<u>(1,420,374)</u>
Closing balance	<u>487,695</u>	<u>466,741</u>

### 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

### 16. Contingent assets and liabilities

There are no known significant contingent liabilities or contingent assets as at the date of this report.

### 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Simari  
Chair

19 February 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of TALi Digital Limited

### *Conclusion*

We have reviewed the accompanying half-year financial report of TALi Digital Limited which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TALi Digital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TALi Digital Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Responsibility of the Directors' for the Financial Report*

The directors of the TALi Digital Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**RSM AUSTRALIA PARTNERS**



**A L WHITTINGHAM**

Partner

Melbourne, VIC

Dated: 19 February 2024