



29 April 2022

Australian Securities Exchange (ASX) Announcement

March 2022 Quarterly Update and Appendix 4C

Total Brain Limited (“Total Brain,” “TTB” or “the Company”), an applied, integrative neuroscience company, and developer of a SaaS-based mental health platform, is pleased to report on its activities for the quarter ended 31 March 2022.

This quarter was one of continued momentum building as the Company signed several key deals, but more importantly, laid the groundwork for future recurring revenues. Key highlights from the quarter are set out below.

HIGHLIGHTS

- During the quarter, within its provider segment, Total Brain began integration of its platform capabilities into Kerna Health’s Behavioral Health Technologies in preparation for the launch of the first customers under the TB Inside deal for Behavioral Health Integration (BHI), Specialty Pain and Wellness, and Integrated BHI with Collaborative Care Management on their platform.
 - Demand for integrated behavioral health solutions like this is likely to increase as the Biden presidential administration in the United States prioritizes the integration of mental health and substance use treatment into primary care settings, as part of an overall push to expand access to mental health care¹.
 - Kerna has already pre-sold the BHI platform into several of their customers, who are now waiting on the completion of the integration planned for release in FYQ4. These customers represent hundreds of thousands of covered lives, offering significant revenue growth potential for Total Brain, as we are paid on a per user basis based on our standard rate card.
 - The company views this early demand, coupled with the U.S. president’s agenda², as further validation of the strategic pivots it made to prioritize the provider segment.

¹ The White House Fact Sheet 1 March 2022 www.whitehouse.gov/briefing-room/statements-releases/2022/03/01/fact-sheet-president-biden-to-announce-strategy-to-address-our-national-mental-health-crisis-as-part-of-unity-agenda-in-his-first-state-of-the-union/

² Ibid



- Total Brain also grew its provider support segment client base in FYQ3 through TTB Direct implementations, adding 6 new provider customers, each with the potential to scale as they add more patients to the platform.
- In the quarter, Total Brain renewed two marquee population health clients, each for multi-year extensions, totaling A\$205K (US\$146K) in ARR. Additionally, it is working with several of its multi-national corporate customers to expand access to their international employees. The company believes these signed renewals and future expansions continue to underscore the efficacy of the Total Brain platform in population health settings.
- On the product development side, in March, Total Brain released several new features that will increase user engagement while providing our customers in both the population health and provider segments with additional, actionable data.
 - **Mood Meter** - Available to all Total Brain users, Mood Meter provides a quick and efficient way to identify and tag a user's current mood. By rating their mood, users can better understand the impact of certain activities on their state of mind, along with other notable mood changes they may experience throughout the day.
 - **HRV stand-alone measurement** - Previously, Total Brain's HRV measurement tool was available only through the Resonant Breathing exercise. Now, iOS users can take a single reading whenever they choose and use tags to help better identify trending data related to stress. HRV measurement is currently only available to iOS users.
 - **Improved HRV measurement metrics** – Users have access to two new sections under the Insights tab - Your Stress and Your Mood. These new features combine metrics from HRV measurements and the Mood Meter to give the user a more holistic view of stress levels and stressors over time.
- During the quarter, Total Brain collected A\$1.64M in cash receipts, representing a 58.5% decrease quarter-on-quarter. The previous quarter was driven by a large one-off payment received. On an adjusted basis, cash receipts increased 61% quarter on quarter.
- Total cash outflows via payments from operating and investing activities (items 1.2 and 2.1 in Appendix 4C) were essentially flat quarter-on-quarter (A\$3.837M vs. A\$3.861M in the previous quarter).
 - Outside of customary fluctuations in the timing of payments and expenses part of the normal course of business, Total Brain expects this level of business expenses to continue in the following quarter.



- Note: In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C include payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding reimbursements of out-of-pocket expenses which is equivalent to the previous quarters expense.

Matthew Mund

CEO

Total Brain Limited

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About Total Brain Limited (ASX: TTB)

Total Brain Limited is a San Francisco and Sydney based applied, integrative neuroscience company that has developed and offers Total Brain, a SaaS-based mental health platform powered by the largest standardized brain database. Its SaaS platform has helped more than 1 million registered users to-date scientifically measure and optimize their brain capacities while managing the risk of common mental conditions. Benefits for providers include improved patient outcomes, tracking of evidence-based outcomes across the continuum of care, and a reduction in clinician fatigue. Benefits for employers and payers include better mental healthcare access, lower costs and higher productivity. For more information, please visit www.totalbrain.com and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Authorised on behalf of the Total Brain board of directors by Non-Executive Director Matt Morgan.

Appendix 4C

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

Name of entity

Total Brain Limited

ABN

24 094 069 682

Quarter ended ("current quarter")

31 Mar 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,640	6,155
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(253)	(759)
(c) advertising and marketing	(400)	(840)
(d) leased assets	-	-
(e) staff costs	(1,862)	(6,473)
(f) administration and corporate costs	(347)	(1,120)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(133)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,222)	(3,170)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(10)
(d) investments	-	-
(e) intellectual property	(975)	(3,326)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(975)	(3,336)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,523
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(472)
3.5	Proceeds from borrowings	-	2,197
3.6	Repayment of borrowings	(625)	(1,416)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(625)	6,832
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,607	1,427
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,222)	(3,170)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(975)	(3,336)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(625)	6,832
4.5	Effect of movement in exchange rates on cash held	(24)	8
4.6	Cash and cash equivalents at end of period	1,761	1,761

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,761	4,607
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,761	4,607

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Item 6.1 includes payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding reimbursements of out-of-pocket expenses which is equivalent to the previous quarters expense.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,768	2,768
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,768	2,768
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>On 25 June 2021, the company announced unsecured loans from current shareholders and an unrelated third-party. The loans were provided on an unsecured basis over 5 months at an interest rate of 12% per annum. The loans and accrued interest are repayable in cash during the term at the discretion of the company with no prepayment penalty, or otherwise is due at the end of the term. In the event of a capital raise during the term of the loans, and subject to applicable shareholder approvals required under the ASX listing rules and/or the Corporations Act 2001 (Cth), the lenders have the option to settle amounts owed with fully paid ordinary shares in the company at the price of the capital raise. The only outstanding loan at Mar22 quarter end was to a shareholder being Zoltan Varga, of which negotiations were finalised post quarter end.</p> <p>On 7 Dec 2021, TTB received \$2m of its anticipated \$2.3m R&D tax incentive rebate under an agreement with Mitchell Asset Management Pty Ltd. Interest for the term is prepaid upon drawdown, at 1.1% per month. Early repayment of principal is allowed in full, with unearned interest refunded, subject to a minimum interest payment equivalent to three months term. The agreement is secured under a general security deed guaranteed by TTB subsidiary entities, terminates on 31 May 2022, with establishment costs and legal fees of less than \$10,000 payable by TTB. The agreement includes customary default provisions.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,222)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,761
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,761
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: We have recently taken several significant steps to improve cash flow. As per section 7.6 above, subsequent to quarter end, we converted \$1.27M in debt to a convertible note. We also anticipate several material cash receipts in Q4, including an R&D rebate from the ATO, ongoing data licensing transactions and other expected customer receipts from customers.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The entity is expecting several material cash receipts, as detailed in the answer to 8.6.1. The company believes it will be successful in procuring those funds on the basis of its historical ability to receive funds from its existing, and potentially new, clients and long R&D rebate track record.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the entity expects to continue its operations and meet its business objectives on the basis of the answer to 8.6.1.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..29 April 2022.....

Authorised by: .The Disclosure Committee.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the

[name of board committee – eg Audit and Risk Committee]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.