

ASX Release

H1 FY21 Results – Key partnership signed to drive international growth

H1 FY21 FINANCIAL HIGHLIGHTS

- Total revenue and income of \$158,870
- Net loss for the period \$2,196,339
- Net cash at bank of \$3.1m (vs \$6.1m 31 December 2019)

OPERATIONAL HIGHLIGHTS

- Completion of TALi Early Release Program to the Australian education system, with stronger than expected participant numbers
- Investment from Brand Capital International (BCI) of up to US\$7 million to fund Indian market commercial rollout
- Intellectual property position in Japan strengthened with patent granted covering TALi DETECT and TALi TRAIN products
- TALi joins Wellbeing program co-ordinated by Ma'an (Abu Dhabi Authority of Social Contribution) in partnership with Plug and Play ADGM
- TALi becomes Thrive by Five partner, a Minderoo Foundation initiative
- Marketing campaigns underway to drive health care professional revenue
- Strong cash position of \$3.1m as at 31 December 2020
- Post the end of the period the company received binding commitments from a range of high-quality institutions and sophisticated investors to raise \$3.85m before costs

Commenting on the progress made in H1 FY21, TALi Digital Managing Director Mr Glenn Smith said "During the period we continued to make progress towards commercialising our TALi Detect and TALi train products in international markets, despite the disruptions to travel from the COVID-19 pandemic.

"The partnership with The Times Group, which includes an initial US\$2 million investment to drive growth, was a major milestone and we look forward to providing the market with updates on the Indian rollout in FY21. The granting of a patent in Japan secures our intellectual property position in another key strategic market where ADHD is a major issue amongst the population of 15 million children under 15 years and paves the way for our market entry via a partnership model.

"In the local market we have been focused on raising awareness of our product suite in the healthcare market, where we are educating professionals on our NDIS status and providing resources on how to claim TALi products under NDIS codes. We are also making solid progress on our direct to consumer campaigns, highlighting the importance of attention in early childhood, with

the aim of increasing the number of TALi DETECT users. Our partnership with Minderoo Foundation initiative Thrive by Five is aimed at having the Australian Government improve the early childhood learning sector and we are excited about the potential for this initiative to allow technologies like TALi to assist a broader base of children in Australia.

“The funds received from the recent placement will allow TALi to continue to develop the commercialisation and partnership model in Japan and other large markets such as the USA, China and Europe. I would like to thank all of our shareholders for their continued support of the company and welcome the new investors to our register. I look forward to updating you on the execution of our strategy in due course”

FINANCIAL REVIEW

The Company reported a loss for the half year ended 31 December 2020 of \$2,196,339 (31 December 2019: loss of \$1,758,012). Operating results for the half year ended 31 December 2020 are attributed to the following:

- Research and Development tax incentive revenues and grant income of \$145,821 (H1 FY20: \$51,989)
- Personnel expenses excluding share-based payment expense of \$991,542 (H1 FY20: \$837,159)
- Depreciation and Amortisation of \$278,590 (H1 FY20: \$274,603)

Despite the ongoing impact of the COVID-19 pandemic on the broader macro-economic and social conditions the Company maintained healthy cash reserves as at 31 December 2020 of \$3,115,043 (31 December 2019: \$6,113,751), including US\$1m of US\$2m from The Times Group initial investment.

OPERATIONAL REVIEW FOR H1 FY21

TALi DETECT Schools Early Release Programme completion

In July TALi announced the successful completion of its Schools Early Release Programme (“Schools Early Release”) in partnership with 30 schools located in remote and metropolitan areas of Australia.

While the Schools Early Release aimed to recruit 1000 students aged four to eight years from a balanced cohort of education providers to utilise TALi’s DETECT attention assessment program, the goal was surpassed by over 61% due to widespread interest in the product, with 1613 TALi DETECT assessments and 416 TALi TRAIN journeys following completion.

The Schools Early Release was completed during a period of reduced face-to-face learning in many parts of Australia due to COVID-19 and the assessment tool has provided teachers with the confidence to identify the students that may benefit from additional support and training, especially as classes transitioned to remote learning.

Investment received to drive Commercialisation in India

In December, the Company announced that it had signed an investment and advertising agreement with Brand Capital International (BCI), the strategic arm of Bennett, Coleman and Company Ltd. (The Times Group), to facilitate TALi's entry and growth in the Indian market.

The initial US\$2m investment from BCI provided funds to accelerate the roll out of TALi products in India and funds will be deployed towards TALi Digital's marketing communication in the Indian market through the Times Groups' media assets, thereby allowing TALi Digital to growing its consumer base.

The advertising & communication plan will highlight the benefit of TALi's cognitive performance tools TALi DETECT and TALi TRAIN and their availability on the iOS and Android App stores. TALi will receive 100% of the revenue from any downloads of the TALi product in the Indian market (net of app store fees).

For The Times Group, as a major shareholder in the Company with 81.8 million shares issued (representing 9.8% of the Company) they have a significant vested interest to ensure launch and revenue success for TALi products.

The funds from the initial US\$2m investment will be used to acquire advertising credits under the advertising agreement at preferential rates and any additional investments from BCI (up to US\$5m) will be at the mutual agreement of both parties and subject to any applicable regulatory requirements including shareholder approval if required.

Intellectual Property position strengthened

TALi Digital strengthened its patent portfolio in December with the granting of its first Japanese patent by the Japan Patent Office (JPO) (refer to release dated 9th December 2020)

The granting of this patent combined with the granting of a US patent in 2020 highlights the growing value of the TALi platform intellectual property portfolio. The Company continues to progress discussions with commercial partners to enter the Japanese market.

Mental Wellbeing program participation

TALi was selected with five other ventures from a global competitive field to join the 2020/21 Mental Wellbeing program co-ordinated by Ma'an (Abu Dhabi Authority of Social Contribution) in partnership with Plug and Play Abu Dhabi Global Market (ADGM).

The program was designed to attract impactful global social enterprises to the Emirate and strengthen collaboration between the private and public through engagement and new contracts.

Australian marketing campaigns underway

TALi is currently focused on further raising awareness of its products in the local health care market. Towards the end of 2020, a campaign was initiated that focused on TALi's NDIS status and providing resources to relevant health care professionals about how to claim TALi products under NDIS codes.

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This has resulted in a growing B2B pipeline and an increased number of TALi providers who are able to administer TALi TRAIN.

The Company is continuing to enhance the user experience between consumers and healthcare professionals, to assist with conversions to revenue from marketing campaigns, to improve how children are triaged through both products. This work forms a portion of the ongoing technology development roadmap.

Placement Details

Post the period end (refer to announcement dated 16 February 2021) Tali received binding commitments from a range of high-quality institutions and sophisticated investors to subscribe for 98,717,948 shares issued at a price of \$0.039 per share to raise \$3.85m before costs (the Placement).

The Placement resulted in the issue of 98,717,948 new fully paid ordinary shares at an issue price of \$0.039 per share to raise total proceeds of \$3.85m. The issue price of \$0.039 cents per share represented a 7.1% discount to the last closing price on 11 February 2021. The issuance of the 98,717,948 new shares represents 11.87% of the company's shares on issue and will be undertaken within the Company's existing capacity under ASX listing Rule 7.1 and 7.1A.

Subject to shareholder approval, TALi Digital will issue one free attaching option for every 2 new shares purchased. The attaching options will have an exercise price of \$0.09 per share and will expire 12 months after the date of issue. If exercised the options will deliver a further \$4.44m in proceeds to the company.

OUTLOOK

The partnership with The Times Group and its strategic investment, the strengthened IP position and marketing campaigns to increase awareness amongst healthcare professionals and consumers has positioned the company to commercialise its TALi products in FY21. Key areas of focus for the Company include:

- Continued data collection activities in the Australian market to assist with medium to long-term large-scale use and reimbursement of TALi products
- Marketing initiatives aimed at healthcare professionals and consumers in the local market
- Continued development of international partnerships in key strategic markets such as the USA and Japan to secure long term growth
- Continued investment in R&D to broaden the neurological conditions and cohorts the Company may serve

Release authorised by:

The Board of TALi Digital Limited

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About TALi Digital

TALi Digital Limited (ASX:TD1) a leading health technology business is seeking to improve attention in early childhood through its breakthrough TALi platform. TALi combines evidence-based proprietary algorithms inside a game-based program to assess and strengthen core attention skills. Learn more at talihealth.com.

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