

ASX Release

**TD1 Q1-FY23 ACTIVITIES REPORT & APPENDIX 4C**

**NEW BOARD MEMBERS**

On the 6<sup>th</sup> October, TALi announced significant changes to the TALi Board. Mark Simari rejoined the Board as Chair having previously served as a director between 2016 and 2020. Sue MacLeman and Jefferson Harcourt resigned as non-executive Chair and non-executive director, respectively. On the 18<sup>th</sup> October, Stephen Munday was also appointed to the TALi Board as a non-executive director.

This renewal at the Board level complements the recent changes at the Executive level and supports the new business and product strategy and direction. TALi will benefit from Mark's and Stephen's strong business acumen and capital markets experience.

**FINANCE UPDATE**

As at 30 September 2022, TALi had a closing cash balance of \$1.07 million. In October 2022, TALi received \$681,089 from the Australian Taxation Office under the Federal Government's Research and Development Tax Incentive (RDTI) Scheme for FY22. It also received \$36,600 from Export Market Development Grants with further grant payments expected. At time of writing, the company has in excess of \$1.5m in cash reserves.

TALi reported a net operating cash outflow for Q1 FY23 of \$0.867 million, a decrease from the net operating cash outflows in the prior quarter (\$1.16 million).

Tali had outflows for staff costs in Q1 FY23 of \$0.425 million a significant reduction from \$0.822 million in the previous quarter. TALi's reduced cost base is driven by reduced headcount implemented after the strategic review conducted by the previous Board following the resignation of the incumbent CEO in March 2022.

TALi reported an overall net outflow for the September 2022 quarter of \$0.774 million, the operating net outflow offset marginally by TALi issuing 7,838,858 ordinary shares at \$0.011 to Directors of the Company as approved by shareholders at the Extraordinary General Meeting Held on 28 June 2022.

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 \$28,000 and included Director fees.

The Company continues to have a sharp focus on delivering to the development milestones under the agreement with Akili which are forecast to provide significant milestone and sales-based royalty payments to TALi. The Company will keep shareholders informed on the progress of this initiative with Akili as progress is made and development milestones are achieved.

During this period, TALi has also continued the R&D on its product suite to deliver an improved product offering for the Australian and global market.

**Release authorised by:**

The Board of TALi Digital Limited

**CONTACT**

**Corporate**

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Chair  
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**Investors**

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**About TALi Digital**

TALi [TALi Digital Limited (ASX: TD1)] is a digital health company delivering diagnostic and therapeutic solutions to enhance cognitive function and behaviour. The Company has built a patented platform technology with our first solution targeting cognitive attention skills during early childhood via the evidence and game-based screening (DETECT®) and training (TRAIN®) modules. This program is complementary to existing diagnosis and therapy and places TALi at the forefront of patient experience and early intervention for attention related conditions. We believe in healthy, happier minds – they start here with TALi.

A continuous innovation focus will see the Company deliver a series of product developments in ADHD (Attention Deficit Hyperactivity Disorder) and ASD (Autism Spectrum Disorder) 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). At TALi, our vision is to deliver a personalised digital experience to enhance cognitive care. Learn more at [talidigital.com](https://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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	68	68
1.2 Payments for		-
(a) research and development	(136)	(136)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(53)	(53)
(d) leased assets	-	-
(e) staff costs	(425)	(425)
(f) administration and corporate costs	(316)	(316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(867)</b>	<b>(867)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

  

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	86	86
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	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liability)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>86</b>	<b>86</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<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	1,845	1,845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(867)	(867)
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)	86	86
4.5	Effect of movement in exchange rates on cash held	6	6
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,070</b>	<b>1,070</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,070	1,845
5.2	Call deposits	-	-
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>1,070</b>	<b>1,845</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	28
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

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The amount at 6.1 includes Director fees and salary (including superannuation) for the CEO and Managing Director and Non-executive Directors.

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	504	504
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>504</b>	<b>504</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<p>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.</p> <p>The Loan facility is a non-dilutive funding facility of up to \$503,744 with Treasury Corporation of Victoria (TCV) as part of the Victorian Government's R&amp;D Cash Flow Loan Initiative. The Facility was received in two tranches: the first of \$300,000 was received in October 2021; and the second of \$203,744 was received in February 2022. The amount of the second tranche funding was capped so as not to exceed a total Facility draw down of 80% of the Company's forecast R&amp;D Tax Incentive (RDTI) rebate for FY2022. Interest on Facility advances is variable at the "TCV 11am" loan interest rate (currently 2.765%). Repayment of the Facility is timed to coincide with receipt of the Company's FY2023 RDTI refund, expected by 31 October 2023, but may be repaid earlier. The Facility is secured by the FY2022 and FY2023 RDTI refunds. As at 30 September 2022 the total loan facility was \$503,744, being fully drawn.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(867)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,070
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,070
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>1.2</b>
<p><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></p>		

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: Yes

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: This is a priority activity at Board and management level and it is clear we will need to secure strategic investment to unlock value for shareholders. We have or are engaged with a number of potential strategic partners and investors and these discussions are ongoing. Market conditions are challenging and there is some risk which the team are working to mitigate were possible.

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: Yes as long as the business secures additional capital as planned in timely manner.

*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: 31st October 2022



Mark Simari - Chair

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 – 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.