

ASX Release

HALF YEAR RESULTS FY23

Highlights:

- Revenue and other income for the first six months went up 21.6% to \$436,257 compared to the first half of FY22.
- Loss from continuing operations after income tax for the first six months was \$980,132, which was a 61.7% improvement on the first six months of FY22.
- Net cash used in operating activities for the six-month period was \$463,200 a reduction of 72.3% compared to the first six months of FY22, with Closing cash at 31 December 2022 of \$1,922,661.
- Successful Capital Raise - TALi successfully completed a \$4.1m (before costs) capital raising consisting of: a Placement and Entitlement Offer including placement of shortfall to raise \$3.1m (before costs) and obtained commitments for a Conditional Placement of \$1.0m. Only \$0.9m of the \$4.1m had been received by 31 December 2022.
- Ready, Attention, GO! Product development, an iterative improvement on Train for the Health channel.
- Development of the Health commercial pathways.
- Development of the Education pathway with the Sprint/Genius pre-school partnership.

Commenting on the first half, CEO Dr Mary Beth Brinson said,

“It has been an exciting half for TALi Digital, with the recapitalization of the company we can now ramp up our commercial activities in the Health channel. Our new product, Ready, Attention, GO! is a new opportunity to showcase the TALi proprietary algorithm to our allied health professionals. The launch of the TALi Educate arm coupled with the new Genius partnership presents new opportunities for growth as well!”

Ready, Attention, GO! development

Significant feedback has been obtained from usage of the Train product over the past years. This feedback was received via formal marketing research and from individual parents and clinicians. While the feedback was very positive about the clinical outcome, the game graphics were ageing and there was a company desire to enlarge the age range. Ready, Attention, GO! Was developed and scheduled for launch early in the new calendar year. This product features the patented TALi attention algorithm.

Development of the Health commercial pathway

With the commencement of a Business Development role early in the financial year, TALi undertook activities to thoroughly map out the commercial pathway for the health channel in Australia, ensuring that our offering filled a need in this clinical market. Using in-depth interviews of clinical professional (primarily occupational therapists and psychologists), visiting their centres and talking to parents, TALi have a clear view on how to add value to and support the clinicians. This will enhance our ability to earn sustainable revenues.

Development of the Education pathway with the Sprint/Genius pre-school partnership

In December, TALi Digital entered into a strategic partnership with Genius Childcare, a wholly owned subsidiary of Sprint Capital Partners. Through the partnership, Genius Childcare is granted exclusive distribution rights throughout its network across Australia and the development of the TALi Educate vertical. Genius will support TALi to gain access to Kindergarten Funding Accreditation and, through the partnership, will pursue development of childcare technology platform. The agreement also enables in-market testing for TALi products to obtain data on the value of cognitive attention training.

Ensuring sufficient capital to enable commercial operations

In October 2022, two of TALi Digital Board members including the Chair resigned and Mr Mark Simari (Chair) and Mr Stephen Munday joined. Focus was placed on executing a successful capital raise to enable the new strategy proposed by the CEO, Dr Mary-Beth Brinson. In December 2022, TALi Digital Limited (ASX: TD1) successfully placed the Entitlement Offer Shortfall and has received commitments for a Conditional Placement which, when combined with the Company's Placement announced to the ASX on Monday, 21 November 2022, takes the total capital raise to \$4.1m before costs. Proceeds from this placement will be used to support TALi's continue commercialisation of TALi's products and the advancement of global and domestic partnership initiatives.

Financial update

TALi recorded a loss of \$1.0m for the six months ending 31 December 2022 (31 December 2021: \$2.6m). TALi's net operating cash outflows for the six-month period was \$0.9m (31 December 2021: \$1.7m) and reported closing cash of \$1.9m at 31 December 2022 (30 June 2022: \$1.8m) with further funds from the capital raise received in the March 2023 quarter.

Outlook

With expectation of continued growth in revenues in the health and education channels along with reductions in operating losses driven by the revised strategy, the Genius Childcare strategic partnership and the plans for success in the Health channel with Ready, Attention, GO!, TALi now has the fundamentals to deliver improved business outcomes.

The successful capital raise will allow the new strategies around commercialisation of TALi's products through existing and new partnerships to be implemented at an increasing pace into the future.

The increase in activity in the exogenous environment (healthcare and education) in the understanding of cognition, drive for better diagnostics and treatment of neurodiverse children is also a driver of the positive outlook for TALi Digital.

— ENDS —

Release authorised by:

The Board of TALi Digital Limited

CONTACT

Corporate

Mark Simari
Chair
TALi Digital 1300 082 013
investors@talidigital.com

Investors

Mary Beth Brinson
CEO
TALi Digital 1300 082 013
investors@talidigital.com

About TALi Digital

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-based screening (DETECT®) and training (TRAIN®) modules. This program is complementary to existing diagnosis and therapy, placing TALi at the forefront of improving early intervention for childhood attention and concentration performance. We believe in healthy, happier minds – our vision is to deliver a personalised digital experience to enhance cognitive care.

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). Learn more at talidigital.com.

1. Company details

Name of entity:	TALi Digital Limited
ABN:	53 108 150 750
Reporting period:	For the period ended 31 December 2022
Previous period:	For the period ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities and other income	up	21.6% to	436,257
Loss from continuing operations from ordinary activities after tax attributable to the owners of TALi Digital Limited	down	61.7% to	(980,132)
Loss from continuing operations for the period attributable to the owners of TALi Digital Limited	down	61.7% to	(980,132)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss from continuing operations for the Company after providing for income tax amounted to \$980,132 (31 December 2021: \$2,559,043).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.04)	(0.03)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of TALi Digital Limited for the period ended 31 December 2022 is attached.

12. Signed

Authorised for release by the Board.

Signed  _____

Mark Simari
Chair

Date: 15 February 2023

TALi Digital Limited

ABN 53 108 150 750

Half Year Report - 31 December 2022

Directors

Mr Mark Simari (appointed 6 October 2022)
Mr Stephen Munday (appointed 18 October 2022)
Dr David Brookes (appointed 29 June 2020)
Mr David Williams (appointed 15 December 2021)

Company secretary

Mr Tim Luscombe (appointed 5 December 2022)

Registered office

TALi Digital Limited
Suite 201, 697 Burke Road
Camberwell, Victoria 3124
+61 3 9192 9937 | 1300 082 013
talidigital.com | info@talidigital.com.au

Principal place of business

TALi Digital Limited
Suite 201, 697 Burke Road
Camberwell, Victoria 3124
+61 3 9192 9937 | 1300 082 013
talidigital.com | info@talidigital.com.au

Share register

Automic Registry Services
Level 3, 50 Holt Street
Surry Hills, New South Wales 2010 Australia
Telephone: 1300 288 64
Website: automic.com.au
Email: hello@automic.com.au

Auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Stock exchange listing

TALi Digital Limited shares are listed on the Australian Securities Exchange.

ASX code

TD1

Website

www.talidigital.com

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of TALi Digital Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2022.

Directors

The following persons were directors of TALi Digital Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Name and independence status

Mark Simari
Chair

Stephen Munday
Non-Executive Director

David Brookes
Non-Executive Director

David Williams
Non-Executive Director

Sue MacLeman
Chair

Jefferson Harcourt
Non-Executive Director

Period of office and special responsibilities

Appointed 6 October 2022. Previously Director from 2016 to 2020.

Appointed 18 October 2022. Simultaneously Mr Munday was appointed the Chair of the Audit Committee.

Appointed on 29 June 2020. Simultaneously Dr Brookes was appointed the Chair of the Audit Committee which he subsequently resigned from on 18 October 2022.

Appointed on 15 December 2021.

Resigned 6 October 2022.

Resigned 6 October 2022.

Principal activities

TALi [TALi Digital Limited (ASX: TD1)] is a digital health company delivering diagnostic and therapeutic solutions to improve 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. TALi solutions aim to deliver foundational advances in human cognitive function and behaviour only dreamt of a few short years ago.

TALi is incorporated and domiciled in Australia, and with a registered office and principal place of business located at Suite 201, 697 Burke Road, Camberwell Vic 3121. Except as disclosed elsewhere in this Report, there have been no significant changes in the nature of these activities during the year.

Review of Operations

Highlights:

- Revenue and other income for the first six months went up 21.6% to \$436,257 compared to the first half of FY22.
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Ensuring sufficient capital to enable commercial operations

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Financial update

The Group recorded a loss of \$980,132 for the six months ending 31 December 2022 (31 December 2021: \$2,559,043). TALi's net operating cash outflows for the six month period was \$463,200 (31 December 2021: \$1,669,266) and reported closing cash of \$1,922,661 at 31 December 2022 (30 June 2022: \$1,845,128).

Outlook

With expectation of continued growth in revenues in the health and education channels along with reductions in operating losses driven by the revised strategy, the Genius Childcare strategic partnership and the plans for success in the Health channel with Ready, Attention, GO!, TALi now has the fundamentals to deliver improved business outcomes.

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Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Matters subsequent to the end of the financial period

On 6 January 2023, 1,093,048,484 shares were issued at a price of \$0.002 raising \$2.2 million before costs.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Simari
Chair

15 February 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

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www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of TALi Digital Limited and its controlled entities for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A blue ink signature, likely of a representative of RSM Australia Partners.**RSM AUSTRALIA PARTNERS**A blue ink signature, likely of R B Miano.**R B MIANO**
Partner

Melbourne, VIC

Dated: 15 February 2023

TALi Digital Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue			
Revenue from continuing activities	7	3,067	5,952
Other income	8	433,190	352,823
Total revenue and other income		<u>436,257</u>	<u>358,775</u>
Expenses			
Research and development		(30,078)	(162,662)
Employee benefits and personnel expenses		(593,956)	(1,350,549)
Share based payments		(5,364)	(78,240)
Depreciation and amortisation		(150,914)	(215,090)
Corporate administration		(484,964)	(943,989)
Advertising and promotion		(148,557)	(213,354)
Other expenses		(1,002)	(2,112)
Total expenses		<u>(1,414,835)</u>	<u>(2,965,996)</u>
Operating loss		(978,578)	(2,607,221)
Net finance income / (expense)		(1,037)	(5,329)
Foreign exchange gains/losses		<u>(517)</u>	<u>53,507</u>
Loss from continuing operations before income tax expense		(980,132)	(2,559,043)
Income tax expense		-	-
Loss from continuing operations after income tax expense for the period attributable to the owners of TALi Digital Limited		(980,132)	(2,559,043)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of TALi Digital Limited		<u>(980,132)</u>	<u>(2,559,043)</u>
		Cents	Cents
Basic earnings per share	6	(0.08)	(0.27)
Diluted earnings per share	6	(0.08)	(0.27)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		1,922,661	1,845,128
Trade and other receivables	9	336,129	613,788
Investments		2,813	2,273
Other current assets		20,431	102,299
Total current assets		<u>2,282,034</u>	<u>2,563,488</u>
Non-current assets			
Property, plant and equipment		18,460	28,783
Intangibles	10	4,138,519	3,845,015
Total non-current assets		<u>4,156,979</u>	<u>3,873,798</u>
Total assets		<u>6,439,013</u>	<u>6,437,286</u>
Liabilities			
Current liabilities			
Trade and other payables		356,724	484,102
Deferred income	11	158,132	145,673
Borrowings	12	505,120	42,063
Employee benefits		94,246	75,680
Total current liabilities		<u>1,114,222</u>	<u>747,518</u>
Non-current liabilities			
Deferred income	11	1,894,610	1,791,075
Borrowings	12	-	462,053
Employee benefits		21,374	6,222
Total non-current liabilities		<u>1,915,984</u>	<u>2,259,350</u>
Total liabilities		<u>3,030,206</u>	<u>3,006,868</u>
Net assets		<u>3,408,807</u>	<u>3,430,418</u>
Equity			
Issued capital	13	211,749,305	211,038,225
Reserves	14	(274,290)	687,306
Accumulated losses		(208,066,208)	(208,295,113)
Total equity		<u>3,408,807</u>	<u>3,430,418</u>

	Issued capital \$	Share-based payment reserve \$	Revaluation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	208,157,446	1,502,351	(1,000,000)	(201,403,750)	7,256,047
Loss from continuing operations after income tax expense for the period	-	-	-	(2,559,043)	(2,559,043)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(2,559,043)	(2,559,043)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payment transactions to employees	-	78,241	-	-	78,241
Balance at 31 December 2021	<u>208,157,446</u>	<u>1,580,592</u>	<u>(1,000,000)</u>	<u>(203,962,793)</u>	<u>4,775,245</u>
	Issued capital \$	Share-based payment reserve \$	Revaluation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	211,038,225	1,687,306	(1,000,000)	(208,295,113)	3,430,418
Loss from continuing operations after income tax expense for the period	-	-	-	(980,132)	(980,132)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(980,132)	(980,132)
Issue of shares	985,181	-	-	-	985,181
Transaction costs relating to rights issues and placements	(32,024)	-	-	-	(32,024)
Share-based payment transactions	(242,077)	247,441	-	-	5,364
Reversal of share-based payment transactions from prior periods	-	(1,209,037)	-	1,209,037	-
Balance at 31 December 2022	<u>211,749,305</u>	<u>725,710</u>	<u>(1,000,000)</u>	<u>(208,066,208)</u>	<u>3,408,807</u>

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers from continuing operations		4,167	6,649
Cash payments to suppliers and employees		(1,293,352)	(2,472,705)
		(1,289,185)	(2,466,056)
R&D tax incentive		681,278	795,874
Grants received		36,600	-
Interest received		-	916
Other income received		108,107	-
Net cash used in operating activities		(463,200)	(1,669,266)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(10,662)
Payments for intangible assets	10	(434,095)	-
Payments for security deposits		-	(87,000)
Net cash used in investing activities		(434,095)	(97,662)
Cash flows from financing activities			
Proceeds from issue of shares		985,181	51,104
Proceeds from borrowings		-	300,000
Share issue transaction costs		(9,837)	-
Repayment of lease liabilities		-	(35,792)
Net cash from financing activities		975,344	315,312
Net (decrease)/increase in cash and cash equivalents		78,049	(1,451,616)
Cash and cash equivalents at the beginning of the financial period		1,845,128	2,726,518
Effects of exchange rate changes on cash and cash equivalents		(516)	47
Cash and cash equivalents at the end of the financial period		<u>1,922,661</u>	<u>1,274,949</u>

1. General information

The financial statements cover TALi Digital Limited as a Company consisting of TALi Digital Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is TALi Digital Limited's functional and presentation currency.

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023.

2. Reporting entity

TALi Digital Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2022 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. Going concern

For the half-year ended 31 December 2022, the Group incurred a comprehensive loss after tax of \$980,132 and cash outflow from operating activities of \$463,200. Despite the loss and cash outflow from operations, the Group held cash of \$1,922,661 at 31 December 2022, which combined with funds received from the issue of shares in January 2023 is sufficient to fund planned strategic initiatives, capital and other development projects for at least the 12-month period from the date of this report.

Having carefully assessed the Group's budget and forward forecasts, the Directors believe the Group will continue to operate as a going concern and therefore it is appropriate to prepare the financial statements on a going concern basis contemplating continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

5. Operating segments

Identification of reportable operating segments

Operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. From 1 July 2019 it was determined by the Board of Directors that the consolidated entity had only one operating segment.

6. Earnings per share

	31 Dec 2022 \$	31 Dec 2021 \$
Loss from continuing operations after income tax attributable to the owners of TALi Digital Limited	(980,132)	(2,559,043)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,292,101,375	931,905,789
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,292,101,375	931,905,789
	Cents	Cents
Basic earnings per share	(0.08)	(0.27)
Diluted earnings per share	(0.08)	(0.27)

7. Revenue from continuing activities

	31 Dec 2022 \$	31 Dec 2021 \$
Sale of licenses	3,067	5,952

8. Other income

	31 Dec 2022 \$	31 Dec 2021 \$
Grant income	57,010	20,410
R&D Tax Incentives	319,994	331,250
Co-Development US	55,646	-
Other income	540	1,163
	433,190	352,823

9. Trade and other receivables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Trade and other receivables	51,502	104,282
R&D tax incentive and other tax receivables	284,627	509,506
	<u>336,129</u>	<u>613,788</u>

As at 31 December 2022 the Company accrued for \$284,627 (30 June 2022: \$509,506) as its estimated R&D refund for the six month period ending 31 December 2022.

10. Intangibles

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Development - at cost	4,442,077	4,007,982
Less: Accumulated amortisation	(923,800)	(764,757)
	<u>3,518,277</u>	<u>3,243,225</u>
Intellectual property - at cost	1,149,074	1,149,074
Less: Accumulated amortisation	(774,990)	(764,290)
	<u>374,084</u>	<u>384,784</u>
Acquired licences - at cost	375,000	375,000
Less: Accumulated amortisation	(128,842)	(157,994)
	<u>246,158</u>	<u>217,006</u>
	<u>4,138,519</u>	<u>3,845,015</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Acquired licenses \$	Acquired intellectual property \$	Internally generated assets \$	Total \$
Balance at 1 July 2022	217,006	384,784	3,243,225	3,845,015
Additions	-	-	434,095	434,095
Reclassification adjustment	38,527	-	(38,527)	-
Amortisation expense	(9,375)	(10,700)	(120,516)	(140,591)
Balance at 31 December 2022	<u>246,158</u>	<u>374,084</u>	<u>3,518,277</u>	<u>4,138,519</u>

During the six month period to 31 December 2022 the Company capitalised \$434,095 (2021: nil) of development costs in relation to the TALi RAGo © asset.

TALi TRAIN© and TALi DETECT© assets were previously assessed as available and ready for use for customers from 1 April 2021 and have been amortised accordingly. TALi RAGo © is still in development stage and therefore there has been no amortisation in relation to this asset.

11. Deferred income

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	158,132	145,673
<i>Non-current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	1,894,610	1,791,075
Total deferred income	<u>2,052,742</u>	<u>1,936,748</u>

Due to the capitalisation of the related expenditure as intangible assets, the R&D incentive and CRC-P grant received are treated as deferred income and are being recognised as income over the intangible assets amortisation period.

12. Borrowings

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Loan - R&D Funding	503,744	41,691
Accrued interest payable	1,376	372
	<u>505,120</u>	<u>42,063</u>
<i>Non-current liabilities</i>		
Loan - R&D Advance	-	462,053
	<u>505,120</u>	<u>504,116</u>

The Company executed a funding facility (Facility) with Treasury Corporation of Victoria (TCV) as part of the Victorian Government's R&D Cash Flow Loan Initiative (Initiative) of up to \$503,774.

Interest on Facility advances is variable at the "TCV 11am" loan interest rate (as at 25 January was 3.265%) and repaid monthly. Repayment of the Facility is timed to coincide with receipt of Tali Digital's FY2023 RDTI refund, expected by 31 October 2023, but may be repaid earlier. The Facility is secured by the FY2022 and FY2023 R&D Tax Incentive (RDTI) refunds. As part of the agreement the Company must maintain a Loan to Value Ratio (LVR) of 80%.

13. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>1,682,107,141</u>	<u>1,224,791,666</u>	<u>211,749,305</u>	<u>211,038,225</u>

The following movements in ordinary shares were recorded during the half-year ended.

13. Issued capital (continued)

	31 Dec 2022 Shares	30 June 2022 Shares	31 Dec 2022 \$	30 June 2022 \$
Balance brought forward as at 1 July	1,224,791,666	931,905,789	211,038,225	208,157,446
Issue of shares through rights issue and placements	457,315,475	292,885,877	985,181	3,221,745
Transaction costs relating to rights issue and placements ¹	-	-	(32,024)	(282,730)
Transaction costs relating to rights issue and placements ²	-	-	(242,077)	(58,236)
Balance carried forward	<u>1,682,107,141</u>	<u>1,224,791,666</u>	<u>211,749,305</u>	<u>211,038,225</u>

¹ Directly attributable costs incurred in raising capital are presented as a reduction in equity.

² Share based payment expense provided to the Lead Broker for services during the Placement.

Ordinary shares

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to one vote per share at shareholders' meetings and to receive any dividends as may be declared. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Ordinary shares have no par value.

14. Reserves

	31 Dec 2022 \$	30 Jun 2022 \$
Change in fair value reserve	(1,000,000)	(1,000,000)
Share-based payments reserve	<u>725,710</u>	<u>1,687,306</u>
	<u>(274,290)</u>	<u>687,306</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	31 Dec 2022 \$	30 Jun 2022 \$
Opening balance	1,687,306	1,502,351
Share-based payment transactions	247,441	229,721
Reversal of share-based payment transactions to employees from prior periods	<u>(1,209,037)</u>	<u>(44,766)</u>
Closing balance	<u>725,710</u>	<u>1,687,306</u>

15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

16. Contingent assets and liabilities

There are no known significant contingent liabilities or contingent assets as at the date of this report.

17. Events after the reporting period

On 6 January 2023, 1,093,048,484 shares were issued at a price of \$0.002 raising \$2.2 million before costs.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Simari
Chair

15 February 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of TALi Digital Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of TALi Digital Limited which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TALi Digital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TALi Digital Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the TALi Digital Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors and those charged with governance determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



R B MIANO

Partner

Melbourne, VIC

Dated: 15 February 2023