

Talius Group March 2024 Quarterly Report

30 April 2024

- **Cash receipts from customers of \$1.4 million for the quarter**
- **Cash and cash equivalents at the end of the quarter was \$1.6 million**
- **MSA executed with Hato Hone St John, New Zealand with initial purchase order received in addition to the material Frame Order received in Q2**
- **Strong pipeline starting to convert into contract wins**
- **Subscriptions over 32,000 which 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 March 2024 (the **quarter**).

Building on strong full year performance, Talius maintained its momentum into the quarter by securing new contracts with key clients. While revenue levels were somewhat subdued this quarter, we remain optimistic about our pipeline's potential and are confident in our ability to convert these opportunities in upcoming quarters.

The wider sector has had the traditional slower start to the year with momentum slowly building into the back end of this quarter. This allowed the team to concentrate on closing out on existing projects with the handover of Australian Unity Walmsley, Australian Unity Alba, Mater Christi Sawtell and Whiddon Arthur Webb projects.

Master Services Agreement (MSA) executed with Hato Hone St John and first purchase order received

During the quarter, Talius was delighted to announce a new partnership with Hato Hone St John (HHSTJ) in New Zealand, by entering into a contract to supply next generation assistive technology solutions.

Following the execution of the MSA, HHSTJ placed its first purchase order (PO) for 2,500 units, with an expectation of further purchase orders, going forward.

As announced earlier today Talius is now pleased to report that it received an order commitment from HHSTJ confirming a Frame Order for the purchase of 13,500 PERs units.

HHSTJ has confirmed that the intention of this Frame Order is to provide Talius and its suppliers sufficient transparency and timeframes to ensure strong inventory and order management between the parties.

This Frame Order follows the execution of the Master Services Agreement (MSA) with HHSTJ, and the first Purchase Order (PO) of 2,500 units that was received in March 2024.

The next generation of Aged Care technology

This Frame Order will accommodate multiple binding PO's that HHSTJ will place. It outlines HHSTJ's commitment to procure at least 1,500 units per month for the financial year commencing 1 July 2024 through to 30 June 2025.

The total revenue for the anticipated PO's under the frame order of 13,500 units is forecast to be in excess of \$4,000,000. Delivery of the orders is anticipated to commence in the next quarter, and additional purchase orders be rolled out across this year and next. This is in addition to the initial order of 2,500 PERs units announced previously.

First Purchase Order from Whiddon for an implementation pilot for their home care clients

During the quarter, Talius expanded its agreement with The Whiddon Group (Whiddon) to provide next-generation assistive technology solutions for their home care clients.

This extension builds on our initial partnership through the Aged Care Research and Innovation Australia (ARIA) grant announced on 5 April 2023. Whiddon is now enhancing its technology offerings to better support older individuals living at home.

The pilot, marking the first stage, will evaluate the experience of home care clients with the technology and refine the operational model for fully integrating digital technologies. It aims to utilise the Talius Platform's agnostic IoT ecosystem for integrating essential devices and data management. The pilot is due to start in the June quarter and conclude in September.

Additionally, the pilot will employ the CSIRO-developed algorithm, exclusively licensed to Talius, to monitor changes in Activities of Daily Living. This technology aims to enable proactive and improved care for clients.

Sales

The Company received cash payments during the quarter of \$1.4 million from sales of assistive technology to enterprise customers.

Despite a downturn in sales compared to the previous quarter, the Company remains very optimistic due to confirmed orders slated for fulfillment and recent contract wins and pipeline movement which is gaining momentum through Q2 and beyond.

Retirement Villages Sector

- Talius is progressing to over 90% completion of the Keyton / Lendlease and Uniting NSW – Emergency Call System project upgrades with close to 90 retirement villages now successfully deployed. These projects will continue over the next quarter in readiness for the 3G network shutdown in July this year.
- Hato Hone St John Ambulance New Zealand – we have received the first order for 2500 units and they are in manufacture now for delivery prior to June and subsequent to the end of 1Q we have received an order commitment from HHSTJ for a Frame Order for the purchase of 13,500 PERs units.

The next generation of Aged Care technology

- Whiddon NSW – have chosen the Talius Care@home solution to upgrade all their 13 retirement villages in NSW. We have been provided the purchase order from a Talius reseller for supply which will include staging and delivery.
- Royal Freemasons Benevolent Institute (RFBI) have chosen the Talius Care@home solution, after an extensive tender process, to upgrade their 19 retirement villages in NSW. The supply will include staging and delivery.
- Goodwin Aged Care has awarded NCIS a Talius Platinum Partner the upgrade of 800+ retirement village apartments across ACT and NSW to install the Talius Care@home with the new Vital-On telehealth enabled solution. This enables Goodwin to provide better ongoing ageing in place technology for their residents.

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 May 2024 for go live.
- Mater Christi for Sawtell Catholic Care in Sawtell has recently gone live
- 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

Subscriptions

Talius continues to witness encouraging growth in subscriptions, with numbers for the quarter surpassing the 32,000 level and at the time of writing now 32,800. This increase is largely attributed to the seamless integration of new customers into our Talius Smart Care Platform, following the completion of various projects and recent sales efforts.

Recurring subscriptions revenues have now grown, on an annualised basis, to over \$2.2 million and growing.

Looking ahead, we are optimistic about continuing this growth trend. As more project sites become operational, we expect our subscriptions customer base to further expand.

Currently, with around 11,000 subscriptions contracted but not yet active, Talius is confident that it is on track to achieving a milestone of over 50,000 subscriptions.

Marketing and Industry Events

Talius continues to actively enhance its brand visibility and industry footprint, underscored by our marketing efforts during the quarter.

The next generation of Aged Care technology

At the **Australian Aged Care Innovators (AACI)** event in Melbourne, our Managing Director, Graham Russell, was a keynote speaker and highlighted Talius' innovative approach in the aged care sector.

Graham discussed our collaborative strategies in technology integration and how our AI analysis aids in monitoring vital care indicators like sleep patterns, vital signs, and social interactions, positioning Talius as a leader in transforming aged care delivery.

Additionally, Talius participated in the **Digital Transformation Masterclass** in Melbourne. This session, featuring insights from Dr. Maggie Haertsch, focused on the application of sensor technology and AI to enhance safety and efficiency in aged care settings, addressing challenges such as fall prevention and medication management.

Furthermore, Talius showcased our latest technologies at the **Innovation and Technology Across Care (ITAC)** National Conference at the Gold Coast. This conference, under the theme "Elevating Aged and Community Care and Inspiring Innovation," featured our new solutions for dementia care, staff management, fall detection, and daily activity monitoring, which were well-received by conference attendees.

Talius is hosting an exclusive event in May at the Melbourne University Validitron SimLab an immersive physical space designed to test and improve useability and acceptability of new models of care, at which Talius will be showcasing the new developments in Remote Patient Monitoring and how providers can use the Talius platform to collect data from the home environment and support patients in their home environment and governance.

Research and Development

Talius has been investing in its differentiating platform, making the Talius Platform more robust and improving efficiencies in, for example, onboarding of sensors and clients as it prepares for further scale. This investment is critical to the next stage of our strategy, being able to license the Talius Platform both domestically and internationally. It also aligns with our stated use of funds raised from the most recent capital raise as we look towards a PaaS journey with the Talius Platform.

In further preparation for scale, we have also invested in fully automating our IoT billing processes so we can ensure accurate and timely accounting for our subscriptions and enhancing cashflow as well as providing accurate and timely reporting for our clients.

The recent success with the Whiddon pilot, also provides for a strong R&D roadmap, especially in Homecare where we can now leverage our deep knowledge of the sector and look to expand into the Homecare market with our premium partners.

As previously highlighted in our investor briefing materials, the Homecare addressable market is a material opportunity for Talius and is further augmented by our foray into Remote Patient Monitoring.

The next generation of Aged Care technology

Financial Position

Talius recognised revenue of \$1.3 million¹ in the quarter, a decrease of 45% on the previous quarter. ARR is now \$2.2 million and growing as installed projects come online.

The Company recorded a negative operating cash flow quarter. This was attributed to slower hardware sales during the period.

The Company closed the quarter with total cash of \$1.6 million.

The Company received cash payments during the quarter of \$1.4 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 \$0.21 million, with 22% (\$0.36 million) expended on inventory and other cost of sales, 63% (\$1.03 million) on R&D and staff costs, with the remaining balance of 15% (\$0.26 million) going towards marketing, office rent and other general administration costs.

The related party payments of \$108,408 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.

At the time of writing, the Company announced the details of a buy back offer for holders of unmarketable parcels of shares (Eligible Holders) in the Company (Buy Back). Under the ASX Listing Rules, holdings of the Company's shares valued at less than \$500 are considered to be less than marketable parcels.

The Buy Back will assist in reducing the Company's share registry and other administrative costs associated with maintaining a large number of small shareholders. It is another key step in the Board's determination to rationalize the register and drive shareholder return.

Macro environment and supply chain

Talius has addressed enquiries concerning potential supply chain disruptions, notably regarding our hardware supply from the Essence product suite in Israel. We are pleased to report no disruptions to our supply chain over the past six months. Furthermore, we do not anticipate any significant issues, should regional tensions unfortunately escalate. Importantly, Essence has an established alternative manufacturing facility in Europe (Hungary), which can be utilised if any disruptions occur within Israel.

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

"We were delighted to have finalised the MSA with Hato Hone St John and to have received the initial purchase order under this agreement. This order and anticipated future orders are significant for Talius and lays the foundation for what we anticipate will be a longstanding and fruitful partnership."

¹ Unaudited

We are also pleased with the progress in integrating our technology with Royal Freemasons, Goodwin and Whiddon's retirement villages and Whiddon's home care services. This is a crucial development for Talius as we enhance the home care digital ecosystem and collaborate with essential partners like Whiddon to meet the growing demand for home care services.

Additionally, the receipt of further orders from other key partners, including ADT, Feros Care, and Bolton Clarke, is highly encouraging. It reflects the strength of our sales pipeline and supports our journey toward profitability.

Lastly, I am really excited how the sector has renewed focus on Homecare, as evidenced by the pilots we have been contracted for. With the addition of our Remote Patient Monitoring vertical, Talius is perfectly positioned to provide an end-to-end solution for health care companies to enable this service as they continue to struggle with bed vacancy and extended waiting lists. Covid-19 educated the sector of how technology can play a pivotal role in enabling this service our home care vertical is realistically already providing remote patient monitoring services. We have been buoyed by the response to our symposium in May and are currently tendering for a number of opportunities. "

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")

31 MARCH 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,437	1,437
1.2 Payments for		
(a) research and development	(51)	(51)
(b) product manufacturing and operating costs	(356)	(356)
(c) advertising and marketing	(46)	(46)
(d) property expenses	(1)	(1)
(e) staff costs	(981)	(981)
(f) administration and corporate costs	(208)	(208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – ARIA grant	-	-
1.9 Net cash from / (used in) operating activities	(212)	(212)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) software, plant and equipment	(10)	(10)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(31)	(31)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(41)	(41)

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	(8)	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(39)	(39)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of lease liabilities	(20)	(20)
3.10	Net cash from / (used in) financing activities	(67)	(67)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1910	1910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(212)	(212)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(41)	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(67)	(67)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,590	1,590

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	1,590	1,910
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)	1,590	1,910

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	108
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: \$108,408</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	-	-
7.4 Total financing facilities	-	-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(212)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,590
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,590
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.5
<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?	
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?	
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?	
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<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: 30 April 2024

Authorised by: the Board of Talius Group Limited for release

(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.