

## 1. Company details

Name of entity:	TALi Digital Limited
ABN:	53 108 150 750
Reporting period:	For the period ended 31 December 2021
Previous period:	For the period ended 31 December 2020

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	53.3% to	5,952
Loss from continuing operations from ordinary activities after tax attributable to the owners of TALi Digital Limited	up	16.5% to	(2,559,042)
Loss from continuing operations for the period attributable to the owners of TALi Digital Limited	up	16.5% to	(2,559,042)

### 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 \$2,559,042 (31 December 2020: \$2,196,339).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.09</u>	<u>0.34</u>

## 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.

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## 9. Foreign entities

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

Not applicable.

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## 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.

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## 11. Attachments

*Details of attachments (if any):*

The Half Year Report of TALi Digital Limited for the period ended 31 December 2021 is attached.

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## 12. Signed

Authorised for release by the Board.

Signed  \_\_\_\_\_

Date: 28 February 2022

Sue MacLeman  
Chair

# **TALi Digital Limited**

**ABN 53 108 150 750**

## **Half Year Report - 31 December 2021**

Directors	Ms Sue MacLeman (appointed 6 September 2018) Mr Jefferson Harcourt (appointed 25 February 2016) Dr David Brookes (appointed 29 June 2020) Mr Glenn Smith (appointed 10 May 2018) Mr David Williams (appointed 15 December 2021)
Company secretary	Mr Stephen Denaro
Registered office	Level 5 19 William Street Cremorne, Victoria 3121
Principal place of business	Level 5 19 William Street Cremorne, Victoria 3121
Share register	Automic Registry Services Level 3, 50 Holt Street Surry Hills, New South Wales 2010 Australia Telephone: 1300 288 64 Website: <a href="http://automic.com.au">automic.com.au</a> Email: <a href="mailto:hello@automic.com.au">hello@automic.com.au</a>
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3000
Stock exchange listing	TALi Digital Limited shares are listed on the Australian Securities Exchange.
ASX code	TD1
Website	<a href="http://www.talidigital.com">www.talidigital.com</a>

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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 2021.

### 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	Period of office and special responsibilities
Sue MacLeman Independent Non-Executive Director & Chair	Appointed 6 September 2018. Director and Chair since 6 September 2018. Member of the Audit Committee.
Jefferson Harcourt Non-Executive Director	Appointed 25 February 2016. Member of the Audit Committee
David Brookes Non-Executive Director	Appointed on 29 June 2020. Simultaneously Dr Brookes was appointed the Chair of the Audit Committee.
David Williams Non-Executive Director	Appointed on 15 December 2021.
Glenn Smith Managing Director	Appointed Chief Executive Officer 3 October 2017 and appointed Managing Director 10 May 2018.

### Principal activities

TALi Digital Limited (ASX: TD1) is a digital health company delivering diagnostic and therapeutic solutions for 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.

### Financial update

The Group recorded a loss of \$2,559,042 for the six months ending 31 December 2021 (31 December 2020: \$2,196,339). TALi's net operating cash outflows for the six-month period was \$1,669,266 (31 December 2020: \$1,258,289) and reported closing cash of \$1,274,949 at 31 December 2021 (30 June 2021: \$2,726,518).

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial period.

### Review of operations

Operations during the period were focused on two key areas:

- (1) Execution and initiation of action from the strategic license agreement with Akili Interactive Labs Inc. ("Akili"); and
- (2) Optimisation of the commercialisation strategy (including human resources) to enable TALi to be offered in locations such as India and Australia via integrated launch and marketing campaigns from 2022.

#### (1) Akili strategic license agreement

During the period the Company completed a significant and value accretive transaction that places TALi at the centre of the global digital therapeutics ecosystem.

The Strategic Licensing Agreement with Akili Interactive Labs, Inc. (Akili) [\[full ASX release here\]](#) (announcement dated 18<sup>th</sup> August 2021) recognises the value of the TALi patented technology platform, generates future milestone and royalty payments and importantly, provides validation for additional potential partner/license agreements in the sector over future periods.

A program of clinical development along with a process to deliver a submission to the US Food and Drug Administration (FDA) to seek approval to market the solution has been initiated during the period and will be completed over the forward periods (see figure 1).



Figure 1: Strategic License Agreement clinical development process

The Akili agreement is transformational and highly strategic for TALi and is estimated to represent AU\$51 million (US\$37.5 million) in total future contingent milestone payments plus royalties on potential revenues.

## (2) Optimisation of the commercialisation strategy

In December 2020 (see announcement dated 8<sup>th</sup> December 2020) TALi announced an investment agreement and advertising agreement with Brand Capital International (BCI), the strategic investment arm of Bennett, Coleman and Company Ltd (The Times Group) to bring the TALi technology to consumers in India.

The initial rollout was impacted by the surge of COVID-19 India encountered in late FY21. Approximately US\$1.37 million of the US\$2.0 million pre-paid advertising credits with our advertising partner, The Times Group of India, remains for use in this market at the end of the period.

In November 2021, TALi and the Times of India recommenced formal marketing activities. In December 2021, TALi appointed a new Head of Marketing (see below) whose responsibilities will include maximising the value of this key relationship.

A number of roles were filled during the quarter:

- New Board member: Mr David Williams, a former senior executive with Cochlear Limited, joined the Board as a Non-Executive Director (see announcement dated 15<sup>th</sup> December 2021).
- New Advisory Board member: Ms Sara Pantzer former Head, Gov't Relations and Policy for Amgen and Associate Director, Policy at Merck.
- Senior roles:
  - VP, Engineering, Simon Bond (Ex Director, Ballarat Health)
  - Director of Product Marketing, Rehana Nathwani (ex ResMed)
  - Head of Marketing, Matthew Shaw (ex ResMed)
  - Investor and Public Relations Manager, Mr Paul McKeon (ex ResMed, Intel)

In combination with the recruitment of Mary Colt to the leadership team (see announcement dated 29<sup>th</sup> October 2021) these additions continue to build resource capability in TALi.

To compliment the capital management by the Company and as part of the ongoing commitment to R&D by the Company, during the period TALi also executed a \$503,744 non-dilutive financing facility with Treasury Corporation of Victoria (TCV) as part of the Victorian Government's R&D Cash Flow Loan Initiative. The amount of this facility relates to TALi's expected R&D spend in FY22 and will further support TALi in executing the commercialisation of its digital therapeutics strategy in global markets.

The Victorian Government's R&D Cash Flow Loan Initiative is administered by Invest Victoria. It is designed to support innovative Victorian Companies who are investing in R&D activity to develop products, services and technologies vital to the State's future economy. The initiative offers low-interest loans of between \$0.25-4.0 million on up to 80% of a Company's forecast R&D Tax Incentive rebate for the period ending 30 June 2022. Interest on the facility is variable at the "TCV 11am" loan interest rate (currently 0.265% p.a).

### **Outlook**

In August 2021 the Company executed a strategic licence agreement with Akili. Development milestones attached to that agreement are the core focus of the Company during the remainder of FY21/22 and calendar year 2022. Achievement of development milestones as per the agreement would see the Company submit to the U.S. Food & Drug Administration (FDA) to seek approval for Akili to market the paediatric ADHD digital therapeutic developed by TALi.

In addition, the Company will re-initiate direct to consumer marketing efforts in India, with a focus on acquisition of consumers via integrated marketing activities. Digital initiatives will make up the majority of activities with these complimented by traditional media placements. This focus on direct-to-consumer marketing initiatives is expected to drive an increase in acquisition of qualified customers to cement product market fit and drive increased revenue. The Times Group and TALi continue to be committed to the achievement long term penetration and revenue growth metrics in the India market.

Complimenting this will be the initiation of further research and development (R&D) activities in diverse cognitive performance areas such as the condition of Mild Cognitive Decline. The Company expects to initiate a proof-of-concept study during the remainder of FY21/22 and/or post a subsequent capital round to support such ongoing activities.

These types of R&D activities are not only value accretive for shareholders but are key actions in assisting the Company to secure additional international partners and commercialisation agreements particularly in the Asia-Pacific region during 2022 and beyond. The Company is currently engaged in discussions with multiple multi-national (or multi-national backed/owned) entities.

As reported during the period the Company confirms that the COVID-19 pandemic had a material impact on the commercialisation activities of the Company. As an example, the severe COVID-19 crisis in India delayed the launch of TALi with our in-market partner the Times Group.

The Company has sought to proactively manage the financial and operational impacts on the businesses during the COVID-19 pandemic. Current fluid events in the health, economic and geo-political environments are being monitored by the Company. Whilst the Company expects advancement in revenues to be reflected during the remainder of FY21/22 and the 2022 calendar year, events outside of the control of the Company may have an as yet to be determined impact on the Company.

### **Matters subsequent to the end of the financial period**

On 23 February 2022, the Company received \$203,744 for Tranche 2 of the Company's R&D funding agreement with Treasury Corporation of Victoria (TCV). This was the final tranche and brought the total funds received under the agreement to \$503,744.

The Company initiated a capital placement activity post reporting period. Funds from this will go towards supporting the activities outlined in the outlook section of the half year report.

No other matter or circumstance has arisen since 31 December 2021 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



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Sue MacLeman  
Chair

28 February 2022

## Auditor's Independence Declaration

### To the Directors of Tali Digital Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of TALi Digital Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 February 2022

**TALi Digital Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2021**



	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Revenue</b>			
Revenue from continuing activities	7	5,952	12,754
Other income	8	352,823	146,116
Total revenue and other income		<u>358,775</u>	<u>158,870</u>
<b>Expenses</b>			
Research and development		(162,662)	(232,226)
Employee benefits and personnel expenses excluding share-based payments		(1,350,549)	(991,542)
Share based payments		(78,240)	(49,026)
Depreciation and amortisation		(215,090)	(278,590)
Occupancy		(44,634)	(15,161)
Professional and consulting		(484,084)	(453,631)
Travel and accommodation		(6,107)	(2,886)
Insurances		(114,707)	(66,102)
Corporate administration		(243,387)	(155,824)
Intellectual property		(50,004)	(41,567)
Advertising and promotion		(213,354)	(61,868)
Other expenses		(2,112)	(1,815)
Total expenses		<u>(2,964,930)</u>	<u>(2,350,238)</u>
<b>Operating loss</b>		(2,606,155)	(2,191,368)
Net finance income / (expense)		(6,394)	(4,971)
Foreign exchange gains/losses		53,507	-
<b>Loss from continuing operations before income tax expense</b>		(2,559,042)	(2,196,339)
Income tax expense		-	-
<b>Loss from continuing operations after income tax expense for the period attributable to the owners of TALi Digital Limited</b>		(2,559,042)	(2,196,339)
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to the owners of TALi Digital Limited</b>		<u>(2,559,042)</u>	<u>(2,196,339)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	6	(0.27)	(0.29)
Diluted earnings per share	6	(0.27)	(0.29)

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

	Note	31 Dec 2021 \$	30 June 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,274,949	2,726,518
Trade and other receivables	9	279,059	847,223
Investments		2,070	1,688
Other current assets	10	2,098,249	2,016,270
<b>Total current assets</b>		<u>3,654,327</u>	<u>5,591,699</u>
<b>Non-current assets</b>			
Property, plant and equipment		45,909	113,309
Intangibles		3,985,606	4,126,199
<b>Total non-current assets</b>		<u>4,031,515</u>	<u>4,239,508</u>
<b>Total assets</b>		<u>7,685,842</u>	<u>9,831,207</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		392,399	250,339
Deferred income	11	145,674	145,674
Borrowings	12	300,068	-
Lease liabilities	13	20,000	55,792
Employee benefits		153,273	159,344
<b>Total current liabilities</b>		<u>1,011,414</u>	<u>611,149</u>
<b>Non-current liabilities</b>			
Deferred income	11	1,863,910	1,936,746
Employee benefits		35,272	27,266
<b>Total non-current liabilities</b>		<u>1,899,182</u>	<u>1,964,012</u>
<b>Total liabilities</b>		<u>2,910,596</u>	<u>2,575,161</u>
<b>Net assets</b>		<u>4,775,246</u>	<u>7,256,046</u>
<b>Equity</b>			
Issued capital	14	208,157,446	208,157,446
Reserves	15	580,592	502,351
Accumulated losses		(203,962,792)	(201,403,751)
<b>Total equity</b>		<u>4,775,246</u>	<u>7,256,046</u>

	<b>Issued capital</b> \$	<b>Share-based payment reserve</b> \$	<b>Revaluation reserve</b> \$	<b>Retained profits</b> \$	<b>Total equity</b> \$
Balance at 1 July 2020	202,113,795	1,098,238	(1,000,000)	(196,545,477)	5,666,556
Loss from continuing operations after income tax expense for the period	-	-	-	(2,196,339)	(2,196,339)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(2,196,339)	(2,196,339)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	49,026	-	-	49,026
Other contributed prepaid equity (note 11)	1,304,630	-	-	-	1,304,630
Balance at 31 December 2020	<u>203,418,425</u>	<u>1,147,264</u>	<u>(1,000,000)</u>	<u>(198,741,816)</u>	<u>4,823,873</u>
	<b>Issued capital</b> \$	<b>Share-based payment reserve</b> \$	<b>Revaluation reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
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	-	-	-	(2,559,042)	(2,559,042)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(2,559,042)	(2,559,042)
<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>(203,962,792)</u>	<u>4,775,246</u>

	31 Dec 2021	31 Dec 2020
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers from continuing operations	6,649	16,895
Cash payments to suppliers and employees	<u>(2,472,705)</u>	<u>(2,371,638)</u>
	(2,466,056)	(2,354,743)
R&D tax incentive	795,874	694,848
Grants received	-	399,238
Interest received	<u>916</u>	<u>2,368</u>
Net cash used in operating activities	<u>(1,669,266)</u>	<u>(1,258,289)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(10,662)	(15,841)
Payments for intangible assets	-	(782,239)
Payments for security deposits	(87,000)	-
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>299</u>
Net cash used in investing activities	<u>(97,662)</u>	<u>(797,781)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	51,104	-
Proceeds from placement of shares yet to be issued as at 31 Dec 2020	-	1,304,630
Proceeds from borrowings	300,000	-
Repayment of lease liabilities	<u>(35,792)</u>	<u>(66,739)</u>
Net cash from financing activities	<u>315,312</u>	<u>1,237,891</u>
Net decrease in cash and cash equivalents	(1,451,616)	(818,179)
Cash and cash equivalents at the beginning of the financial period	2,726,518	3,945,108
Effects of exchange rate changes on cash and cash equivalents	<u>47</u>	<u>(11,886)</u>
Cash and cash equivalents at the end of the financial period	<u><u>1,274,949</u></u>	<u><u>3,115,043</u></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 2022.

## 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 2021 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 2021 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 2021 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

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the half year ended 31 December 2021, the consolidated entity incurred a loss of \$2,559,042 (31 December 2020: \$2,196,339) and had negative operating cash flows of \$1,669,266 (2020: \$1,258,289). The consolidated entity's main activity is developing and commercialising the TALi products and various service lines which will require further funding and investment.

Despite this financial position, in the Directors opinion there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, able to pay its debts as and when they fall due, after consideration of the following:

- The Group had cash reserves of \$1,274,949;
- The Group is forecasting increased revenue growth from the increased sales of licenses for the TALi products, which will deliver greater cash inflows; and
- The Group is currently undertaking a capital placement and share purchase plan to existing shareholders.

#### 4. Going concern (continued)

The Directors have prepared projected cash flow information for the twelve months from the date of approval of these financial statements taking into consideration the uncertainty of multiple significant business impacting events that could occur in the next twelve months.

In response to the uncertainty arising from this, the Directors have considered a plausible forecast range. The lowest of these forecast ranges indicates that the Group is expected to continue to operate, within available cash levels. Key to the forecasts are relevant assumptions regarding the business, business model, any legal or regulatory restrictions, in particular:

- Receipt of the Research and Development tax incentive for FY22 at similar levels to prior years;
- Mitigating actions including the deferral of non-critical and discretionary operating expenditure, which the Directors and management monitor monthly; and
- Critically assessing the performance of business operations to determine the most adequate use of cash.

The Directors remain focused on the Group's liquidity and expect to manage business operations in the forecast period whilst maintaining adequate liquidity. Based on the forecasts, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than a delay in anticipated revenue due to a change in socio-economic conditions especially in India, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### 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 2021 \$	31 Dec 2020 \$
Loss from continuing operations after income tax attributable to the owners of TALi Digital Limited	<u>(2,559,042)</u>	<u>(2,196,339)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>931,905,789</u>	<u>749,305,218</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>931,905,789</u>	<u>749,305,218</u>
	Cents	Cents
Basic earnings per share	(0.27)	(0.29)
Diluted earnings per share	(0.27)	(0.29)



## 7. Revenue from continuing activities

	31 Dec 2021	31 Dec 2020
	\$	\$
Sale of licenses	5,952	12,754

## 8. Other income

	31 Dec 2021	31 Dec 2020
	\$	\$
R&D tax incentive	331,250	88,412
Grant income	20,410	57,409
Other income	1,163	295
Other income	352,823	146,116

## 9. Trade and other receivables

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Trade and other receivables	236	51,349
R&D tax incentive and other tax receivables	278,823	795,874
	279,059	847,223

As at 31 December 2021 the Company accrued for \$278,823 as its estimated R&D refund for the six-month period ending 31 December 2021.

## 10. Other current assets

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current assets</i>		
Prepayments	2,011,249	2,016,270
Security deposits	87,000	-
	2,098,249	2,016,270

On 6 January 2021 \$2,586,299 prepaid advertising credits were purchased from the Times Group India. As at 31 December 2021 the Group has \$1,890,533 in credits remaining which will be utilised as the Group executes its Indian advertising and marketing plan.

## 11. Deferred income

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	<u>145,674</u>	<u>145,674</u>
<i>Non-current liabilities</i>		
Deferred income - R&D Incentive & Grant Income	<u>1,863,910</u>	<u>1,936,746</u>
Total deferred income	<u><u>2,009,584</u></u>	<u><u>2,082,420</u></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 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Loan - R&D Advance	<u>300,068</u>	<u>-</u>

During the period 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.

In October 2021, the Company received the first tranche of \$300,000.

Interest on Facility advances is variable at the "TCV 11am" loan interest rate (currently 0.265%). Repayment of the Facility is timed to coincide with receipt of TALi'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.

The final amount of the second tranche will be capped so as not to exceed a total Facility draw down of 80% of TALi's forecast RDTI rebate for FY2022.

## 13. Lease liabilities

	31 Dec 2021	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>20,000</u>	<u>55,792</u>
Less than one year	<u>20,000</u>	<u>55,792</u>
Current	<u>20,000</u>	<u>55,792</u>
Amounts recognised in;		
Profit and loss - Interest	(366)	(7,050)
Statement of cash flows - Total cash outflow for leases	<u>(35,792)</u>	<u>(137,073)</u>

#### 14. Issued capital

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	<u>931,905,789</u>	<u>931,905,789</u>	<u>208,157,446</u>	<u>208,157,446</u>

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

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 \$	30 June 2021 \$
Balance brought forward as at 1 July	931,905,789	749,305,218	208,157,446	202,113,795
Issue of shares through placement	-	180,518,542	-	6,549,420
Issue of shares on exercise of options	-	2,082,029	-	62,461
Transaction costs relating to rights issue and placements	-	-	-	(568,230)
Balance carried forward	<u>931,905,789</u>	<u>931,905,789</u>	<u>208,157,446</u>	<u>208,157,446</u>

##### *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.

#### 15. Reserves

	31 Dec 2021 \$	30 June 2021 \$
Change in fair value reserve	(1,000,000)	(1,000,000)
Share-based payments reserve	<u>1,580,592</u>	<u>1,502,351</u>
	<u>580,592</u>	<u>502,351</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.

Opening balance	1,502,351	1,098,238
Share-based payment transactions to employees	78,241	92,295
Share-based payment transactions to vendors	-	311,818
Closing balance	<u>1,580,592</u>	<u>1,502,351</u>

There were no new options issued during the six-month period to 31 December 2021.

#### 16. Dividends

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

#### 17. Contingent assets and liabilities

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

## 18. Significant changes in state of affairs

### COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than a delay in anticipated revenue due to a change in socio-economic conditions especially in India, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## 19. Events after the reporting period

On 23 February 2022, the Company received \$203,744 for Tranche 2 of the Company's R&D funding agreement with Treasury Corporation of Victoria (TCV). This was the final tranche and brought the total funds received under the agreement to \$503,744.

The Company initiated a capital placement activity post reporting period. Funds from this will go towards supporting the activities outlined in the outlook section of the half year report.

No other matter or circumstance has arisen since 31 December 2021 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.

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 2021 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



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Sue MacLeman  
Chair

28 February 2022

# Independent Auditor's Review Report

To the Directors of TALi Digital Limited

Report on the review of the half-year financial report

## Conclusion

We have reviewed the accompanying half-year financial report of TALi Digital Limited (the Company) and its controlled entities (the Group), which comprises the statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the TALi Digital Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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.

## Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Group incurred a net loss of \$2,559,042 for the half year ended 31 December 2021 and had negative cash flows of \$1,669,266. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Directors' responsibility for the half-year financial report

The Directors of the Company 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 determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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 Group's financial position as at 31 December 2021 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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 28 February 2022