

MARKET UPDATE

Strong cash position drives marketing initiatives and key appointments

HIGHLIGHTS

- **Company financially robust with ~A\$6 million in cash and cash equivalents**
- **TALi business model has been built for the large opportunity in remote assessment and learning combined with direct-to-consumer sales — significant numbers of children now or in near future will learn remotely as a result of school closures**
- **Appointments in three senior positions to assist the Company in operations and future sales of its suite of digital products**
- **Domestic marketing initiatives the focus during forward periods**

TALi Digital Ltd (ASX: TD1) (TALi or the Company), a leading early childhood technology business targeting attention in children through its breakthrough TALi platform, is pleased to provide a financial and operational update on the business.

Financially Robust

Despite the current economic and social conditions as a result of the COVID-19 pandemic, TALi remains in a robust financial position now and for the foreseeable future.

With cash and cash equivalents as at the 31st December 2019 of \$6.1 million, the Company is in the fortunate position during these challenging times of having no need to raise capital during CY2020.

However, given the COVID-19 pandemic at this stage shows no signs of an end-point, the Company believes it is prudent to adopt a cash management policy over the forward period in light of current unprecedented conditions that reduces international spend in the near term.

Key points and activities during this period

With COVID-19 pandemic causing world-wide school closures resulting in children having to be schooled from home, there is a significant opportunity for TALi Digital's product suite in the education segment and in particular via direct-to consumer sales.

As a reminder, TALi is focused on assessing and importantly, strengthening ATTENTION in early childhood. ATTENTION is a core cognitive skill and critical to learning enablement. During this time of social upheaval, childhood ATTENTION will be a key area of discussion and focus as children stay at home and begin to be schooled from home.

The shift by the education system to remote learning has accelerated during the current period. The Company's business model has been built for digital remote delivery globally from day one. As such, the Company believes this apparent accelerated shift by the education sector to remote learning will benefit TALi over forward periods. However, it must be noted that the Company cannot yet form a view

on spending over the forward periods in the education segment due to the current uncertainty related to COVID-19.

Despite the uncertainty, the flexibility of the TALi product suite allow programs to be purchased and delivered via a direct-to-consumer model along with the education and healthcare focused models. The Company is of the view that this period may present a unique opportunity for TALi to focus on parents and providing them with relevant information and products to help them and their children throughout this period.

We will be undertaking focused marketing campaigns over digital channels and via other channels to raise awareness of TALi and increase direct sales designed to complement and/or offset a decline in sales in other segments should that occur due to the COVID-19 pandemic during the current and over the forward periods.

At this point there is a substantive pipeline of potential customers and users for the TALi products with increased revenue from activities now expected to begin in the next financial quarter. The Company will provide a further update to the market in the quarterly report.

As previously announced TALi has achieved Google For Education Partner status which allows both TALi Detect and TALi Train to be accessed via Google products including G Suite for Education and Google Chromebooks.

This is a significant opportunity for the Company as these products dominate the U.S. education system - over 55% of all U.S. school children using a Google product every day to facilitate their learning experience. Whilst the current COVID-19 pandemic will slow the ability for the Company to appropriately leverage the potential of the partner status in the near term, the Company remains confident that this and partnerships like it will be the backbone of revenue growth and profitability for TALi over the longer term.

As mentioned, the Company will cease near term spend on international activities in line with current global health and economic conditions but reiterates that in the medium to long term the opportunity for scalable success remains international in nature for the Company.

Key appointments

TALi Digital has appointed three senior positions to assist the Company in operations and future sales of its suite of digital products.

National Sales Manager: David Turnbull

Mr Turnbull has worked closely with large companies and all levels of government with a focus on long term benefits and strengthening long term relationships with key stakeholders.

He has held senior positions in the education, training and employment sector and with his years of sales leadership, Mr Turnbull's key objective is to inform TALi's audience about the importance of attention, understanding its clients and building sustained sales growth within the targeted audiences.

Marketing Manager: Lee Simpson

Mr Simpson is a creative and strategic Digital Marketer, with extensive experience in developing data driven multichannel campaigns and strategies that drive strong ROI. He has significant experience in B2B and B2C marketing, SEO, analytics, performance monitoring, branding and content marketing.

His recent experience with CSG Limited and other large organisations will enable Mr Simpson to accelerate the domestic and international marketing for TALi during the coming quarters.

Chief Operations Officer: Pete Saunders

Mr Saunders is a digital strategist coming from a decade of experience working across advertising, brand strategy, marketing and communications, customer experience and service design.

For the last five years his focus has been on digital health technologies, patient experience and education, working with state and federal government, hospitals, and private organisations in Australia and New Zealand.

He has previously co-founded and commercialised a health technology company and has independently developed go to market, operations and commercial strategies for a range of small businesses and research organisations in the health and education sectors.

Mr Saunders is overseeing the organisation's ongoing operations and procedures, initially focused on operations and growth of TALi in the Australian market.

These three appointments are supported by the Company's existing highly experienced sales, marketing, development and research teams.

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ABOUT TALi DIGITAL

TALi Digital Limited (ASX: TD1) is a leading early childhood technology business targeting ATTENTION in children through its breakthrough TALi platform. TALi combines evidence based proprietary algorithms inside a game-based program to assess and strengthen core attention in early childhood (www.talihealth.com).