

Talius Group December 2023 Quarterly Report

31 January 2024

- **Cash receipts from customers of \$1.3 million for the quarter and full year revenues of \$12.4 million¹**
- **Cash and cash equivalents at the end of the quarter was \$1.9 million**
- **LOI executed with Hato Hone St John, New Zealand with an anticipated MOQ of 30,000 units**
- **Successful completion of \$2.5 million Placement supported by new and high calibre institutional investors**
- **Subscriptions now approximately 30,000 and continue to grow**

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 31 December 2023 (the **quarter**). The Company also looks forward to providing the audited full year 2023 financial report over the coming weeks.

Talius concluded the quarter and year on a high note in relation to revenue, boasting its highest annual revenue to date at \$12.4 million¹. This achievement is complemented by a steadily growing subscription base, which currently generates an annualised recurring revenue (ARR) of \$1.9 million and growing as installed projects come online.

Following four successive quarters of positive cash flow, the Company experienced a negative operational cash flow quarter. This was due to expected lighter sales compared to previous quarters combined with settlement of inventory purchases, primarily in relation to its contract with Keyton / Lendlease and inventories for Q1 2024 committed orders. With the anticipated 3G shutdown in 2024, management took the view to maintain robust inventory levels which will meet the confirmed order pipeline and additional contract wins, whilst allowing for less inventory expenditure, going forward.

The Company has also begun increased investment in the Talius platform to make it enhanced, robust, and scalable as it remains a clear market differentiator and future growth lever for Talius both domestically and internationally.

In terms of future growth prospects, Talius is in the advanced stages of commercial negotiations with several potential new clients. This positions the company well for 2024, with a robust pipeline comprising both confirmed orders and promising prospects, and a continuing commitment to profitability.

LOI executed for further expansion in New Zealand

As announced at the Start of Year update, during the quarter Talius was delighted to execute a Letter of Intent (LOI) with Hato Hone St John in New Zealand for the supply of Talius' emergency response systems and related software for use in its telecare business.

¹ Unaudited

While at this stage the LOI remains non-binding and no certainty of outcomes can be provided as to the possible financial impact on the Company, this discussion represents a significant opportunity for Talius and aligns with our focus on international expansion with the right partners and in the appropriate markets.

The LOI contemplates a minimum order quantity (MOQ) of 30,000 units delivered over an 18-month period. The initial order would be for the Talius PERs (Personal Emergency Response) product, in addition to the Talius platform. Talius has great confidence in its ability to successfully execute this rollout given previous rollouts with other platinum partners, such as Keyton, Anglicare and Uniting. Based on previous experience and orders, and whilst no certainty can be given, if an order for the MOQ is contracted, value of such contract could result in revenue in excess of \$10 million, along with a significant increase to subscription levels.

Sales

During the quarter, Talius recorded cash receipts totaling \$1.3 million, stemming from sales of its assistive technology products to various enterprise clients. Despite a downturn in sales compared to previous quarters, the company remains optimistic due to confirmed orders slated for fulfillment in the near future. These orders are expected to be largely fulfilled using the company's existing inventory.

Furthermore, Talius concluded the year on a high note, boasting its highest annual revenue to date at \$12.4 million². This achievement is complemented by a steadily growing subscription base, which currently generates an annualised recurring revenue (**ARR**) of \$1.9 million.

Retirement Villages Sector

Talius is progressing to over 70% completion of the Keyton / Lendlease and Uniting NSW – Emergency Call System project upgrades with close to 80 retirement villages now successfully deployed. These projects will continue over the next two quarters in readiness for the 3G network shutdown in July 2024. The Company is also in final negotiations with numerous other aged care providers as the deadline nears and will update the market as these are secured.

Residential Aged Care

The projects team are currently in various stages of installation and deployment with the following clients:

- Best Care Research Project using the Talius ecosystem of devices and Talius Smart Care Cloud Platform to reduce falls in Whiddon a residential aged care service in Sydney, in partnership with CSIRO and the Aged Care Research & Industry Innovation Australia (ARIIA) grants fund has been commissioned and will be handed over in February for going live.
- Mater Christi for Sawtell Catholic Care in Sawtell
- Yukana Aged Care for Civic Group in Toowoomba
- Perry Park for ACH in Adelaide
- Highercombe for ACH in Adelaide
- Milpara for ACH in Adelaide
- Vita for ACH in Adelaide

² Unaudited

Initial Purchase Order received from TVSN for B2C sales channel

While Talius remains focused on its enterprise standard B2B and B2B2C offering, this quarter we were pleased to commence a collaboration with TVSN (Television Shopping Network), Australia's leading direct to consumer sales platform, to supply the Trelawear Jewelry pendant product, in conjunction with FallCall Mobile Application which connects the device to the Talius platform. The initial purchase order is for \$40,000.

TVSN specialises in Fashion, Health, Beauty, Kitchen, Electronics, Homewares and Jewelry. They identified the unique nature of the Talius Trelawear and Essence Jewelry Pendants as pieces of designer jewelry that can seamlessly connect to a person's smartphone to also provide an emergency response with location. TVSN's largest department is jewelry and they saw this as an advantageous offering for their clients to improve dignity and safety.

TVSN is planning to launch late February, early March and this will be the first televised marketing approach for a mobile emergency solution in Australia.

Completion of eHomecare client acquisition

During the quarter Talius completed the formal closure of a client acquisition transaction with eHomecare. Highlights of the acquisition include full integration of an established client base, hiring of key and experienced technical staff and the transaction being done on a deferred payment basis to preserve Talius' capital. The transaction is anticipated to bring in around \$100,000 of additional annual recurring revenue, the bulk of which through the key client account of Finley Regional Care.

Talius Group Completed \$2.5 million Placement

At the close of the quarter, Talius successfully completed a well-supported placement raising \$2.5 million (before costs). The raising generated significant interest from new and high calibre institutional investors who have now joined the Company's register. Given the prevailing macroeconomic conditions and time of year, Talius regards the level of interest from institutional investors as a strong endorsement of the Company's accomplishments thus far.

The proceeds of the Placement, along with existing cash holdings, will be utilised for further buildout of the Talius platform. This investment will enable further scalability into proven vertical markets and facilitate international growth. Additionally, these funds will support general balance sheet requirements for the 2024 pipeline and beyond.

Subscriptions

Talius continues to witness encouraging growth in subscriptions, with numbers for the quarter surpassing the 29,000 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.

Recurring subscriptions revenues have now grown, on an annualised basis, to over \$1.9 million.

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.

The next generation of Aged Care technology

As at the date of this report, approximately 12,700 Talius PERs products, already sold and delivered, had yet to be installed at customer sites. Talius expects these devices to be commissioned in the coming months which will provide a further material increase to both subscription numbers and recurring subscription revenues.

ARIIA grant project tracking well with key data extraction and enhancement in partnership with CSIRO

The installation and commissioning of the Talius system was completed this quarter at Whiddon Aged Care – Arthur Webb Court. The feedback from the Whiddon staff, residents and family has been very positive and they have embraced how this new technology will improve oversight and care operations.

In January, the Talius team will start the change management training and handover of the system to the care teams to transition from the traditional to the new business as usual process.

While this is being completed the data teams from CSIRO will be reviewing the data sets that Talius collects to analyze the improvements and potential fall reduction of residents due to the insights that the data reviews provide.

Initial reports from the research are expected to be released in the second quarter. This data journey will be a key information set for the sector and factor in the Talius platform enhancement, as we remain focused on ensuring the needs of the client are paramount in the configuration of our products.

Research and Development

The Talius R&D team has been continuing on the streamlining and simplification of adding data enabled sensor devices to the platform. This advancement is extremely important to enable Talius to take the solution globally and provide exponential scale.

The focus on Talius being a device agnostic platform will enable any third party to simply connect their device into Talius and then utilise the capabilities. By way of example, this may include:

- A single dashboard to view all their data and information and deliver said information to other platforms.
- Customisable rule creation where users can set specific conditions and corresponding actions for automated responses.
- Easy alert configuration enabling users to set up alerts for various scenarios including phone calls, SMS notifications, or emergency services contact.
- Advanced analytics powered by Talius' cutting-edge Artificial Intelligence, Machine Learning, and Neuro-Linguistic Programming. These tools enable the platform to provide detailed, automated insights. For example, monitoring a resident's health parameters like heart rate, breathing rate, gait, and activity patterns can help in early detection of critical health issues such as Congestive Heart Failure (CHF) or viral infections, prompting timely alerts to care teams.

This enhanced functionality underscores Talius commitment to leveraging technology for more efficient, responsive, and personalised care solutions.

Financial Position

Talius recognised revenue of \$2.3 million³ in the quarter, a decrease of 32% on the previous period last year. Full year revenues for the period ending 31 December 2023 were \$12.4 million¹ the Company's highest annual revenue to date, a 73% increase on the prior year. ARR has now grown to over \$1.9 million and growing as installed projects come online.

The Company recorded a negative operating cash flow quarter. This was attributed to anticipated lower sales compared to previous quarters, along with the settlement of inventory purchases. This primarily pertained to its contract with Keyton / Lendlease and the inventories committed for Q1 2024 orders. Talius also began increased R&D expenditure on the Talius platform enhancement. The Company closed the quarter with total cash of \$1.9 million.

The Company received cash payments during the quarter of \$1.3 million from sales of assistive technology to enterprise customers. Talius has a number of committed orders due for completion in the coming months, most of which will be supplied using on hand inventories.

Operating cash outflows throughout the quarter was \$3.2 million, with 57% (\$1.9 million) expended on inventory and other cost of sales, 29% (\$0.9 million) on R&D and staff costs, with the remaining balance of 14% (\$0.4 million) going towards marketing, office rent and other general administration costs.

The related party payments of \$103,700 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.

Executive Changes

Given the anticipated growth of the company for 2024 and beyond, the Company has identified the need to further bolster the senior executive team as we look to scale and grow both domestically and internationally. Accordingly, effective 1 February 2024, Mr. Ramsay Carter has been asked to move from Non-Executive Director to interim Executive Director to assist the Managing Director and the team while the Company undertakes the search for an ideally suited candidate.

Listing Rule 3.16.4 Information

Executive Director Employment Terms

Pursuant to ASX Listing Rule 3.16.4 the Company confirms the material terms of Mr. Carter's Executive Services Agreement with the Company.

Base Salary – Total Fixed Remuneration

As part of an executive services agreement, the Company will pay Mr. Carter, while acting in the role as Executive Director a monthly fee of \$12,500 (exclusive of GST).

³ Unaudited

Other Key Terms

Mr. Carter's contract has no fixed period. The Agreement may be terminated by either party with 2 months written notice. The Company may terminate the Agreement without notice in certain limited circumstances.

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

"Talius has witnessed a remarkable transformation over the last three years. Initially an emerging brand in the industry, we have now captured a significant portion of the market in home and retirement living and started on the journey of disrupting the nursing home market. This achievement is underscored by our partnerships with half of the top ten aged care service providers and a doubling of our subscriber base year on year."

As we embark on 2024, Talius is increasingly recognised by providers who share our understanding of the sector's challenges. The government faces financial constraints, there is a shortage of skilled staff, and the aged care demographic is expected to double in the next decade. This situation poses significant challenges for the sector and the wider community, with potential impacts on hospitals and emergency departments. The stark reality is highlighted by the discrepancy between the number of Australians turning 85 last year (50,000) and the limited number of aged care beds constructed (4,200), indicating an impending bottleneck.

Talius believes that a large part of the solution lies in embracing technology and innovation. By shifting from reactive to proactive approaches and leveraging data to allocate care and resources effectively, we can address these challenges. Our team has laid a strong foundation and possesses the expertise to deliver these innovative solutions.

2024 is poised to be a pivotal year for Talius. With a significant sales pipeline poised to materialise, we anticipate a turning point towards profitability. As market conditions improve, the potential of Talius, both locally and internationally, will become increasingly evident. This progress promises to deliver returns to our patient investors, who have steadfastly believed in our mission and purpose."

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

Investor Enquiries:

Stephen Rodgers

Company Secretary

1300 889 838

investors@Talius.com.au

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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")

31 DECEMBER 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	1,301	12,793
1.2 Payments for		
(a) research and development	(54)	(218)
(b) product manufacturing and operating costs	(1,855)	(9,132)
(c) advertising and marketing	(50)	(253)
(d) property expenses	-	(4)
(e) staff costs	(885)	(3,203)
(f) administration and corporate costs	(390)	(1,171)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(7)	(38)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	149
1.8 Other – ARIA grant	-	165
1.9 Net cash from / (used in) operating activities	(1,940)	(912)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) software, plant and equipment	(13)	(155)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(31)	(31)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(44)	(186)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,500	2,500
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	(159)	(159)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25)	(87)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(19)	(72)
3.10	Net cash from / (used in) financing activities	2,297	2,182

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,597	826
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,940)	(912)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(186)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,297	2,182
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,910	1,910

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	1,910	1,597
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)	1,910	1,597

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	104
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: \$103,700</p>		

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

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	39	39
7.4 Total financing facilities	39	39
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)	(1,940)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,910
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,910
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.98

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.

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?

No, Talius expects future net operating cash flows to improve due to:

- During the December 2023 quarter, Talius experienced a negative operating cashflow due to settlement of inventory purchases, primarily in relation to its contract with Keyton / Lendlease and inventories for Q1 2024 committed orders.
- Closing trade payables at 31 December 2023 were substantially lower than prior quarters, and cash flows in 2024 will benefit from this timing impact.
- Talius has a number of committed orders due for completion in the coming months, most of which will be supplied using on hand inventories.
- Recurring subscriptions revenues have now grown, on an annualised basis, to over \$1.9M. These subscription revenues will underwrite a significant portion of Talius' employment and overhead costs moving forward.

Talium also notes that applying the same formula in 8.5, but using total operating cash outflows for the entire 2023 year, it has greater than 2 quarters of funding remaining.

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?

Talius successfully completed a \$2.5M (before costs) equity placement in December 2023, which the Company believes will be sufficient to fund and grow its operations through 2024.

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?

Talius expects to be able to continue its operations and to meet its business objectives due to:

- The level of cash reserves held of 31 December 2023.
- The low level of current liabilities at 31 December 2023 due to the pay down of material amounts during December 2023.
- On hand and paid for inventories committed to 2024 customer orders.
- The strong level of recurring subscription revenues, now at an annualised amount of over \$1.9M.
- A strong pipeline of both committed and prospective customer orders.

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 January 2024.....

Authorised by:for release 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

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

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.