

TD1 Q1-FY24 ACTIVITIES REPORT & APPENDIX 4C

HIGHLIGHTS

- Strategic review results in an expansion of the partnership between TALi and Genius Learning Pty Ltd (“Genius”) resulting in annual costs savings of around \$1.9 million.
- Agreement with Akili Interactive Labs Inc (Akili) mutually terminated following a change in Akili business model.
- TALi receive \$0.67 million for its FY23 Research and Development Tax Incentive (RDTI) refund and fully repays the \$0.50 million RDTI loan held with Treasury Corporate Victoria.
- TALi exploring merger and acquisition (M&A) opportunities.

STRATEGIC REVIEW OUTCOME

The Strategic review resulted in an expanded Strategic Alliance Agreement where Genius agreed to:

- act as exclusive across 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.

TALi is expected to achieve an annualised cost reduction of over \$1.9 million, and will retain 20% of all revenue achieved by TALi products generated through the strategic partnership with Genius.

TALi will continue to provide support for the TALi products, and will work closely with Genius to achieve the goals of the strategic alliance.

MUTUAL TERMINATION OF STRATEGIC LICENSE AGREEMENT

TALi advises that following the business transformation announcement¹ 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 have mutually agreed to terminate the strategic license agreement previously announced 18 August 2021.

¹ <https://investors.akiliinteractive.com/news/news-details/2023/Akili-Announces-Business-Transformation-Focusing-on-Non-prescription-Model/default.aspx>

The termination relieves both parties of commitments to future research and development activities and all potential liability from penalties. It also returns the exclusive rights to distribution of TALi products in North America to TALi. TALi would like to thank Akili for the collaboration and wish Akili the best in their future endeavours.

M&A OPPORTUNITES

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.

FINANCE UPDATE

As at 30 September 2023, TALi had a closing cash balance of \$2.5 million. TALi reported a net operating cash inflow for Q1 FY24 of \$0.1 million (Q4 FY23: \$0.8 million net operating cash outflows). Operating cashflows for the quarter included outflows of:

- \$0.6 million outflow for staff, administration and corporate costs; and
- \$0.7 million inflow for the FY23 Research and Development Tax Incentive refund.

TALi reported an overall net outflow for the September 2023 quarter of \$0.4 million.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C was approximately \$62,000 and included Non-Executive and Executive Director fees.

Release authorised by:

The Board of TALi Digital Limited

CONTACT

Corporate

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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.

Appendix 4C

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

Name of entity

TALi DIGITAL LIMITED

ABN

53 108 150 750

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	(9)	(9)
1.2 Payments for		
(a) research and development	(9)	(9)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(4)	(4)
(d) leased assets	-	-
(e) staff costs	(293)	(293)
(f) administration and corporate costs	(293)	(293)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	24
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	667	667
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	75	75
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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	-	-

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	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(505)	(505)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liability)	(10)	(10)
3.10	Net cash from / (used in) financing activities	(514)	(514)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,987	2,987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	75	75
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(514)	(514)
4.5	Effect of movement in exchange rates on cash held	3	3
4.6	Cash and cash equivalents at end of period	2,551	2,551

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	114	327
5.2	Call deposits	2,437	2,660
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)	2,551	2,987

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	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

The amount at 6.1 includes Director fees and salary (including superannuation) for the Non-Executive Directors. Director remuneration was put on hold

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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	75
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,551
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,551
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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?	
	Answer:	
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?	
	Answer:	

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?

Answer:

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.

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: 17 October 2023.

Authorised by: The Board of Directors

(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.