

TD1 Q4-FY23 ACTIVITIES REPORT & APPENDIX 4C

HIGHLIGHTS

- ReadyAttentionGo is awarded a Red Dot Design award.
- The previously announced Strategic review is nearing completion with communication to the shareholders expected in the next month.
- As part of the strategic review, annualised costs have been reduced by \$1.7 million.

Red Dot Design Award

The Red Dot Design Award is one of the world's largest design competitions. The Red Dot Label has become established internationally as one of the most sought-after marks of quality for good design.

Strategic Review

Due to the delays in revenue the Board commenced a strategic review of its operations to address the potential pathways for the commercialisation of TALi's current products and to identify corresponding opportunities in order to maximise value for its shareholders. This review is nearing completion with communication to the shareholders expected in the next month.

Annualised Cost Savings

While the strategic review is being carried out, costs have been reviewed and steps taken to reduce spending to preserve cash. At this stage annualised costs have been reduced by \$1.7 million.

FINANCE UPDATE

As at 30 June 2023, TALi had a closing cash balance of \$3.0 million. TALi reported a net operating cash outflow for Q4 FY23 of \$0.8 million, a decrease from the net operating cash outflows in the prior quarter of \$1.1 million. Operating cashflows for the quarter included outflows of:

- \$0.7 million for commercialisation, administration and corporate costs; and
- \$0.1 million for research and development costs, which primarily related to the development of ReadyAttentionGo! and AttentionTime!

TALi reported an overall net outflow for the June 2023 quarter of \$0.8 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 \$61,875 and included Non-Executive Director fees.

Release authorised by:

The Board of TALi Digital Limited

CONTACT

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About TALi Digital

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).
Learn more at talidigital.com.

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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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	21	137
1.2 Payments for		
(a) research and development	(68)	(480)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(41)	(155)
(d) leased assets	-	-
(e) staff costs	(538)	(1,827)
(f) administration and corporate costs	(214)	(1,256)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	27
1.5 Interest and other costs of finance paid	(6)	(25)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	755
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(819)	(2,824)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)	-	-
2.6	Net cash from / (used in) investing activities	(3)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,221
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	-	(255)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	3,966

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	3,808	1,845
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(819)	(2,824)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,966
4.5	Effect of movement in exchange rates on cash held	1	3
4.6	Cash and cash equivalents at end of period	2,987	2,987

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	327	308
5.2	Call deposits	2,660	3,500
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)	2,987	3,808

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.</i> <i>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	504	504
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	504	504
7.5	Unused financing facilities available at quarter end		-
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&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&D Tax Incentive (RDTI) rebate for FY2022. Interest on Facility advances is variable at the "TCV 11am" loan interest rate (currently 4.215%). 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 June 2023 the total loan facility was \$503,744, being fully drawn.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(819)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,987
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,987
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.6
<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:

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: 31 July 2023.

Authorised by: The Board of Directors of TALi Digital 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.