



30 July 2021

Australian Securities Exchange (ASX) Announcement

June 2021 Quarterly Update and Appendix 4C

Total Brain Limited ("Total Brain," "TTB" or "the Company"), the developer of a mental health SaaS platform, is pleased to report on its activities for the quarter ended 30 June 2021. Key highlights from the quarter are set out below.

- During the quarter, Total Brain announced that it had signed a Heads of Agreement with Hamptons Life, a health and wellness organization focused on disease prevention through lifestyle changes. The partnership is focused on the development and commercialization of a Direct-to-Consumer (D2C) version of the Total Brain platform and the co-development of a product that integrates physical fitness, mental health, and nutrition using clinical-grade science
 - The key commercial terms, to be included in a binding legal agreement expected to be executed H2 CY21, are: (i.) A\$6M fee paid to TTB, paid upfront, for a perpetual, global exclusivity license, product integration and development services performed over 3 years, (ii.) An annual maintenance fee to TTB, (iii.) a 5-year option for TTB to acquire up to 50% ownership in the D2C business, (iv.) minimum annual commercial outcomes required for exclusivity to be maintained
 - The Companies remain committed to executing binding agreements in the coming quarter
- The pending IBM transaction with the U.S. Veterans Affairs administration (VA) for the deployment of the Mental Fitness 360 platform and GRIT application is nearing execution of the required Government contracts. In June 2021, the Veterans Affairs administration released a public announcement about the transaction on the government website Sam.gov indicating that contract award is imminent. As such, management reaffirms its belief and guidance to the market that the contact will be executed in the very short term
- During the quarter, Total Brain entered in 4 contracts with small and medium businesses. In total, they represent A\$36k in Annual Recurring Revenue to the Company.
- During the quarter, User Registrations increased by 81k, an 8% quarter-on-quarter and 21% year-on-year growth in cumulative users, while Brain Profiles increased by 65k, an 8% quarter-on-quarter and 25% year-on-year growth in cumulative profiles
- On 25 June, Total Brain announced that it had entered into a A\$1.8M unsecured loan agreement with select shareholders and a third-party for a 5-month period at a 12% annual interest. The A\$1.8 million of funding is being used for general working capital



requirements. As part of Total Brain's capital raise and entitlement offer announced on July 20, 2021, Total Brain expects to repay A\$667k of the loan. Additional details on the loan are available in the related ASX announcement

- During the June 2021 quarter, Total Brain collected A\$1.6 million in cash receipts, representing a 6% decline year-over-year, as compared to the June 2020 quarter. Given the majority of TTB's receipts are in USD, this decline is driven by a 9% FX depreciation of USD relative to AUD over the time period. On a constant currency basis, the June 2021 quarter receipts represent 2% growth year-over-year
- Total cash outflows via payments from operating and investing activities (items 1.2 and 2.1 in Appendix 4C) increased by 11% quarter-on-quarter (A\$455k increase), driven by an increase in staff costs and wages capitalized as intellectual property (A\$600k), offset by a decrease in administrative and corporate expenses (A\$118k). 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

Key highlights subsequent to the quarter ended 30 June 2021 are set out below:

- On July 10, Total Brain entered into a contract with Bayridge Counselling Centers, a leading counselling facility in Canada with over 40 licensed therapists. Total Brain will be rolled out to an initial cohort of 500 behavioral health patients with the ability to increase the number of licenses to additional users throughout the year. This initial deployment represents A\$43k in revenue to TTB and when combined with 20 other contracts signed with smaller clinics and individual practitioners since the launch of the new clinical product in CY2021, this win is an important validator of the differentiated value proposition that Total Brain brings to the clinical market
- On July 15, Total Brain announced that it had entered into a 3-year, renewable contract to provide its mental health software to Eastman Corporation, a U.S.-based, global specialty materials company part of the Fortune 500. Under the terms of the contract, Total Brain will be rolled-out to approximately 10,500 U.S. employees and their spouses/domestic partners, representing A\$250k in Annual Recurring Revenue to TTB. Service implementation is underway with revenue anticipated to commence in Q3 CY21. The contract is subject to conventional commercial termination provisions
- On July 20, Total Brain announced that it received commitments to raise \$6.5m via a A\$2.5m placement and a A\$4m fully underwritten non-renounceable 1 for 7 entitlement



offer. Commitments were received from both new and existing professional and sophisticated shareholders including both Australian and offshore institutions. Participants in both the placement and the entitlement offer are to receive 1 free attaching option for every 2 new shares issued. The options will have an exercise price of \$0.36 and expire 12 months from the date of issue

- For additional details on the performance of the Total Brain business and management's future outlook, please refer to the investor presentation lodged with the ASX on July 20, 2021.

Louis Gagnon
Managing Director / CEO
Total Brain Limited

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About Total Brain Limited (ASX: TTB)

Total Brain Limited is a San Francisco and Sydney based company that has developed and offers Total Brain, the world's first mental health self-monitoring & self-care platform powered by the largest standardised brain database. Its SaaS platform has helped more than 1 million registered users to-date scientifically measure and optimise their brain capacities while managing the risk of common mental conditions. Benefits for employers, large organisations and insurers include productivity improvements and healthcare cost reduction. For more information, please visit www.totalbrain.com and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Release authorised by the 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")

30 Jun 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,604	3,859
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(205)	(1,105)
(c) advertising and marketing	(318)	(1,045)
(d) leased assets	-	-
(e) staff costs	(2,098)	(8,396)
(f) administration and corporate costs	(119)	(917)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,394	2,614
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	258	(4,990)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(70)
(d) investments	-	-
(e) intellectual property	(1,908)	(5,780)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,931)	(5,850)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,834	1,834
3.6	Repayment of borrowings	-	-
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	1,834	1,834

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,291	11,104
4.2	Net cash from / (used in) operating activities (item 1.9 above)	258	(4,990)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,931)	(5,850)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,834	1,834

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(25)	(671)
4.6	Cash and cash equivalents at end of period	1,427	1,427

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	1,427	1,193
5.2	Call deposits	-	98
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)	1,427	1,291

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

219

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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

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

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,834	1,834
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,834	1,834

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.

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 convert amounts owed into fully paid ordinary shares in the company at the price of the capital raise. A\$667k of those loans are expected to be repaid as part of the placement and entitlements offer announced by Total Brain to the ASX on 20 July 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	258
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,427
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,427
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

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:

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:

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:

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: 30 July 2021

Authorised by:  Matt Morgan, NDE
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(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.