



# Annual Report

31 DECEMBER 2023

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The information contained in this document should be read in conjunction with Talius Group Limited's public announcements made in accordance with the continuous disclosure obligations arising from the Corporations Act 2001 and the ASX Listing Rules.

Dear Shareholders,

It is our pleasure to present the 2023 Annual Report of Talius Group Limited (Talius).

This year's report is particularly significant as it represents our inaugural presentation under the Talius name, following our comprehensive rebranding initiative completed in May 2023. This rebranding is not merely a change of name; it signifies a pivotal moment in our history, embodying our evolution, aspirations, and unwavering commitment to innovation and excellence.

2023 was a pivotal year for Talius, marked by significant achievements and strategic advancements. We are proud to announce our highest annual revenue to date, reaching \$12.4 million. This financial milestone is complemented by our achievement of four consecutive cashflow positive quarters, including the last quarter of 2022, underscoring our robust financial health and operational efficiency.

Our strategic initiatives have propelled us to increase our market share in the home and retirement living sectors, and we have embarked on an ambitious journey to disrupt the nursing home market. Despite the ongoing volatility in the macroeconomic environment, our team has successfully navigated these challenges, achieving sales growth and enhancing our supply chain resilience.

The past year has seen Talius fortify its market position through additional substantial orders from leading partners like Keyton Retirement Villages (formerly known as Lendlease's Retirement Living), and the acquisition of new clients, including Uniting NSW.ACT. These achievements are a testament to our reputation as a pioneer in innovative care technologies. Moreover, our platform's subscriptions have grown to over 29,000, reflecting the increasing trust and reliance on our solutions.

We continue the investment in our platform. This ongoing investment is crucial for enhancing our technological capabilities, improving user experience, and expanding the range of services we offer.

Our team's strength and capabilities have expanded significantly, with new members joining us in this transformative phase. These additions are crucial as we gear up for the next level of growth and scalability.

Wish to thank the support from existing investors and warmly welcome the new investors who joined us during our capital raise in December 2023. Your trust and partnership fuel our commitment to delivering exceptional value to all our shareholders.

Looking ahead to 2024, Talius is poised for a momentous year. The challenges facing the aged care sector, including government financial constraints, skilled staff shortages, and a rapidly growing aged care demographic, present both challenges and opportunities. Talius is increasingly recognised as a key player in addressing these issues, with a strong pipeline promising to drive our progress towards profitability and beyond.

We would like to express our deepest appreciation to our dedicated staff and management team for their hard work and contributions throughout the year. A special thanks to our fellow Director, Ramsay Carter, for his continuous dedication and efforts.

As we step into 2024, we are confident that the initiatives and strategies we have in place will materialise into significant sales and further establish Talius as a leader both locally and internationally. We are at a turning point, and as market conditions improve, the potential for Talius to deliver substantial returns to our patient and supportive investors has never been greater.

In closing, we sincerely thank you, our shareholders, for your continued support in Talius. Your belief in our mission and purpose is the foundation of our success, and we look forward to sharing our future achievements with you.

A handwritten signature in black ink, appearing to read 'Leylan Neep'.

**Leylan Neep**  
Chairman

A handwritten signature in black ink, appearing to read 'Graham Russell'.

**Graham Russell**  
Managing Director

**DIRECTORS' REPORT**

Your Directors present their report on the Consolidated Entity consisting of Talius Group Limited (“Talius” or “Company”), formerly HSC Technology Group Ltd, and the entities it controlled (together referred to as the “Consolidated Entity” or “Group”) at the end of, or during, the year ended 31 December 2023.

**DIRECTORS**

The following persons were directors of Talius Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Position</b>	<b>Period of Directorship</b>
Graham Russell	Managing Director	Appointed 3 December 2019
Ramsay Carter	Executive Director	Appointed 16 June 2020
Leylan Neep	Non-Executive Chairman	Appointed 1 September 2020

**Leylan Neep**

*Executive Chairman from 1 January 2023 to 31 May 2023*

*Non-Executive Chairman from 1 June 2023*

*BCom, FCPA, GAICD, FGIA, FCIS*

Mr Neep is a highly experienced Director and C-Suite Executive who brings a wealth of corporate skills and market knowledge to his role at Talius. He has held senior roles across a range of both ASX-listed and private entities, possessing over two decades of expertise in the financial services industry.

Mr Neep has a proven track record in finance, governance and funds management and has been involved in several IPO's/ ASX listings and numerous capital raising efforts, including rights offers, institutional and private placements for both corporate entities and managed investment schemes.

He is a Fellow of CPA Australia (FCPA), a Fellow of Governance Institute of Australia (FGIA), and a Graduate of the Company Directors Course run by the Australian Institute of Company Directors (GAICD).

He has not been a Director of any other Australian listed company in the last three years.

**Graham Russell**

*Managing Director*

Mr. Russell has over 25 years’ experience in Systems Integration and Sensor technology solutions across all verticals of Healthcare, Utilities, Mining and Governments. Mr Russell is incredibly passionate about helping our older generation stay independent and pioneering the adoption of seamless technology solutions to help families, care providers and the elderly.

Mr Russell has been instrumental in developing and localising assistive technology that is a cost effective, scalable solution using Artificial Intelligence and an integrated IoT platform to detect health deterioration, fall alerts and provide early intervention, including the Essence Care@home solutions in the APAC region. Mr Russell currently works with numerous National Aged Care providers, Government, Utility and Telecommunication companies throughout APAC to transform their clients’ lives, connect with their families and provide operational efficiencies and financial returns to all involved.

Mr Russell was previously the CEO of the Ambush Group, a national Systems Integration business where he started as an Electronics Technician installing and integrating solutions like Nurse Call, CCTV, Access Control, Security, WiFi, Internet, Fibre solutions, etc for Hospitals, Residential Aged Care, Councils, Financial and Government facilities.

He has not been a Director of any other Australian listed company in the last three years.

**Ramsay Carter**

*Non-Executive Director from 1 January 2023 to 31 January 2024*

*Executive Director from 1 February 2024*

*LLB, B. Int.Bus., MAICD*

Mr. Carter brings over 20 years' experience in global investment banking holding senior positions in Australia, Tokyo, Hong Kong and Singapore. Most recently, he was Head of Global Capital Markets, Asia Pacific for Scotiabank. He has thorough knowledge and governance over multiple jurisdictions throughout his career, in a highly regulated industry, especially within Asia Pacific, UK and North America. Mr Carter is a proven leader with particular focus on clear lines of communication and accountability, alignment of interests and creating an environment of respect, diversity and challenge. Mr Carter has a Bachelor of Laws and International Business and is a member of AICD.

He has not been a Director of any other Australian listed company in the last three years.

**DIRECTOR INTERESTS IN THE SHARES AND PERFORMANCE RIGHTS OF THE CONSOLIDATED ENTITY**

As at the date of this report, the interests of the Directors in the shares and performance rights of Talius Group Limited are shown in the table below:

Director	Fully Paid Ordinary Shares	Performance Rights
Graham Russell	153,230,358	35,000,000
Ramsay Carter	33,941,750	4,000,000
Leylan Neep	14,000,000	4,000,000

**MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the Company's Directors held during the year ended 31 December 2023 and the number of meetings attended by each Director.

	Directors Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend
Graham Russell	6	6	-	-	-	-
Ramsay Carter	6	6	2	2	2	2
Leylan Neep	6	6	2	2	2	2

**Company Secretary**

**Stephen Rodgers**

*LLB*

Stephen Rodgers is a lawyer with 30 years' experience and holds a Bachelor of Laws degree from QUT. After practicing law with several firms in Brisbane over a 12-year period he operated his own specialist commercial and property law practice for 7 years. Mr Rodgers then joined the successful team at Sunshine Gas Limited, where he was the in-house Legal and Commercial Counsel – a broad role which also included assisting the Company Secretary with many of the facets of that position.

During this period, Mr Rodgers gained invaluable experience in the operation and running of an ASX200 Coal Seam Gas company as well as being an instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

### **PRINCIPAL ACTIVITIES**

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 (powered by CSIRO) 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. 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.

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Company's operations are not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **REVIEW OF OPERATIONS**

Talius Group Limited has made significant strides during the year in refining our sales strategies within the aged care sector, resulting in sustained sales growth across home care, retirement villages, and residential aged care facilities.

The Company concluded the year with the financial achievement of its highest annual revenue to date at \$12.4 million. This financial success is further enhanced by a robust and growing subscription base, which now yields an annualised recurring revenue (ARR) of \$1.9 million and growing.

Significant sales achievements were recorded during the year, particularly in hardware sales related to Emergency Call System upgrades. Our partnership with Keyton Retirement Villages (formerly known as Lendlease's Retirement Living) has been strengthened through additional substantial orders, reflecting our clients' continued confidence in our solutions.

Our client portfolio expanded significantly with the addition of Uniting NSW.ACT's Retirement Living division, opting for our next-generation assistive technology solutions across New South Wales and the Australian Capital Territory, all delivered via the Talius Smart Care Platform on a subscription basis.

The growth journey this year saw Talius leveraging our robust sales pipeline to scale our operations significantly. We made the strategic decision to grow our team in both size and capability, particularly within our service stream, reflecting our commitment to our clients. This expansion is a direct investment in our future, aimed at accelerating revenue growth across various lines of business.

In anticipation of the impending 3G network shutdown, Talius proactively participated in numerous tenders and proposals, collaborating closely with various providers to ensure a smooth transition. This proactive approach underscores our commitment to excellence and reliability during significant technological transitions.

A pivotal moment came at the close of the year with the signing of a Letter of Intent (LOI) with Hato Hone St John in New Zealand for the supply of Talius' emergency response systems and software, marking a significant step towards expanding our market reach.

Our residential aged care (RAC) division has seen considerable success, completing projects for notable clients like Australian Unity in Melbourne and ACH Group in Adelaide, thereby reinforcing our reputation as a trusted partner

in aged care. We increased our expenditure in RAC by refining our product suite tailored for this vertical, and now are poised to reap significant dividends in the coming years. Our innovation drive is evident through new projects with clients such as Temora for Whiddon and Leigh Place in Sydney, highlighting our commitment to improving aged care services.

Talius initiated multiple paid pilots expected to yield results in the upcoming year, focusing on how our data analytics improve operational efficiencies, care outcomes, and compliance requirements. These are in hospital-in-the-home, NDIS residential service, and home care environments.

Subscription growth has been pleasing, with our numbers exceeding 29,000 this year, driven by the successful onboarding of new customers onto the Talius Smart Care Platform.

This year also saw the completion of a strategic acquisition of eHomecare, enhancing our client base, technical team, and expected to contribute significantly to our annual recurring revenue, particularly through the Finley Regional Care account.

During the year, Talius was honoured with an Aged Care Research and Industry Innovation Australia (ARIIA) grant for a consortium-led feasibility study aimed at preventing falls in residential aged care using our Smart Care Platform. This collaboration with Whiddon, CSIRO, and Anchor Excellence represents our dedication to leveraging technology for the betterment of aged care.

Our R&D team has made significant progress in simplifying the integration of sensor devices, a crucial step towards global scalability and enhanced platform functionality. This focus on technology underscores our commitment to delivering efficient and personalised care solutions. We've also concentrated on refining data reporting to assist clients with compliance, particularly in relation to the Mandatory Quality Indicators Program, enhancing our service offering in workforce efficiency and compliance.

Exploring new licensing opportunities, particularly in Platform as a Service (PaaS), remains a priority, aiming to expand our market reach and fully leverage our platform's capabilities.

Our collaboration with CSIRO has been pivotal, adapting algorithms for early detection of deterioration in the residential aged care setting, demonstrating the value of autonomous data collection in addressing chronic workforce shortages and care needs.

New sales channels have been explored, and while Talius remains focused on its enterprise standard B2B and B2B2C offering, 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.

Talius Group Limited has entered into strategic partnerships and supplier agreements, notably a three-year distribution agreement with Genesis Biotech, an esteemed Australian company specialising in the supply of Therapeutic Goods Administration (TGA) approved medical devices. These devices are seamlessly integrated into the Talius Smart Care Platform, establishing a unified platform for comprehensive health data monitoring and management.

Significant team growth and strategic hires, including a new CFO and National Sales Manager, have strengthened our operational capabilities.

The year also saw a major corporate rebranding, transitioning from HSC Technology Group Ltd to Talius Group Limited, aligning our corporate identity with our technology platform and commitment to data-informed care solutions.

The successful completion of a \$2.5 million capital raise, supported by new and existing investors, reflects strong market confidence in our direction and achievements. These funds will be instrumental in scaling the Talius platform, supporting international growth, and reinforcing our balance sheet for future ventures.

## FINANCIAL RESULTS

The Group's revenues and other income increased substantially during the 2023 year to \$12,439,444, an increase of 73% on the prior year. Revenue performance was driven by:

- growth in hardware sales of 71%, primarily attributed to sales made to key clients such as Chubb/VitalCall, Keyton Retirement Villages (previously known as Lendlease's Retirement Living), and Uniting NSW.ACT's Retirement Living division.
- growth in subscriptions on the Talius Smart Care Platform of 73%. This growth has been driven by the successful integration of new customers into the Talius Smart Care Platform from completion of various projects and recent sales.
- The continuation of major contracts with a number of clients in the residential aged care space.

The Group's total loss for the 2023 was \$1,341,402, an improvement of 17% on the 2022 loss \$1,623,135. The key movements compared to the prior year were:

- A \$1,030,040 increase in gross profit (revenues less cost of sales) resulting from higher revenues. Hardware margin percentages fell compared to the prior period on account of more attractive pricing offered on hardware sale to large customers to secure ongoing software subscriptions. Software subscriptions grew from around 15,000 in December 2022 to over 29,000 in December 2023.
- Employee and consultant costs (including share based payments) increased 7% as Talius continued to invest in team resources to strengthen our business development team, technical support, and corporate services to set a strong foundation for future expected growth;
- Marketing, property, and administrative/corporate increased 127% on the prior period, due to:
  - Increases in marketing and promotional activities of \$110,471;
  - Foreign exchange losses of \$100,869 in 2023 versus foreign exchange gains in 2022 of \$85,354;
  - Other increases of \$126,418 commensurate with business growth during the year.
- Reversals of previous impaired receivables and inventories.

Net cash outflows from operations were \$911,476 (2022: \$2,281,656). 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 and inventories for Q1 2024 committed orders.

Talius successfully completed a well-supported placement raising \$2,500,000 (before costs). 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.

The net asset position of the Group at 31 December 2023 was \$5,000,128. The Group's net working capital (current assets less current liabilities) is a surplus of \$4,678,343.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes during the year.

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### LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

The Company will continue to develop and commercialise its assistive technology enabled care solutions to the aged and disability sectors, across multiple verticals including retirement living, residential aged care, home, and community settings.

After considering external factors such as the shut-down of the 3G telecommunications network and the final report from the Royal Commission into Aged Care, the Company expects continuing strong growth in the use of assistive technology.

The Company earns revenue through hardware sales and recurring software subscriptions. As subscriptions on its Talius Smart Care Platform continue to grow, the Company expects recurring SaaS revenue to increase as part of the overall revenue mix.

The Company will consider expanding the application of its SaaS solutions to other markets such as health care, and also consider the licensing of Talius as a 'platform as a service'.

### SUSTAINABILITY AND ESG

Talius' purpose to 'improve the quality of life, later in life' is the driving force behind our commitment to the areas of sustainability and ESG. With a strong emphasis on the 'Social' aspect of ESG, we are dedicated to improving living conditions for the elderly and those with disabilities. This commitment is not merely a statement but a guiding principle that shapes our business strategies and innovations. Our objective is to ensure that our growth directly contributes to societal progress, making the world a more inclusive and supportive place for our target demographics.

In our financial year 2024, we plan to progress our approach by transitioning from informal practices to a structured ESG policy and reporting framework. This move is designed to align our operations with our core ethical values while also enhancing our capability to identify and manage ESG-related risks effectively.

Key initiatives will include conducting a comprehensive analysis of issues that are material to both our business and stakeholders. We will aim to establish a robust sustainability framework that not only mitigates risks but also identifies opportunities for creating value that benefits all stakeholders. Furthermore, we will implement performance metrics to transparently track and report our progress in achieving these sustainability goals.

### BUSINESS RISKS

Talius is subject to risks a number of which may have a material adverse effect on operating and financial performance. Talius' Risk Management Policy can be found on its website. It is not possible to identify every risk that could affect the business or shareholders and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise or have a material adverse effect on business strategies, assets or future performance of Talius. A non-exhaustive list (in no particular order) of material risks and relevant mitigation strategies implemented by the Company are set out below.

Risk	Description and potential impact	Strategies used to mitigate the risk
<b>Pandemic</b>	<p>Pandemics, such as Covid-19, may impact the Company's revenue and operations. The Company sells products and services to aged care providers who continue to experience operational challenges which may impact the pace at which implementation decisions are made in the aged care industry.</p>	<p>The Company's revenue mix is diversified across customer segments including residential aged care, retirement villages, and home care which may mitigate the impact a pandemic has on different industry groups.</p>
<b>Product quality</b>	<p>The Company may experience product failure, or customer dissatisfaction with its hardware solutions or software platform.</p>	<p>The Company implements quality control processes and ensures appropriate testing and monitoring of products to ensure a high standard of safety and efficacy.</p> <p>The Company also maintains product liability insurance.</p>
<b>Funding</b>	<p>The Company may need to raise additional funds (debt or equity) to support its ongoing operations or implement its strategies. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time.</p> <p>Inability to obtain sufficient funds may result in the delay or cancellation of certain activities which would likely adversely affect Talius' growth.</p>	<p>The Company actively manages its capital requirements and maintains close relationships with its existing investor base, as well as exploring both equity and debt new sources of capital should the need to raise additional funds arise.</p>
<b>Technology</b>	<p>The Company is reliant to a certain degree on third party developers, systems, and networks. Changes to the supply of platforms or hardware may impact operations and have a detrimental impact on financial performance.</p>	<p>The Company's supplier agreements include protections for continuation of service.</p> <p>The Company has a diverse product range to minimise third party reliance, as well as continually monitoring the market for alternative suppliers.</p>
<b>Data security</b>	<p>The Company may experience a data breach or failure, or be the target of a cyber-attack, which may affect its operations as well as reputation.</p> <p>There is a risk that the collection, usage management of customer data is not consistent with regulatory obligations.</p>	<p>The Company has strategies and protections in place to mitigate security breaches and to protect data.</p> <p>The Company also has Cyber security insurance to mitigate potential financial losses.</p>

<b>People</b>	<p>The Company may lose key executives.</p> <p>The Company operates in a competitive environment in relation to attracting software development and technical personnel.</p> <p>The loss of key staff or the inability to attract personnel may adversely affect the Company's operations.</p>	<p>Identification of key people and the implementation of appropriate staff training as well as succession plans.</p> <p>The Company offers incentives and career development opportunities for key executives and senior management.</p>
<b>Product innovation and competition</b>	<p>Competitors may bring superior products or platforms to the market which may result in a loss of market share. Products and technologies developed by competitors may render the Company's product and platform obsolete or non-competitive.</p>	<p>The Company continuously monitors market developments and new products.</p> <p>Talius continues to invest in its platform development to improve its intellectual property and services.</p>
<b>Intellectual property infringement</b>	<p>The Talius Platform has been developed in-house and the Company is exposed to the risk of its proprietary know-how being misappropriated and Competitors using this information to disrupt the Company's market share.</p>	<p>In addition to network and product security measures, there are contractual protections included in our customer agreements, and where necessary confidentiality agreements are in place with parties with access to our know-how.</p>
<b>Interruption to product supply</b>	<p>The Company imports a range of hardware products from overseas markets, and these suppliers may suffer materials shortages which may cause disruption and delays to the Company's operations and revenue generation. While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required.</p>	<p>The Company works closely with customers and suppliers to identify supply requirements.</p> <p>The Company maintains an appropriate level of inventory as a buffer for supply chain interruptions. The Company keeps abreast of alternative suppliers for its hardware, should the need to change supplier arise.</p>

**INDEMNIFICATION OF OFFICERS OR AUDITOR**

The Company has indemnified the directors and executives of the Company for the costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

The Company has not indemnified its auditor.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**OPTIONS**

Details of options issued, exercised and expired during the financial year, and as at the date of this report are set out below:

Grant Date	Expiry Date	Exercise Price	Movements				Report Date
			1 January 2023	Issued	Exercised	Lapsed	
13-Nov-18	13 Nov 2023	\$0.03	80,000,000	-	-	(80,000,000)	-
28-May-19	1 Feb 2023	\$0.07	4,000,000	-	-	(4,000,000)	-
14-Jan-20	3 Feb 2023	\$0.02	10,000,000	-	-	(10,000,000)	-
			94,000,000	-	-	(94,000,000)	-

Option holders did not have any rights to participate in any issues of shares or other interests of the Company or any other entity. No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

**PERFORMANCE RIGHTS**

Details of performance rights issued, exercised and expired during the financial year, and as at the date of this report are set out below:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Movements				Report Date
				1 January 2023	Issued	Exercised	Lapsed	
15-Jun-20	15-Jun-22	15-Jun-25	Nil	15,000,000	-	-	-	15,000,000
22-Mar-22	31-Dec-22	31-Dec-25	Nil	1,000,000	-	-	-	1,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Nil	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-24	31-Dec-27	Nil	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Nil	3,000,000	-	-	(3,000,000)	-
22-Mar-22	31-Dec-24	31-Dec-27	Nil	3,000,000	-	-	(3,000,000)	-
19-May-22	31-Dec-22	31-Dec-25	\$0.0001	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-23	31-Dec-26	\$0.0001	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-24	31-May-27	\$0.0001	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-22	31-Dec-25	\$0.0001	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-23	31-Dec-26	\$0.0001	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-24	31-May-27	\$0.0001	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-22	31-Dec-25	\$0.0001	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-23	31-Dec-26	\$0.0001	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-24	31-May-27	\$0.0001	4,000,000	-	-	-	4,000,000
28-Jul-22	31-Dec-23	31-Dec-26	Nil	3,000,000	-	(3,000,000)	-	-
28-Jul-22	31-Dec-24	31-Dec-27	Nil	3,000,000	-	-	-	3,000,000
15-Dec-22	31-Dec-23	31-Dec-26	Nil	13,000,000	-	(4,000,000)	(6,000,000)	3,000,000
15-Dec-22	31-Dec-24	31-Dec-27	Nil	13,000,000	-	-	(6,000,000)	7,000,000
4-Apr-23	31-Dec-23	31-Dec-26	Nil	-	3,000,000	(3,000,000)	-	-
5-Apr-23	19-Sep-23	31-Oct-23	Nil	-	1,500,000	(1,500,000)	-	-
22-May-23	31-Dec-23	31-Dec-26	Nil	-	1,000,000	(1,000,000)	-	-
22-May-23	31-Dec-24	31-Dec-27	Nil	-	1,000,000	-	(1,000,000)	-
3-Jul-23	31-Dec-23	31-Dec-26	Nil	-	1,000,000	(1,000,000)	-	-
3-Jul-23	31-Dec-24	31-Dec-27	Nil	-	1,000,000	-	-	1,000,000
21-Sep-23	19-Mar-24	30-Apr-24	Nil	-	1,500,000	-	-	1,500,000
				100,000,000	10,000,000	(25,500,000)	(19,000,000)	65,500,000

Performance rights holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity. No person entitled to exercise any option referred to above has or had, by virtue of the performance rights, a right to participate in any share issue of any other body corporate.

**EVENTS AFTER REPORTING DATE**

There have been no events since 31 December 2023 that impact upon the financial report.

**Details of Directors and other Key Management – Talius Group Limited**

<b>Name</b>	<b>Position</b>	<b>Period of Service</b>
Graham Russell	Managing Director	Appointed 11 February 2019
Ramsay Carter	Executive Director	Appointed 16 June 2020 Non-Executive Director to 31 January 2024 Executive Director from 1 February 2024
Leylan Neep	Non-Executive Chairman	Appointed 1 September 2020 Executive Chair from 1 December 2021 to 31 May 2023 Non-Executive Chairman from 1 June 2023
Michael Harvey	Chief Financial Officer	Appointed 21 February 2023

**Remuneration Policy**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain skilled Directors and Executives.

**Remuneration Committee**

The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

**Remuneration structure**

It is the Company’s objective to provide maximum stakeholder benefit from the retention of a high-quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors’ and Officers’ emoluments alongside the company’s financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Executive and Non-Executive Director remuneration is separate and distinct.

**Non-Executive Director Remuneration**

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Talius Group Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors’ fees is for a total of \$300,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive

Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 31 December 2023 is detailed in this Remuneration Report.

### **Director and Senior Management Remuneration**

The Company aims to reward Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short-term and long-term incentives.

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

Payment of bonuses, performance and other incentive payments are at the discretion of the Board.

The remuneration of the Board and Senior Management for the period ended 31 December 2023 is detailed in this Remuneration Report.

### **Employment Contracts**

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. The current employment agreement with the Managing Director has a two-month notice period. All other employment agreements have two-month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of service. None of these contracts have termination benefits.

#### Chairman Arrangements – Leylan Neep

The Company entered a service arrangement with Mr Leylan Neep as Chairman of the Company. The key terms of the arrangement during the financial year were:

- Ongoing contract – no fixed term;
- No notice period;
- Executive Chairman fee of \$150,000 per annum for the period 1 January 2023 to 31 May 2023.
- Non-Executive Chairman fees of \$93,500 per annum from 1 June 2023.
- No retirement benefits;
- No termination benefits;

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### Director Arrangements – Ramsay Carter

During the financial year, the Company has entered service arrangements with Mr Ramsay Carter as a Non-Executive Director of the Company. The key terms of the arrangement during the financial year were:

- Ongoing contract – no fixed term;
- No notice period;
- Non-Executive Director fee of \$77,000 per annum, inclusive of any superannuation contributions if applicable, for the period 1 January 2023 to 31 December 2023.
- No retirement benefits;
- No termination benefits;

From 1 February 2024, Mr Carter was appointed as an Executive Director with fee of \$150,000 per annum, inclusive of any superannuation contributions if applicable.

### Managing Director Arrangements – Graham Russell

The Company entered into an employment contract with Mr Graham Russell as Managing Director of the Company. The key terms of the arrangement during the financial year were:

- Ongoing contract – no fixed term;
- Salary of \$200,000 per annum, plus statutory superannuation contributions;
- Vehicle and tool allowances of \$16,800 per annum;
- 2-month notice period at above contracted rates;
- No termination benefits.

### Chief Financial Officer Arrangements

The Company entered into a service with Mr Michael Harvey as Chief Financial Officer of the Company. The key terms of the arrangement during the financial year were:

- Ongoing part-time contract – no fixed term;
- Fees of \$5,000 per month;
- 1-month notice period at above contracted rates;
- No termination benefits.

Remuneration of Key Management Personnel

December 2023	Short Term Benefits		Post-Employment Benefits	Equity Based Benefits	Total	Performance Related %	% equity compensation
	Salary/ fees	Allowances	Superannuation	Performance Rights			
Graham Russell	200,000	16,800	21,500	83,835	<b>322,135</b>	26%	26%
Ramsay Carter	77,000	-	-	34,565	<b>111,565</b>	31%	31%
Leylan Neep	117,042	-	-	34,565	<b>151,607</b>	23%	23%
Michael Harvey <sup>1</sup>	54,607	-	-	33,000	<b>87,607</b>	38%	38%
	<b>448,649</b>	<b>16,800</b>	<b>21,500</b>	<b>185,965</b>	<b>672,914</b>		

December 2022	Short Term Benefits		Post-Employment Benefits	Equity Based Benefits	Total	Performance Related %	% equity compensation
	Salary/ fees	Allowances	Superannuation	Performance Rights			
Graham Russell	170,000	16,800	17,425	107,016	<b>311,241</b>	34%	34%
Ramsay Carter	55,000	-	-	57,103	<b>112,103</b>	51%	51%
Leylan Neep	150,000	-	-	74,224	<b>224,224</b>	33%	33%
	<b>375,000</b>	<b>16,800</b>	<b>17,425</b>	<b>238,343</b>	<b>647,568</b>		

There were no termination benefits paid or accrued for the years ended 31 December 2023 and 31 December 2022.

<sup>1</sup> Appointed 21 February 2023.

**Key management personnel equity holdings**

**Shareholdings**

	Opening Balance	Acquired	Disposed	Performance Rights Exercised	Closing Balance
Graham Russell	150,800,000	2,430,358	-	-	153,230,358
Ramsay Carter	23,500,000	4,441,750	-	3,000,000	30,941,750
Leylan Neep	8,000,000	-	-	3,000,000	11,000,000
Michael Harvey	-	-	-	-	-
	<b>182,300,000</b>	<b>6,872,108</b>	<b>-</b>	<b>6,000,000</b>	<b>195,172,108</b>

**Performance Rights**

	Opening Balance	Granted	Converted	Lapsed	Closing Balance	Vested and Exercisable
<b>2023 Performance Rights</b>						
Michael Harvey	-	3,000,000	-	-	3,000,000	3,000,000
<b>2022 Performance Rights</b>						
Graham Russell	20,000,000	-	-	-	20,000,000	12,000,000
Ramsay Carter	10,000,000	-	(3,000,000)	-	7,000,000	3,000,000
Leylan Neep	10,000,000	-	(3,000,000)	-	7,000,000	3,000,000
<b>2020 Performance Rights</b>						
Graham Russell	15,000,000	-	-	-	15,000,000	15,000,000
	<b>55,000,000</b>	<b>3,000,000</b>	<b>(6,000,000)</b>	<b>-</b>	<b>52,000,000</b>	<b>36,000,000</b>

2023 Performance Rights Conditions

2023 performance rights vest and become exercisable into shares upon the recipient continuously remaining an employee of the Company or a wholly owned subsidiary until 31 December 2023. The rights have an expiration date of 31 December 2026.

2022 Performance Rights Conditions

Tranche 1 rights vest and become exercisable into shares upon the recipient continuously remaining an employee of the Company or a wholly owned subsidiary until 31 December 2022. Tranche 1 rights have an expiration date of 31 December 2025.

Tranche 2 rights vest and become exercisable into shares upon the recipient continuously remaining an employee of the Company or a wholly owned subsidiary until 31 December 2023. Tranche 2 rights have an expiration date of 31 December 2026.

Tranche 3 rights vest and become exercisable into shares upon the 5-day volume weighted average price (VWAP) of Shares being at least \$0.03 per share on or before 31 December 2024. Tranche 2 rights have an expiration date of 31 May 2027.

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### 2020 Performance Rights Conditions

50% of 2020 performance rights vest and become exercisable into shares upon the 5-day volume weighted average price (VWAP) of Shares being at least \$0.02 per share on or before 15 June 2022 together with continued service to that date. This tranche has vested and is exercisable.

50% of 2020 performance rights vest and become exercisable into shares upon the 5-day volume weighted average price (VWAP) of Shares being at least \$0.03 per share on or before 15 June 2022 together with continued service to that date. This tranche lapsed during the year.

The 2020 performance rights have an expiration date of 15 June 2025.

### Fair value of performance rights granted

The assessed fair value at the date of grant of performance shares issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument.

Details of performance rights over ordinary shares in the company provided as remuneration to each director of Talius Group Limited and each of the key management personnel of the parent entity and the Group are set out below. When exercisable, each performance right is convertible into one ordinary share of Talius Group Limited.

Inputs into pricing model	2023	2022 Tranche 1	2022 Tranche 2	2022 Tranche 3
Grant date	4 April 2023	19 May 2022	19 May 2022	19 May 2022
Exercise price	Nil	\$0.0001	\$0.0001	\$0.0001
Vesting conditions	31 December 2023	Refer above	Refer above	Refer above
Share price at grant date	\$0.011	\$0.012	\$0.012	\$0.012
Expiry date	31 December 2026	31 December 2025	31 December 2026	31 May 2027
Life of the instruments	3.7 years	3.6 years	4.6 years	5.0 years
Underlying share price volatility	112%	80%	80%	80%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.89%	1.325%	2.545%	2.772%
Pricing model	Black-Scholes	Black-Scholes	Black-Scholes	Monte Carlo
Fair value per instrument	\$0.011	\$0.012	\$0.0119	\$0.0082

Inputs into pricing model	2020
Grant date	15 June 2020
Exercise price	\$0.0001
Vesting conditions	Refer above
Share price at grant date	\$0.005
Expiry date	15 June 2025
Life of the instruments	5.0 years
Underlying share price volatility	100%
Expected dividends	Nil
Risk free interest rate	0.230%
Pricing model	Monte Carlo
Fair value per instrument	\$0.0029

The value of performance rights granted, exercised and lapsed in the current year is set out in the below table.

	Value Granted \$	Value Exercised \$	Value lapsed \$
Graham Russell	-	-	-
Ramsay Carter	-	35,702	-
Leylan Neep	-	35,702	-
Michael Harvey	33,000	-	-

### Transactions with related parties

There were no transactions with related parties.

**Loans to related parties**

There were no loans given to related parties.

**Remuneration Consultants**

The Company did not engage any remuneration consultants during the year.

**Relationship between remuneration and Group performance**

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Revenues	12,217,250	7,119,663	3,623,059	3,104,466	577,372
EBITDA	(1,171,518)	(1,454,237)	(1,730,469)	(1,729,911)	(3,724,888)
EBIT	(1,303,240)	(1,590,847)	(2,023,240)	(2,326,984)	(4,375,172)
Net profit/(loss) for the financial year	(1,341,402)	(1,623,135)	(2,065,597)	(2,366,476)	(4,412,504)
Earnings per share	(0.06) cents	(0.08) cents	(0.11) cents	(0.14) cents	(0.54) cents
Share price at year end	0.011	0.009	0.015	0.016	0.005
Key Management Personnel remuneration	672,914	647,568	312,904	678,489	748,464

Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities, and performance and remuneration levels for similar positions in the market.

No dividends were paid by Talius Group Limited nor was there any return of capital over the past 5 years.

3,000,000 performance share equity instruments were issued to key management as remuneration during the year.

No performance rights lapsed during the period and 13,000,000 performance rights vested during the period.

----- **END OF REMUNERATION REPORT** -----

### DIVIDENDS

No dividends were paid or declared during the financial year.

### ROUNDING

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

### NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd and its associated entities) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the \$17,606 were paid or payable for taxation services provided by the auditor of the parent entity, its related practices and non-related audit firms.

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 23 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of Talius Group Limited.

A handwritten signature in black ink, appearing to read 'Graham Russell'.

Graham Russell  
Managing Director  
28 February 2024

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**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The Directors and management of Talius Group Limited (“Talius” or “Company”) are committed to maintaining high standards of corporate governance to ensure that it operates in the best interests of shareholders to whom they are ultimately responsible to.

During the year ending 31 December 2023 the Company worked towards implementing corporate governance practices and policies as outlined in the ASX Corporate Governance Council’s Principles and Recommendations (4th Edition) (“ASX Recommendations”), with a view to making amendments where applicable after considering the Company’s size and the resources it has available.

Details of these ASX Recommendations that Talius have adopted and those that have not been fully complied with are outlined in the Company’s annual Corporate Governance Statement.

Where there is deviation from the ASX Recommendations, the Company continues to review and update its policies and practices in order that these are consistent with the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council’s (the Council) recommendations are not prescriptive but are rather guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances. Where the Company’s practices do not correlate with the ASX Recommendations the Company does not consider that the recommended practices are appropriate, due to either the size of the Board or management team, or due to the current activities and operations being carried out by and within the Company.

A copy of Talius’ 2023 Corporate Governance Statement, which provides detailed information about governance and a copy of the Company’s Appendix 4G which sets out the Company’s compliance with the ASX Recommendations is available on the Investors page of the Company’s website at:

<https://www.talius.com.au/investor-centre/>



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**DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF TALIOUS GROUP LIMITED**

As lead auditor of Talius Group Limited for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Talius Group Limited and the entities it controlled during the period.



**T R Mann**  
Director

**BDO Audit Pty Ltd**

Brisbane, 28 February 2024

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 February 2024.

**Distribution of equity securities**

**Talius – Ordinary Fully Paid Shares**

Number of Securities Held	No's of holders
1 to 1,000	475
1,001 to 5,000	49
5,001 to 10,000	10
10,001 to 100,000	454
100,001 and over	732
<b>Total</b>	<b>1,720</b>
Number of unmarketable parcels of shares (value less than \$500)	795

**Twenty largest holders**

No.	Name of Shareholder	Holding	% Held
1	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	402,708,364	15.60%
2	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	180,875,000	7.01%
3	RUSSELL ACQUISITIONS PTY LTD <CAMPBELL HOUSE A/C>	145,800,000	5.65%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	84,434,771	3.27%
5	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	45,000,000	1.74%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	41,663,977	1.61%
7	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	36,000,000	1.39%
8	WIMALEX PTY LTD <TRIO S/F A/C>	35,000,000	1.36%
9	SOCIAL INVESTMENTS PTY LTD	30,000,000	1.16%
10	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	29,750,001	1.15%
11	ONSWITCH INVESTMENTS PTY LTD <FOXFIRST A/C>	29,733,332	1.15%
12	BERGER INVESTMENT FUND PTY LTD <BERGER INVESTMENT FUND A/C>	28,250,000	1.09%
13	MS NICOLE JOAN GALLIN	26,750,000	1.04%
14	SHARKY HOLDINGS PTY LTD <THE MORRIS FAMILY A/C>	25,749,999	1.00%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	25,188,033	0.98%
16	BNP PARIBAS NOMS PTY LTD	25,176,118	0.98%
17	MR KYLE BRADLEY HAYNES	23,500,000	0.91%
18	MORBRIDE PTY LTD <MORBRIDE SUPER FUND A/C>	23,000,000	0.89%
19	CITICORP NOMINEES PTY LIMITED	22,566,192	0.87%
20	MRS MICHELLE DENNY <PIRATE'S COVE A/C>	22,000,001	0.85%
		<b>1,283,145,788</b>	<b>49.70%</b>

**Voting Rights**

All fully paid ordinary shares carry one vote per share without restriction.

**Substantial Shareholders**

The company has received the following substantial shareholder notices as at 22 February 2024:

- RUSSELL ACQUISITIONS PTY LTD <CAMPBELL HOUSE A/C> holds an interest in 145,800,000 shares (5.65%)
- MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C> holds an interest in 180,875,000 shares (7.01%)

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2023**

	Note	2023 \$	2022 \$
Revenue	3	12,217,250	7,119,663
Other income	3	222,194	77,470
Cost of sales		(8,874,909)	(4,807,362)
Amortisation and depreciation expense		(131,722)	(136,610)
Consulting fees		(465,760)	(373,468)
Employee benefits expenses	4	(2,783,273)	(2,171,715)
Marketing expenses		(229,715)	(119,244)
Property expenses		(8,253)	(11,595)
Finance costs		(38,344)	(32,524)
Share based payments		(377,179)	(316,326)
Impairment reversal/(impairment) of receivables	9	9,080	(76,774)
Impairment reversal/(impairment) of inventories		90,715	(180,000)
Other expenses		(971,486)	(594,650)
<b>Loss before income tax</b>		<b>(1,341,402)</b>	<b>(1,623,135)</b>
Income tax	5	-	-
<b>Loss after income tax</b>		<b>(1,341,402)</b>	<b>(1,623,135)</b>
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income</b>		<b>(1,341,402)</b>	<b>(1,623,135)</b>
<b>Loss per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	7	(0.06)	(0.08)

*The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.*

**Consolidated Statement of Financial Position**  
**As at 31 December 2023**

	Note	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,910,469	825,813
Trade and other receivables	9	927,085	1,456,755
Inventories	10	2,359,449	4,282,096
Other current assets		240,557	234,801
<b>TOTAL CURRENT ASSETS</b>		<b>5,437,560</b>	<b>6,799,465</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	71,014	42,418
Intangible assets	12	205,088	14,560
Right-of-use assets	13	136,126	207,493
<b>TOTAL NON-CURRENT ASSETS</b>		<b>412,228</b>	<b>264,471</b>
<b>TOTAL ASSETS</b>		<b>5,849,788</b>	<b>7,063,936</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	498,612	2,809,487
Contract liabilities	15	28,539	304,413
Short-term provisions	16	106,275	70,607
Borrowings		39,380	-
Lease liabilities	13	86,411	69,396
<b>TOTAL CURRENT LIABILITIES</b>		<b>759,217</b>	<b>3,253,903</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	13	90,443	179,432
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>90,443</b>	<b>179,432</b>
<b>TOTAL LIABILITIES</b>		<b>849,660</b>	<b>3,433,335</b>
<b>NET ASSETS</b>		<b>5,000,128</b>	<b>3,630,601</b>
<b>EQUITY</b>			
Contributed capital	17	20,174,887	17,753,233
Reserves	18	599,994	1,212,144
Accumulated losses		(15,774,753)	(15,334,776)
<b>TOTAL EQUITY</b>		<b>5,000,128</b>	<b>3,630,601</b>

*The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.*

## STATEMENT OF CHANGES IN EQUITY



### Consolidated Statement of Changes in Equity For the year ended 31 December 2023

	Contributed Capital \$	Accumulated Losses \$	Reserves \$	Total \$
<b>Balance at 1 January 2022</b>	16,205,123	(13,809,408)	1,068,395	3,464,110
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	1,500,000	-	-	1,500,000
Capital raising costs	(26,700)	-	-	(26,700)
Share based payments	-	-	316,326	316,326
Conversion of performance rights	74,810	-	(74,810)	-
Transfer of expired performance rights	-	98,997	(98,997)	-
Total	1,548,110	98,997	142,519	1,789,626
<b>Comprehensive income</b>				
Loss after income tax	-	(1,623,135)	-	(1,623,135)
Foreign currency translation reserve transfer	-	(1,230)	1,230	-
Total comprehensive income	-	(1,624,365)	1,230	(1,623,135)
<b>Balance at 31 December 2022</b>	<b>17,753,233</b>	<b>(15,334,776)</b>	<b>1,212,144</b>	<b>3,630,601</b>
<b>Balance at 1 January 2023</b>	17,753,233	(15,334,776)	1,212,144	3,630,601
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	2,500,000	-	-	2,500,000
Capital raising costs	(166,250)	-	-	(166,250)
Share based payments	-	-	377,179	377,179
Conversion of performance rights	87,904	-	(87,904)	-
Transfer of expired options/performance rights	-	901,425	(901,425)	-
Total	2,421,654	901,425	(612,150)	2,710,929
<b>Comprehensive income</b>				
Loss after income tax	-	(1,341,402)	-	(1,341,402)
Total comprehensive income	-	(1,341,402)	-	(1,341,402)
<b>Balance at 31 December 2023</b>	<b>20,174,887</b>	<b>(15,774,753)</b>	<b>599,994</b>	<b>5,000,128</b>

*The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*

**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2023**

	Note	2023	2022
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		12,792,609	7,041,112
Payments to suppliers and employees (inclusive of GST)		(13,980,286)	(9,290,481)
Interest received		183	237
Grant income received		314,362	-
Finance costs		(38,344)	(32,524)
Net cash used in operating activities	6	(911,476)	(2,281,656)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant & equipment		(51,713)	(36,029)
Payments for intangible assets		(134,016)	(15,600)
Net cash used in investing activities		(185,729)	(51,629)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	17	2,500,000	1,500,000
Cost associated with the issue of shares	17	(158,750)	(26,700)
Repayment of borrowings (insurance financing)		(87,415)	-
Lease principal payments		(71,974)	(62,092)
Net cash provided by/(used in) financing activities		2,181,861	1,411,208
Net increase/(decrease) in cash and cash equivalents held		1,084,656	(922,077)
Cash and cash equivalents at the beginning of the financial period		825,813	1,747,890
<b>Cash and cash equivalents at the end of the financial period</b>		<b>1,910,469</b>	<b>825,813</b>

*The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.*

## NOTES TO THE FINANCIAL STATEMENTS INDEX

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## NOTE 1 SUMMARY OF ACCOUNTING POLICIES

### Introduction

This financial report covers the Consolidated Entity of Talius Group Limited, formerly HSC Technology Group Ltd, (the “Company”) and its controlled entities (together referred to as the “Group”, the “Consolidated Entity” or “Talius”). Talius Group Limited is a listed public company, incorporated and domiciled in Australia.

The accounting policies have been consistently applied, unless otherwise stated.

### Operations and principal activities

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. 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.

### Currency and rounding

The financial report is presented in Australian dollars which is the functional currency of the Company.

The Company is a kind referred to in Australian Securities & Investment Commission (ASIC) Corporations Instrument 2016/191, and in accordance with that instrument all financial information presented in Australian Dollars has been rounded to the nearest dollar.

### Authorisation of financial report

The financial report was authorised for issue on 28 February 2024.

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Talius Group Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Historical cost convention

The financial statements have been prepared under the historical convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes below.

**NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONT'D)****Accounting policies****(a) Financial Instruments**Recognition and initial measurement

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

**(b) Impairment of Non-Financial Assets**

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the applicable Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(c) 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 presented in the financial statements, the entity incurred a loss before comprehensive income of \$1,341,402 and had net cash outflows from operating activities of \$911,476 for the year ended 31 December 2023. However, as at that date the entity had net current assets of \$4,678,343, and net assets of \$5,000,128.

Having prepared and evaluated forecasts for the period covering at least 12 months from the date of this report, incorporating assumptions about forecast sales levels based on known sales orders at the date of this report, the Directors are confident that the entity will continue as a going concern, and that it is therefore appropriate to adopt the going concern basis in the preparation of the financial report.

**New Accounting Standards**

The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time during the year, but these changes did not have an impact on the Consolidated Entity's financial statements and hence, have not been disclosed. The Consolidated Entity has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**New Standards and Interpretations Not Yet Adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity has assessed the impact of these new standards and interpretations and does not expect that there would be a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

**NOTE 2 SEGMENT REPORTING**Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. Management currently identifies the Consolidated Entity as having only one reportable segment, providing technology enabled care solutions to the aged and disability sectors in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. All assets are located in Australia.

**NOTE 3 REVENUES**

	2023	2022
	\$	\$
Software revenue	1,565,170	906,337
Hardware sales	10,651,897	6,213,089
Interest revenue	183	237
<b>Total revenue</b>	<b>12,217,250</b>	<b>7,119,663</b>

Software revenue incorporates hardware sales and ongoing fixed-price monthly access subscription software as a service style contracts (SAAS). Revenue from the sale of term (subscription) licences are recognised over time on a straight-line basis over the subscription term.

In the case of SAAS monthly subscription contracts, agreements are entered with clients to provide ongoing access to the software over a fixed period. The client pays a fixed amount in line with SAAS contract. If the payments exceed the services rendered, a contract liability is recognised.

For hardware sales revenue, revenue is recognised upon the transfer of the hardware to the customer along with any associated hardware commissioning.

The opening and closing balances of receivables and contract liabilities from contracts with customers are disclosed in Notes 9 and 15.

**Performance Obligations**

The performance obligation for hardware sales is the delivery and commissioning of the product to the end client. The performance obligation for ongoing software revenue is the provision of access to the platforms to the end client.

Payment is generally due within 30 days from completion of the services.

**Major Customers**

Revenues of approximately \$6,808,540 (2022: \$1,957,774) were derived from two customers.

**Disaggregation of Revenue**

Goods transferred at a point in time	10,651,897	6,213,089
Services transferred over time	1,565,170	906,337

**NOTE 4 OTHER INCOME**

	2023 \$	2022 \$
Government grants	150,000	-
Research and development tax incentive	72,194	77,470
<b>Total other income</b>	<b>222,194</b>	<b>77,470</b>

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**NOTE 5 EXPENSES**

		2023 \$	2022 \$
<b>Employee benefits expenses</b>	<b>Note</b>		
Defined contribution superannuation expense		229,369	168,882
Other employee benefits expenses		2,553,905	2,002,833
<b>Total employee benefits expenses</b>		<b>2,783,273</b>	<b>2,171,715</b>
Employee benefits expense – share based payments	21	377,179	306,516

Contributions to defined contribution plans are expensed when incurred.

**NOTE 6 INCOME TAX**

**Income tax expense**

The income tax expense for the period comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income.

A reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the periods ended 31 December 2023 and 31 December 2022 is as follows:

Accounting loss before income tax	(1,341,402)	(1,623,135)
Tax at the Australian tax rate of 25.0%	(335,350)	(405,784)
Non-deductible/(assessable) items	95,193	97,057
Prior period adjustment	(115,344)	-
R&D tax	(18,049)	
Deferred tax assets not brought to account	373,550	308,727
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>

**Current tax liabilities**

Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority. The Consolidated Entity did not have any current tax liabilities at 31 December 2023 (2022: Nil).

**NOTE 6 INCOME TAX (continued)****Deferred tax balances**

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Future income tax benefits in relation to tax losses have not been brought to account at this stage as it is not probable the benefit will be utilised. The temporary differences and tax losses do not expire under current tax legislation. Availability of the tax losses is dependent on satisfying the continuity of ownership test or same business test at the time of use.

	2023	2022
	\$	\$
<b>Unrecognised temporary differences and tax losses</b>		
Tax losses	24,651,692	23,695,367
<b>Recognised temporary differences and tax losses</b>		
<i>Deferred tax assets and liabilities are attributable to the following:</i>		
Employee provisions	26,569	17,652
Provision for doubtful debts	9,752	18,094
Inventories	89,825	112,504
Right of use assets	(34,031)	(51,873)
Contract assets	(68,245)	-
Lease liabilities	44,214	62,207
Other	53,114	56,978
Deferred tax attributed to temporary differences not recognised	(121,196)	(234,686)
<b>Net deferred tax liability/(asset)</b>	<b>-</b>	<b>-</b>

**Goods & Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**NOTE 7 CASH FLOW INFORMATION**

	2023	2022
	\$	\$
<b>Cash and Cash Equivalents</b>		
Cash at bank and on hand	1,910,469	825,813

For statement of cash flow presentation purposes cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

**NOTE 7 CASH FLOW INFORMATION (continued)****Non-cash Investing and Financing Activities**

During the year \$377,179 (2022: \$316,326) was recognised in the share based payment reserve relating to performance rights granted to employees and consultants. These rights were granted for no consideration.

**Reconciliation of cash and non-cash movements in borrowings from financing activities**

	2023	2022
	\$	\$
Lease liability at beginning of the year	248,828	301,945
Non-cash lease additions	-	8,975
Lease principal repayments	(71,974)	(62,092)
Lease liability at end of the year	176,854	248,828
Borrowings at beginning of the year	-	-
Non-cash insurance finance additions	126,795	-
Principal repayments	(87,415)	-
Borrowings at end of the year	39,380	-

**Reconciliation of cash flows from operations with loss after tax**

Loss after income tax	(1,341,402)	(1,623,135)
<i>Non-cash items in profit/(loss) after income tax</i>		
Depreciation and amortisation	131,722	136,610
Impairment (reversal)/impairment of inventories	(90,715)	180,000
Impairment (reversal)/impairment of receivables	(9,080)	76,774
Share based payments	377,179	316,326
<i>Movements in operating assets and liabilities</i>		
Trade and other receivables	462,250	(865,872)
Inventories	2,013,363	(3,058,941)
Other assets	121,040	349,662
Trade and other payables	(2,412,127)	2,138,719
Provisions	35,668	31,658
Contract liabilities	(199,374)	36,543
<b>Net cash used in operating activities</b>	<b>(911,476)</b>	<b>(2,281,656)</b>

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

**NOTE 8 EARNINGS PER SHARE**

	2023	2022
	\$	\$
<b>Earnings</b>		
Loss used to calculate basic and diluted EPS	(1,341,402)	(1,623,135)
<b>Weighted average number of shares and options</b>		
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	2,287,914,071	2,107,013,036
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	2,287,914,071	2,107,013,036

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

At 31 December 2023, there were 84,500,000 (2022: 100,000,000) performance rights outstanding, and Nil (2022: 94,000,000) options outstanding which could potentially dilute basic earnings per share in the future. Because there is a loss from operations, these would have an anti-dilutive effect and therefore diluted earnings per share is the same as the basic earnings per share.

**NOTE 9 DIVIDENDS**

No dividends were paid during the financial year ended 31 December 2023 (2022: Nil) and no dividend is recommended for the current year.

**NOTE 10 TRADE AND OTHER RECEIVABLES**

	2023	2022
	\$	\$
Trade receivables	556,469	1,340,364
Provision for expected credit losses	(39,008)	(72,375)
	517,461	1,267,989
Contract assets	272,982	-
Other receivables	136,642	188,766
	<b>927,085</b>	<b>1,465,755</b>

Trade receivables and contract assets are amounts due from customers for goods sold or services performed in the ordinary course of business and are generally due for settlement within 30 days and therefore are all classified as current. If the Group performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised.

**NOTE 10 TRADE AND OTHER RECEIVABLES (continued)**

If the customer pays consideration or the Group has a right to an amount of consideration that is unconditional before the Group transfers a good or service to the customer, a contract liability is recognised.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

**Impairment of trade receivables and contract assets**

The Group recognised a gain of \$9,080 during the year (2022: loss of \$76,744) in relation to impaired receivables.

<b>Movements during the year – Provision for expected credit loss</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Opening balance	72,375	-
Impaired receivables provided for during the period	12,472	76,774
Previously impairments reversed	(21,552)	-
Receivables written off during the year as uncollectible	(24,287)	(4,399)
<b>Closing balance</b>	<b>39,008</b>	<b>72,375</b>

**Loss Allowance – 31 December 2023**

	<b>Expected loss rate</b>	<b>Gross Receivables</b>	<b>Loss Allowance</b>
Current	1.0%	284,425	2,844
Less than 1 month past due	2.5%	72,208	1,805
More than 1 month past due	5.0%	12,069	603
More than 2 months past due	7.5%	50,929	3,820
More than 3 months past due	10.0%	46,801	4,680
Older	26.5%	90,037	23,891
Contract assets - current	0.5%	272,982	1,365
<b>Total</b>		<b>829,451</b>	<b>39,008</b>

**Loss Allowance – 31 December 2022**

	<b>Expected loss rate</b>	<b>Gross Receivables</b>	<b>Loss Allowance</b>
Current	3.2%	812,495	25,838
Less than 1 month past due	5.0%	398,057	19,903
More than 1 month past due	7.5%	59,481	4,461
More than 2 months past due	10.0%	19,357	1,936
More than 3 months past due	30.0%	1,522	456
Older	40.0%	49,452	19,781
Contract assets - current	0%	-	-
<b>Total</b>		<b>1,340,364</b>	<b>72,375</b>

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over the last 2 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

**NOTE 10 TRADE AND OTHER RECEIVABLES (continued)**

The Group has identified the GDP, inflation and the outlook for the aged care provider sector as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**NOTE 11 INVENTORIES**

	2023	2022
	\$	\$
Aged care specialist sensors	2,718,750	4,732,112
Provision for diminution	(359,301)	(450,016)
	2,359,449	4,282,096

Inventories are aged care specialist sensors that are utilised as part of the software services provided to customers.

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The amount of inventory recognised as an expense during the year was \$8,874,909 (2022: \$4,807,362).

**NOTE 12 PLANT AND EQUIPMENT**

	2023	2022
	\$	\$
Leasehold improvements at cost	33,231	33,231
Accumulated depreciation	(18,006)	(7,396)
	15,225	25,835
Office equipment at cost	80,217	56,816
Accumulated depreciation	(24,428)	(40,233)
	55,789	16,583
<b>Total plant and equipment</b>	<b>71,014</b>	<b>42,418</b>

**NOTE 12 PLANT AND EQUIPMENT (continued)****Movements during the year**

<b>Year ended 31 December 2023</b>	<b>Leasehold Improvements</b>	<b>Office Equipment</b>	<b>Total</b>
Balance at 1 January 2023	25,835	16,583	42,418
Additions	-	51,713	51,713
Depreciation	(10,610)	(12,507)	(23,117)
<b>Balance at 31 December 2023</b>	<b>15,225</b>	<b>55,789</b>	<b>71,014</b>

<b>Year ended 31 December 2022</b>	<b>Leasehold Improvements</b>	<b>Office Equipment</b>	<b>Total</b>
Balance at 1 January 2022	-	17,656	17,656
Additions	33,231	2,798	36,029
Depreciation	(7,396)	(3,871)	(11,267)
<b>Balance at 31 December 2022</b>	<b>25,835</b>	<b>16,583</b>	<b>42,418</b>

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of asset is:

<u>Class of Fixed Asset</u>	<u>Depreciation Rates</u>
Leasehold improvements	33%
Office equipment	10% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

**NOTE 13 INTANGIBLE ASSETS**

	2023 \$	2022 \$
Software at cost	102,766	-
Accumulated amortisation	(30,126)	-
	72,640	-
Other intangibles at cost	143,200	18,200
Accumulated amortisation	(10,752)	(3,640)
	132,448	14,560
<b>Total intangible assets</b>	<b>205,088</b>	<b>14,560</b>

**Movements during the year**

Year ended 31 December 2023	Software	Other	Total
Balance at 1 January 2023	-	14,560	14,560
Additions	102,766	125,000	227,766
Amortisation	(30,126)	(7,112)	(37,238)
<b>Balance at 31 December 2023</b>	<b>72,640</b>	<b>132,448</b>	<b>205,088</b>

Year ended 31 December 2022	Licences	Other	Total
Balance at 1 January 2022	50,260	2,600	52,860
Additions	-	15,600	15,600
Amortisation	(50,260)	(3,640)	(53,900)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>14,560</b>	<b>14,560</b>

Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Intangibles are amortised on a straight-line basis using the following rates used for each class of asset is:

Class of Intangible Asset	Amortisation Rates
Software	50%
Other	20% - 33%

**NOTE 14 LEASES**

The Group leases offices and software. Rental contracts are typically made for fixed periods of 1 to 4 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

**NOTE 14 LEASES (continued)**Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g., term and security).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Low Value Assets

Payments associated with leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Low value assets comprise small items of office equipment.

**NOTE 14 LEASES (continued)**Extension Options

Extension options may be included in building premises leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. When exercising lease extensions of building premises, the Group considers the following factors:

- any termination and make-good penalties;
- value of leasehold improvements;
- cost of disruption to the business to relocate; and
- availability and cost other suitable properties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

As at 31 December 2023, there were no lease extension options applicable.

The lease term is reassessed if an option is exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Amounts recognised in the Statement of Financial Position</b>		
<b>Right-of-use assets</b>		
Leased buildings	68,936	120,637
Software licences	67,190	86,856
	<b>136,126</b>	<b>207,493</b>

Additions to the right of use assets during the period were \$Nil (2022: \$8,975).

**Lease liabilities**

## CURRENT

Leases for building premises	65,383	51,887
Leases for software licences	21,028	17,509
	<b>86,411</b>	<b>69,396</b>

## NON-CURRENT

Leases for building premises	24,253	91,843
Leases for software licences	66,190	87,589
	<b>90,443</b>	<b>179,432</b>

**NOTE 14 LEASES (continued)****Amounts recognised in the Statement of Comprehensive Income**

	2023	2022
	\$	\$
<b>Amortisation</b>		
Buildings premises	51,702	51,847
Software licences	19,665	19,596
	<b>71,367</b>	<b>71,443</b>
<b>Interest expense on leases (included in finance costs)</b>		
Buildings premises	16,718	19,550
Software licences	10,440	12,563
	<b>27,158</b>	<b>32,113</b>

**Amounts recognised in the Statement of Cash Flows**

Lease principal repayments - buildings premises	54,094	47,964
Lease principal repayments – software licences	17,880	14,128
Interest payments - buildings premises	16,718	19,550
Interest payments – software licences	10,173	12,563
	<b>98,865</b>	<b>94,205</b>

**NOTE 15 TRADE AND OTHER PAYABLES**

Trade payables	293,573	2,521,494
Other payables and accrued expenses	205,039	287,993
	<b>498,612</b>	<b>2,809,487</b>

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the Group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

**NOTE 16 CONTRACT LIABILITIES**

Contract liabilities	<b>28,539</b>	<b>304,413</b>
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Contract liabilities related to income received in advance with performance obligations that are not yet satisfied at the end of the reporting period. The amount is expected to be recognised as revenue within the next 12 months.

The 2022 contract liability balance of \$304,413 was recognised in revenue during the 2023 financial year.

**NOTE 17 PROVISIONS**

	2023	2022
	\$	\$
Employee benefits	<b>106,275</b>	<b>70,607</b>

**Employee Benefit Provisions**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**NOTE 18 CONTRIBUTED CAPITAL**

2,563,917,116 fully paid ordinary shares (2022: 2,228,639,337)	20,174,887	17,753,233
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**Ordinary Shares**

	2023	2022	2023	2022
	\$	\$	#	#
At the beginning of the year	17,753,233	16,205,123	2,228,639,337	1,972,739,337
Issue of Second Milestone Shares <sup>1</sup>	-	-	-	50,000,000
Placement of shares at \$0.01 per share <sup>2</sup>	-	1,500,000	-	150,000,000
Issue of Third Milestone Shares <sup>1</sup>	-	-	-	50,000,000
Conversion of Performance Rights <sup>3</sup>	87,904	74,810	7,500,000	5,900,000
Issue of Fourth Milestone Shares <sup>1</sup>	-	-	50,000,000	-
Share placement <sup>4</sup>	2,500,000	-	277,777,779	-
Share issue costs	(166,250)	(26,700)	-	-
<b>At reporting date</b>	<b>20,174,887</b>	<b>17,753,233</b>	<b>2,563,917,116</b>	<b>2,228,639,337</b>

**Notes**

- Shares issued as deferred consideration to the vendors of HomeStay Care International Pty Ltd. 50,000,000 shares were issued on each of the following milestones being achieved:
  - Cumulative revenue of \$3,000,000 within 36 months of the date of readmission to the ASX (Milestone 1)
  - Cumulative revenue of \$6,000,000 within 48 months of the date of readmission to the ASX (Milestone 2)
  - Cumulative revenue of \$9,000,000 within 54 months of the date of readmission to the ASX (Milestone 3)
  - Cumulative revenue of \$12,000,000 within 60 months of the date of readmission to the ASX (Milestone 4)
- 150,000,000 shares issued through a share placement at \$0.01 per share.
- Conversion of performance rights to ordinary shares at a range of \$0.011 to \$0.0119 per share (2022: range of \$0.011 to \$0.013)
- December 2023 share placement of 277,777,779 ordinary share at \$0.009 per share.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares do not have a par value.

**NOTE 18 CONTRIBUTED CAPITAL (continued)**

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**OPTIONS**

Details of options issued, exercised and expired during the financial year, and as at the end of the reporting period are set out below:

Grant Date	Expiry Date	Exercise Price	Movements				31 December 2023
			1 January 2023	Issued	Exercised	Lapsed	
13-Nov-18	13 Nov 2023	\$0.03	80,000,000	-	-	(80,000,000)	-
28-May-19	1 Feb 2023	\$0.07	4,000,000	-	-	(4,000,000)	-
14-Jan-20	3 Feb 2023	\$0.02	10,000,000	-	-	(10,000,000)	-
			94,000,000	-	-	(94,000,000)	-

Option holders did not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

**NOTE 19 RESERVES**

	2023	2022
	\$	\$
Share based payment reserve	599,995	1,212,144
	<b>599,995</b>	<b>1,212,144</b>

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration and to consultants for services provided.

**NOTE 20 PARENT ENTITY INFORMATION**

	2023	2022
	\$	\$

The legal Parent Entity of the Consolidated Entity is Talius Group Limited.

**Parent Entity Financial Information**

Current assets	2,322,254	986,467
Non-current assets	2,700,000	2,700,000
<b>Total assets</b>	<b>5,022,254</b>	<b>3,686,467</b>
Current liabilities	57,234	55,866
<b>Total liabilities</b>	<b>57,234</b>	<b>55,866</b>
<b>Net assets</b>	<b>4,965,020</b>	<b>3,630,601</b>
Issued capital	54,931,128	52,509,474
Reserves	599,995	1,212,144
Accumulated losses	(50,566,103)	(50,091,017)
<b>Total equity</b>	<b>4,965,020</b>	<b>3,630,601</b>
Loss after income tax	(1,533,049)	(1,623,135)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(1,533,049)</b>	<b>(1,623,135)</b>

**Commitments, Contingencies and Guarantees of the Parent Entity**

The Parent Entity's commitments are the same as the Consolidated Entity which are detailed in Note 24.

The Parent Entity has no contingent assets or guarantees at balance date.

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2023	2022	
	%	%	
Talius Holdings Pty Ltd	100%	100%	Australia
Talius Services Pty Ltd	100%	100%	Australia

**Principles of Consolidation**

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

**NOTE 20 PARENT ENTITY INFORMATION (continued)**

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

**Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**NOTE 21 SHARE BASED PAYMENTS**

**Performance Rights**

The Company has granted performance rights to directors, employees and consultants. Each equity-settled performance right which vests and is exercised converts to an ordinary share in the Company at nil exercise price. The performance rights are not quoted on the ASX. Performance rights granted carry no dividend or voting rights.

Details of performance rights issued, exercised and expired during the financial year are set out below:

Grant Date	Vesting Date	Expiry Date	Tranche #	Movements				31 December 2023
				1 January 2023	Issued	Exercised	Lapsed	
15-Jun-20	15-Jun-22	15-Jun-25	Director 2	15,000,000	-	-	-	15,000,000
22-Mar-22	31-Dec-22	31-Dec-25	Employee 3	1,000,000	-	-	-	1,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Employee 4	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-24	31-Dec-27	Employee 5	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Employee 6	3,000,000	-	-	(3,000,000)	-
22-Mar-22	31-Dec-24	31-Dec-27	Employee 7	3,000,000	-	-	(3,000,000)	-
19-May-22	31-Dec-22	31-Dec-25	Director 5	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-23	31-Dec-26	Director 6	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-24	31-May-27	Director 7	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-22	31-Dec-25	Director 8	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-23	31-Dec-26	Director 9	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-24	31-May-27	Director 10	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-22	31-Dec-25	Director 11	3,000,000	-	(3,000,000)	-	-
19-May-22	31-Dec-23	31-Dec-26	Director 12	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-24	31-May-27	Director 13	4,000,000	-	-	-	4,000,000
28-Jul-22	31-Dec-23	31-Dec-26	Employee 8	3,000,000	-	-	-	3,000,000
28-Jul-22	31-Dec-24	31-Dec-27	Employee 9	3,000,000	-	-	-	3,000,000
15-Dec-22	31-Dec-23	31-Dec-26	Employee 10	13,000,000	-	-	(6,000,000)	7,000,000
15-Dec-22	31-Dec-24	31-Dec-27	Employee 11	13,000,000	-	-	(6,000,000)	7,000,000
4-Apr-23	31-Dec-23	31-Dec-26	CFO 1	-	3,000,000	-	-	3,000,000
5-Apr-23	19-Sep-23	31-Oct-23	Consultant 2	-	1,500,000	(1,500,000)	-	-
22-May-23	31-Dec-23	31-Dec-26	Employee 12	-	1,000,000	-	-	1,000,000
22-May-23	31-Dec-24	31-Dec-27	Employee 13	-	1,000,000	-	-	1,000,000
3-Jul-23	31-Dec-23	31-Dec-26	Employee 14	-	1,000,000	-	-	1,000,000
3-Jul-23	31-Dec-24	31-Dec-27	Employee 15	-	1,000,000	-	-	1,000,000
21-Sep-23	19-Mar-24	30-Apr-24	Consultant 3	-	1,500,000	-	-	1,500,000
				100,000,000	10,000,000	(7,500,000)	(18,000,000)	84,500,000

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 2.96 years.

The share price at the date of exercise of Director Tranches 8 and 11 was \$0.011. The share price at the date of exercise of Consultant Tranche 2 was \$0.011.

**NOTE 21 SHARE BASED PAYMENTS (continued)**

The following performance rights Tranches have vested and were exercisable at 31 December 2023:

Tranche	Number of vested and exercisable rights
Director 2	15,000,000
Employee 3	1,000,000
Director 5	4,000,000
Director 6	8,000,000
Director 9	3,000,000
Director 12	3,000,000
Employee 8	3,000,000
Employee 10	7,000,000
CFO 1	3,000,000
Employee 12	1,000,000
Employee 14	1,000,000
	49,000,000

Performance Rights Vesting Conditions

Tranche "Director 2" rights vest and become exercisable into shares upon the 20-day volume weighted average price of shares being at least \$0.02 per share on or before 15 June 2022 together with continued service to that date. Both conditions have been met and the rights have vested and are exercisable.

Tranches "Director 7", "Director 10" and "Director 13" rights vest and become exercisable into shares upon the 5-day volume weighted average price of shares being at least \$0.03 per share on or before 31 December 2024 together with continued service to that date.

All other tranches vest upon continuing service by the recipient until the vesting date noted in the above table.

Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument. The value of the performance rights were calculated using the inputs shown below:

**NOTE 21 SHARE BASED PAYMENTS (continued)**

<b>Inputs into pricing model</b>	<b>CFO 1</b>	<b>Consultant 2</b>	<b>Employee 12</b>	<b>Employee 13</b>
Grant date	4 April 2023	5 April 2023	22 May 2023	22 May 2023
Exercise price	Nil	Nil	Nil	Nil
Vesting Date	31 December 2023	19 September 2023	31 December 2023	31 December 2024
Vesting conditions	Continuing service up	Continuing service up	Continuing service up	Continuing service up
Share price at grant date	\$0.011	\$0.011	\$0.012	\$0.012
Expiry date	31 December 2026	31 October 2023	31 December 2026	31 December 2027
Life of the instruments	3.7 years	0.6 years	3.6 years	4.6 years
Share price volatility	112%	93%	130%	127%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.89%	3.53%	3.31%	3.33%
Pricing model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Fair value per instrument	\$0.011	\$0.011	\$0.012	\$0.012

<b>Inputs into pricing model</b>	<b>Employee 14</b>	<b>Employee 15</b>	<b>Consultant 3</b>
Grant date	3 July 2023	3 July 2023	21 September 2023
Exercise price	Nil	Nil	Nil
Vesting date	31 December 2023	31 December 2024	19 March 2024
Vesting conditions	Refer above	Refer above	Refer above
Share price at grant date	\$0.011	\$0.011	\$0.011
Expiry date	31 December 2026	31 December 2027	30 April 2024
Life of the instruments	3.5 years	4.5 years	0.6 years
Share price volatility	131%	131%	126%
Expected dividends	Nil	Nil	Nil
Risk free interest rate	3.31%	3.33%	4.24%
Pricing model	Black-Scholes	Black-Scholes	Black-Scholes
Fair value per instrument	\$0.011	\$0.011	\$0.011

**NOTE 21 SHARE BASED PAYMENTS (continued)****Expenses arising from share-based payment transactions**

	2023	2022
	\$	\$
Performance shares – employees and directors	352,262	306,516
Performance shares – consultants	24,917	9,810
	<b>377,179</b>	<b>316,326</b>

**NOTE 22 RELATED PARTY TRANSACTIONS****Key Management Personnel Compensation**

	2023	2022
	\$	\$
Short-term benefits	465,449	391,800
Post-employment benefits	21,500	17,425
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	185,965	238,343
	<b>672,914</b>	<b>647,568</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 21.

**Transactions with related parties**

There were no transactions with related parties during the year (2022: Nil).

**NOTE 23 FINANCIAL RISK MANAGEMENT**

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is credit risk, liquidity risk and foreign exchange risk.

**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

**Credit Risk**

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. It arises from exposure to customers as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There is no collateral held as security at reporting date. Credit risk is reviewed regularly by the Board.

The Group does not have any material credit risk exposure to any single counterparty, except for its holdings of cash which is held with the National Australia Bank.

**Maximum exposure to credit risk**

	2023	2022
	\$	\$
<u>Summary exposure</u>		
Cash and cash equivalents	1,910,469	825,813
Trade receivables	517,461	1,340,364
Contract assets	272,982	-
Other receivables	136,641	188,766
	<b>2,837,553</b>	<b>2,354,943</b>

**Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. Liquidity risk is reviewed regularly by the Board.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

**NOTE 23 FINANCIAL RISK MANAGEMENT (continued)****Remaining contractual maturities**

The tables below reflect the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at period end. The amounts disclosed represent undiscounted cash flows. The tables include both interest and principal cash flows and therefore the totals may differ from their carrying amount in the Statement of Financial Position.

<b>31 December 2023</b>	<b>1 year or less</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	\$	\$	\$	\$
Trade payables	293,573	-	-	293,573
Other payables	205,036	-	-	205,036
Borrowings	40,181	-	-	40,181
Lease liabilities	103,252	97,868	-	201,120
	<b>642,042</b>	<b>97,868</b>	<b>-</b>	<b>739,910</b>

  

<b>31 December 2022</b>	<b>1 year or less</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	\$	\$	\$	\$
Trade payables	2,521,494	-	-	2,521,494
Other payables	287,993	-	-	287,993
Lease liabilities	99,131	203,800	-	302,931
	<b>2,908,618</b>	<b>203,800</b>	<b>-</b>	<b>3,112,418</b>

**Market Risk**

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

**Interest rate risk**

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 200 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. Cash term deposits, finance leases and insurance financing have fixed interest rates. All other cash assets and the repaid bank loan have floating interest rates. At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
<u>Impact on profit and equity</u>		
+2.00% (200 basis points)	38,209	16,516
-2.00% (200 basis points)	(38,209)	(16,516)

**Foreign Currency Risk**

Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the home currency in which they are reported. At 31 December, the Group had the following exposure to foreign currency, shown in Australian Dollars:

**NOTE 23 FINANCIAL RISK MANAGEMENT (continued)**

	2023	2022
	\$	\$
<u>Foreign Currency financial assets / (liabilities)</u>		
Cash and cash equivalents	23,283	-
Trade and other receivables	-	142,124
Trade and other payables	(16,033)	(2,085,086)
	<b>7,250</b>	<b>(1,942,962)</b>

Exchange rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the exchange rates at reporting date had been 10% basis higher or lower, with all other variables held constant. The following sensitivity analysis is based on the foreign currency risk exposures in existence at reporting date:

<u>Impact on profit and equity</u>		
+10.00% (AUD to foreign currency)	(725)	194,296
-10.00% (AUD to foreign currency)	725	(194,296)

**Capital Risk Management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

**Fair Values**

The fair values of financial assets and financial liabilities approximate their carrying values due to their short term nature. No financial assets or liabilities are readily traded on organised markets in standardised form.

**NOTE 24 COMMITMENTS****Contractual Commitments**

The Group has the following contractual commitments under a licensing agreement with CSIRO for the minimum annual royalty and minimum research payments:

Within 1 year	50,000	50,000
Between 1 and 5 years	200,000	200,000
More than 5 years	250,000	300,000
	<b>500,000</b>	<b>550,000</b>

**NOTE 25 CONTINGENT LIABILITIES**

The Group did not have any contingent liabilities as at 31 December 2023 (2022: \$Nil).

**NOTE 26 AUDITOR'S REMUNERATION**

	2023	2022
	\$	\$
Audit and review of financial reports - <i>BDO Audit Pty Ltd</i>	81,766	68,000
<b>Total audit services</b>	<b>81,766</b>	<b>68,000</b>
Taxation services - <i>BDO Audit Pty Ltd</i>	17,606	16,500
<b>Total non-audit services</b>	<b>17,606</b>	<b>16,500</b>

**NOTE 27 EVENTS AFTER BALANCE DATE**

There have been no events since 31 December 2023 that impact upon the financial report.

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### DIRECTORS' DECLARATION

In the Directors opinion:

- (a) the attached consolidated financial statements and notes and the remuneration report in the Directors' Report are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, including:
  - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 to the consolidated financial statements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Chief Executive Officer and Chief Finance Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'G Russell'.

Graham Russell  
Managing Director  
28 February 2024

## INDEPENDENT AUDITOR'S REPORT

To the members of Talius Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Talius Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Going Concern basis of preparation of financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group’s disclosures around the basis of preparation and the going concern assumption are included in Note 1, which details the facts leading to cash outflows from operating activities and loss for the year ended 31 December 2023.</p> <p>As detailed in Note 1 the financial statements have been prepared by the Group on a going concern basis.</p> <p>Given the above factors going concern was considered a key audit matter due to there being significant judgement involved in assessing the Group’s forecast cashflows (for a period of at least 12 months from the audit report date) and this matter requiring significant auditor effort.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining and evaluating management’s assessment of the Group’s ability to continue as a going concern for at least 12 months from the date of our auditor’s report.</li> <li>• Evaluating management’s cash-flow forecasts and challenging management’s assumptions applied around future sales, operating costs and resulting cash flows.</li> <li>• Assessing management’s assumptions in the cash flow forecasts to assess whether current cash levels along with expected cash inflows and expenditure can sustain the operations of the Group for a period of at least 12 months from the date of this audit report.</li> <li>• Assessing the appropriateness of the Group’s going concern basis of preparation disclosures in the financial statements for consistency with Australian accounting Standards.</li> </ul>

## Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group generates revenue from multiple streams, including: software sales (SaaS) and hardware sales.</p> <p>The Group continued to increase its software sales from recurring subscription sales. Revenue recognition under AASB 15 <i>Revenue from Contracts with Customers</i> is complex and subject to error, especially where revenue is recognised over time or with multiple performance obligations.</p> <p>The Group’s disclosures about revenue recognition are included in Note 3, which detail the accounting policies applied under the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The assessment of the Group’s revenue recognition was significant to our audit due to the materiality of revenue to the financial report, and the complex nature of accounting for the appropriate timing of revenue related to the sale of software and related hardware under the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing the revenue recognition policy for compliance with AASB 15 <i>Revenue from Contracts with Customers</i>.</li> <li>Selecting a sample of licence sales recognised as revenue, and agreeing to supporting invoices, signed customer contracts and proof of delivery where available.</li> <li>Analytical review procedures on all significant revenue streams on a disaggregated balance against expected trends and prior year levels.</li> <li>Assessing the adequacy of the Group’s revenue recognition disclosures within the financial statements.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 31 December 2023, but does not include the financial report and the auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Talius Group Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**



**T R Mann**  
Director

Brisbane, 28 February 2024

## TALIUS GROUP LIMITED CORPORATE INFORMATION

### **DIRECTORS**

Leylan Neep (Non-Executive Chairman)  
Graham Russell (Executive Director)  
Ramsay Carter (Executive Director)

### **COMPANY SECRETARY**

Stephen Rodgers

### **REGISTERED OFFICE**

C/- Delphi Partners  
Level 23, 307 Queen Street  
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Phone: + 61 1300 711 979

### **SOLICITORS**

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### **SHARE REGISTRY**

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Level 5, 191 St Georges Terrace  
Perth WA 6000  
Phone: +61 8 9324 2099

### **AUDITORS**

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Phone: + 61 7 3237 5999

### **COUNTRY OF INCORPORATION**

Australia

### **INTERNET ADDRESS**

[www.talius.com.au](http://www.talius.com.au)

### **AUSTRALIAN BUSINESS NUMBER**

ABN 62 111 823 762