

ASX Release

**COMPANY UPDATE & APPENDIX 4C  
QUARTER ENDED 30 June 2021**

**HIGHLIGHTS**

- **International growth strategy on-track with several strategic partnerships in key global markets currently in negotiations**
- **Early-stage product launch in India demonstrating strong customer appetite for TALi products. Full marketing campaign to commence late Q1 - Q2 FY22 to optimise go-to-market timing**
- **Strengthened IP portfolio in China and Australia**
- **Sufficiently funded to execute partnership growth strategy with net cash position of \$2.7million as at 30 June 2021 and reduced operating cash outflow of \$0.9million for Q4 FY21**

TALi Digital Ltd (ASX: TD1, “**TALi**” or “**the Company**”), a leading digital health business is pleased to provide the following quarterly activities report, together with its Appendix 4C for the quarter ended 30 June 2021 (Q4 FY2021).

**Progressing TALi’s global partnership growth strategy**

During Q4 FY2021, TALi has made significant progress towards executing key milestones under its global partnership strategy. The Company has been involved in various commercial discussions that are expected to position TALi to generate significant value from its clinically-validated technology platform. These discussions are in-line with TALi’s strategy to build sustainable long-term recurring revenues from key global target markets.

TALi also continued the initial digital marketing phase of its Indian roll-out strategy during the quarter, with over 25,000 freemium downloads of TALi DETECT from the India Google Play store generating small early-stage revenues in this market. Given the material impact of COVID-19 on India during the early part of the quarter, the ‘live-launch’ of the TALi programs and the full-roll out of the print and radio campaigns has been scheduled for later in Q1 FY22. Approximately US\$1.5M (A\$2.0 million) of the US\$2.0 million (A\$2.6 million) pre-paid advertising credit with The Times Group of India remains for use over the remainder of the agreement.

Commenting on Q4 FY2021, TALi Digital Managing Director Mr Glenn Smith said “We have made significant progress this quarter in progressing international partnership opportunities. Some of our commercial discussions are nearing finalisation and we look forward to updating our shareholders of outcomes as soon as possible”.

In the coming quarter TALi also plans to incrementally increase the roll-out of marketing initiatives with the Times Group, as the Indian economy recovers from the impacts of the severe COVID-19 surge witnessed earlier this year. In support of the opportunity for TALi in India, *Brand Capital International, the strategic investment arm of Bennett, Coleman & Co. Ltd (BCCL) has recently confirmed that they have reduced their stake in TALi Digital Limited ("TALi", ASX:TD1). Brand Capital International has done so based upon strategic business decisions and have reiterated that it in no way is a reflection of their confidence in TALi, including their India operations. They continue to be committed to a long term partnership and the option for a future investment of \$5mn USD upon mutual agreement by both parties.*

### **Strengthened IP portfolio in China and Australia**

TALi continues to invest in its significant IP portfolio as part of its global channel partner strategy. TALi has recently been issued trademark coverage in China from the China Trade Mark Office in relation to its core TALi TRAIN and TALi DETECT products. This trademark has been classified under Acceptance Class 10 - a category that includes goods for surgical, medical, dental, and veterinary purposes.

On 8<sup>th</sup> July 2021, TALi was also granted its first Australian patent by IP Australia. This patent covers TALi TRAIN and TALi DETECT as well as next generation solutions currently in development, and has a continuance period of 20-years from the priority date 31/03/2015. Existing patents for TALi products are also in place in the US and Japan, supporting the Company's strategic discussions in these regions.

### **Sufficiently funded to execute partnership strategy**

TALi reported net operating cash outflow for Q4 FY21 of \$0.9 million, significantly below the operating outflow of \$4.0 million in the preceding quarter, Q3 FY21. This improved operating cashflow performance reflects the impact of the prior quarter one-off US\$2.0 million (A\$2.6 million) pre-payment to The Times Group of India for advertising and marketing, as well as general cost containment in Q4 FY21.

Cash receipts for Q4 FY2021 were \$21k, up from \$2k in the prior quarter which reflects small revenue streams from the Indian and Australian markets. TALi's international partnership strategy is expected to build the foundations for greater revenue streams in future periods.

As at 30 June 2021, TALi had a closing cash balance of \$2.7 million and is sufficiently funded to execute its international partnership opportunities.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C includes Director fees and salary (including superannuation) for the CEO and Managing Director and related parties.

### **Release authorised by:**

The Board of TALi Digital Limited

## CONTACT

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## About TALi Digital

TALi [TALi Digital Limited (ASX: TD1)] is a digital health company delivering diagnostic and therapeutic solutions for cognitive function and behaviour. The Company has built a platform technology, the first iteration of which targets cognitive attention skills during early childhood through its breakthrough evidence a video-gamed-based TALi screening ('DETECT') and training ('TRAIN'). This first to market and user experience focused technology is complementary to existing diagnosis and therapy placing TALi at the forefront of patient experience and early intervention thus positioning the business as an ideal partner in the global digital health sector.

Innovations that target cognitive skills to deliver non-invasive early interventions underpin the TALi platform technology. This innovation focus is allowing the Company to deliver a series of product developments in ADHD (Attention Deficit Hyperactivity Disorder) and ASD (Autism Spectrum Disorder) for predictive diagnosis and treatment for all age groups along with a core research program exploring applications for at populations afflicted with Mild Cognitive Decline (MCI has been found to often been a precursor to recognizing Alzheimer's disease and other forms of dementia). TALi solutions aim to deliver foundational advances in human cognitive function and behaviour only dreamt of a few short years ago. TALi solutions aim to deliver foundational advances in human cognitive function and behaviour only dreamt of a few short years ago.

At TALi, our vision is to deliver a personalised game changing experience to cognitive function and behaviour in every digital device. Learn more at [talihealth.com.au](https://talihealth.com.au).

## 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 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	21	40
1.2 Payments for		
(a) research and development	(110)	(727)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(82)	(326)
(d) leased assets	-	-
(e) staff costs	(534)	(2,461)
(f) administration and corporate costs	(294)	(1,664)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(2)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	100	1,194
1.8 Other (US\$2m (A\$2.586m) prepaid advertising credits with the Times Group India. As at 30 June 2021 the Company has US\$1.483m (A\$1.97m) in credits remaining which will be utilised as the Company executes it's Indian advertising and marketing plan)	-	(2,586)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(901)</b>	<b>(6,541)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6)	(24)
	(d) investments	-	-
	(e) intellectual property	(197)	(805)
	(f) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(203)</b>	<b>(829)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11	6,560
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	-	(256)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.9	Other – Repayment of lease liability	(35)	(136)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(24)</b>	<b>6,168</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,854	3,946
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(901)	(6,541)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(203)	(829)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	6,168
4.5	Effect of movement in exchange rates on cash held	1	(17)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,727</b>	<b>2,727</b>

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	1,777	2,904
5.2	Call deposits	950	950
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,727</b>	<b>3,854</b>

**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

101

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 CEO and Managing Director and Non-executive Directors.

**7. Financing facilities**

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.

**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.

7.3 Bank guarantee funds secured in accordance with premises lease terms.

**8. Estimated cash available for future operating activities**
**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(901)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,727

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,727

 8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**
**3.0**

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.

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: N/A

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: N/A

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: N/A

### 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.

30<sup>th</sup> July 2021

Date: .....

Authorised by: .....  
(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 – e.g., 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.