

Talius Group June 2023 Quarterly Report

20 July 2023

- **Cash receipts from customers of \$3.0 million for the quarter**
- **Cash and cash equivalents at the end of the quarter was \$0.99 million**
- **Third consecutive cashflow positive quarter**
- **Subscriptions now over 22,000 and growing**

Talius Group Limited (Talius or the Company) (ASX:TAL) is pleased to provide the following activities and business updates alongside its Appendix 4C - Quarterly Cashflow Report for the quarter ended 30 June 2023 (the **quarter**).

Talius has continued its impressive financial performance into the second quarter of the year, building on the solid foundation it laid in the first quarter. The Company achieved its third consecutive period of positive operational cash flow on its continued focus on the path to profitability.

Sales

The Company received cash payments during the quarter of \$3.0 million from sales of assistive technology to enterprise customers.

On 6 April 2023, the Company announced it has been selected to supply next generation assistive technology solutions to Uniting NSW.ACT's Retirement Living division in NSW and ACT. Talius will be supplying the solutions through its Platinum Integration partner, NCIS, and has received the first purchase order for 1,500 units, with revenue forecast from the order in excess of \$0.64 million.

On 21 June 2023, Talius announced the receipt of an additional order from Keyton Retirement Villages (formerly known as Lendlease's Retirement Living). This follow-up order is for the supply of 3,100 units of a customised assistive technology solution, which includes Talius' Care@home Hub and several additional peripherals. The projected revenue from this purchase order of 3,100 units, along with the accompanying peripherals, is expected to amount to approximately \$1.3 million. Delivery of the order is anticipated to commence in Q3 2023 and be rolled out across the calendar year.

Corporate name change

During the quarter, the Company completed its corporate renaming and rebranding exercise.

Following shareholder approval at the Company's Annual General Meeting held in May 2023, the Company has changed its name from 'HSC Technology Group Ltd' to '**Talius Group Limited**'. It also subsequently changed its ASX ticker from 'HSC' to '**TAL**'.

This rebranding is an exciting step forward, reflecting our strategic focus and operational activities more accurately. This renaming is in alignment with the Board's goal to position Talius as a leading innovator in the aged, health care and disability sectors, whilst paving the way for continued expansion and success. It further aligns with our stated journey towards SaaS and PaaS.

The next generation of Aged Care technology

The new corporate identity leverages the name of our proprietary technology platform, which seamlessly and agnostically integrates all devices and technologies into a single place, and the new name Talius will further reinforce our commitment to data-informed care solutions.

Subscriptions

Talius continues to witness encouraging growth in subscriptions, with numbers for the quarter surpassing the 22,000 level. This growth has been driven by the successful integration of new customers into the Talius Smart Care Platform from completion of various projects and recent sales.

The Company remains optimistic about maintaining this upward trajectory in subscription numbers. As more project sites reach operational status, the customer base is expected to expand further.

New Supplier Agreement

During the quarter, Talius signed a three-year distribution agreement with Genesis Biotech, an Australian based Company that supplies TGA approved medical devices which are integrated into the Talius Smart Care Platform, providing a single point of truth to monitor and access all health data with proactive alerts.

This new partnership with Genesis Biotech will allow Talius to provide the most comprehensive end to end solution to the healthcare market incorporating advanced emergency response, safety monitoring, activities of daily living collation and now vital sign monitoring all in one solution.

This will enable Talius to provide extra services to the aged care market but also entry into the chronic health sector with Hospital Transition care and Hospital in the Home programs.

Research and Development

Talius Smart Care is a data acquisition enablement platform aggregating all the data into one pane of glass and then providing proportionate actions to provide proactive care and compliance. There is renewed focus on refinement and reporting of data to assist our clients in their compliance with the Mandatory Quality Indicators Program (QI Program) as set down by the Department of Aged Care and Health.

During the quarter, the Talius R&D team have been focusing on refining the platform to enable scale by the simplification of onboarding new customers, new devices and integration of the data into health records, medication management and third party systems.

Financial Position

Talius recognised revenue of \$2.9 million¹ in the quarter, a significant increase of 101% on the previous period last year.

The Company recorded a positive cash flow quarter and closed the quarter with total cash of \$0.99 million. Pleasingly, it was the third positive cash flow quarter in a row for the Company.

¹ Unaudited

The Company received cash payments during the quarter of \$3.0 million from sales of assistive technology to enterprise customers.

Operating cash outflows throughout the quarter was \$2.9 million, with 66% (\$1.90 million) expended on inventory and other cost of sales, 30% (\$0.86 million) on R&D and staff costs, with the remaining balance of 4% (\$0.14 million) going towards marketing, office rent and other general administration costs.

The related party payments of \$118,000 during the quarter detailed in Section 6 of the accompanying Appendix 4C relate to payments for director fees, the Managing Director's salary, and superannuation payments.

Appointment of General Manager

The Company is pleased to announce the appointment of Mark Burrell as the General Manager of Talius. Mr. Burrell brings with him over 23 years of experience as a CEO and General Manager, leading various technology companies through growth, transformation, and industry disruption.

Throughout his career, Mr. Burrell has demonstrated a proven track record of identifying innovation opportunities, fostering high-performance teams, and executing strategic initiatives. We are excited to have someone of his caliber join our team, and are eager to benefit from his wealth of experience and leadership capabilities.

Mr. Burrell's arrival marks an important milestone for Talius. His leadership, acumen and skill will play a crucial role in driving our company's growth, fostering a culture of innovation, engineering excellence and enhancing our profitability. We are confident that under his guidance, we will reach new heights and continue to deliver exceptional value to our clients and shareholders.

Commenting on the quarter, Mr. Graham Russell, Managing Director said:

"We are delighted to continue our momentum from the start of the year, rounding off a robust second quarter and successfully marking our third consecutive quarter of positive operational cash flow. This achievement underscores our ongoing commitment to sustainable growth and path to profitability.

The recent completion of our renaming and rebranding exercise marks a pivotal moment in our journey. We are eager to venture into the next phase of our growth as Talius Group Limited, reflecting our evolution, aspirations, and commitment to innovation and our platform in our new brand identity.

Furthermore, we are thrilled to extend a warm welcome to Mr. Mark Burrell, who will join us as our General Manager. Mark brings with him a wealth of experience and expertise in the health and aged care sectors, particularly in areas of leadership, communication, and collaboration. His skills will undeniably be instrumental as we navigate the exciting challenges and opportunities that lie in our path to growth and scale.

Our team continues to grow in strength and capabilities. We are also refocusing our efforts on strengthening our pipeline to ensure a steady stream of innovative solutions that meet the needs of our clients. All these efforts combined set the stage for an exciting remainder of the year for Talius Group."

The next generation of Aged Care technology

This announcement has been authorised by the Board of Directors of Talius Group Limited.

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About Talius Group Limited (ASX: TAL)

Talius provides a suite of technology enabled care solutions to the aged and disability sectors across multiple verticals, including retirement living, residential aged care, home, and community settings to improve the quality of life, later in life.

Talius' Software as a Service (SaaS) data analytics platform Talius Smart Care combines smart sensors with AI machine learning that delivers automated actions. Talius links awareness, analysis, and action through one platform allowing the care model to move from spot check care to sense-respond care. Nursing staff can switch their focus from data collection to building a human connection. Most importantly, residents benefit from a new era of autonomy and dignity.

Talius helps protect and connect our elderly and people with disabilities with a scalable healthcare technology platform integrated with leading third-party providers to ensure end-to-end solutions for Connected Health.

FORWARD LOOKING STATEMENTS

Certain statements contained in this ASX release, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

- (a) are necessarily based upon several estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political, and social uncertainties and contingencies;*
- (b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and*
- (c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results, and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social, and other conditions. The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether because of new information, future events, or results or otherwise.*

The words "believe", "expect", "contracted", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "planned" and similar expressions identify forward looking statements. All forward looking statements contained in this ASX release are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

TALIUS GROUP LIMITED

ABN

62 111 823 762

Quarter ended ("current quarter")

30 JUNE 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,016	6,669
1.2 Payments for		
(a) research and development	(56)	(112)
(b) product manufacturing and operating costs	(1,899)	(4,569)
(c) advertising and marketing	(47)	(103)
(d) property expenses	(1)	(4)
(e) staff costs	(801)	(1,472)
(f) administration and corporate costs	(75)	(273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(13)	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	77
1.8 Other – ARIA grant	-	99
1.9 Net cash from / (used in) operating activities	124	291
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(67)	(67)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(67)	(67)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(24)	(24)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(18)	(34)
3.10	Net cash from / (used in) financing activities	(42)	(58)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	977	826
4.2	Net cash from / (used in) operating activities (item 1.9 above)	124	291
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(67)	(67)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(42)	(58)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	992	992

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	992	977
5.2	Call deposits	-	-
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)	992	977

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	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Director fees: \$117,909</p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – Insurance premium funding	102	102
7.4 Total financing facilities	102	102
7.5 Unused financing facilities available at quarter end		-
7.6 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.		
Insurance premium funding facility provided by IQumulate Premium Funding. The amount is unsecured, repayable in monthly instalments by February 2024 and bears interest at 10.5% per annum.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	124
8.2 Cash and cash equivalents at quarter end (item 4.6)	992
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	992
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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>	
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:	
<i>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.</i>	

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: 20 July 2023

Authorised by:By the Board.....
(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.