



28 January 2022

Australian Securities Exchange (ASX) Announcement

December 2021 Quarterly Update and Appendix 4C

Total Brain Limited (“Total Brain,” “TTB” or “the Company”), a digital mental health SaaS company, is pleased to report on its activities for the quarter ended 31 December 2021. Key highlights from the quarter are set out below.

- During the quarter, Total Brain announced the following deals in its pharma support segment to license research data from its iSPOT-D (International Study to Predict Optimized Treatment for Depression):
 - As previously announced on 21 December, Janssen Research & Development, LLC, a division of Johnson & Johnson, entered a perpetual, non-exclusive license with Total Brain for USD \$2.2M (A\$ 3,058m).
 - As previously announced on 29 December, Alto Neuroscience, Inc. entered a perpetual, non-exclusive license with Total Brain for USD \$500K (A\$695k).
- Total Brain commenced invoicing its population health segment partner, IBM, with a first invoice for A\$150K of revenue. This revenue was related to the set-up work and platform licensing for the official launch of the TTB Inside implementation of IBM’s Health & Wellness 360 application with end users of IBM’s first client.
 - Upon billing, TTB also recognized A\$600K in its annual recurring revenue (“ARR”) run rate which is the annual contractual fee for the minimum user population of 25,000 users with this client which was previously announced on 14 September 2021
- A new provider support segment deal was signed with Kerna Health to integrate Total Brain’s platform into Kerna’s Behavioral Health Technologies.
 - The deal expands Total Brain’s provider support business market share.
 - Under the terms of the non-exclusive deal, and as the partnership scales over the upcoming 12-18 months, Total Brain’s assessment and self-care tools will become available to all Kerna’s managed patients as part of the TTB Inside implementation. Further, Kerna’s provider clients will have access to Total Brain’s patient management and reporting capabilities.
 - Kerna has an extensive customer network which includes physician offices, hospitals, accountable care organizations, and long-term care facilities, with plans for significant growth in 2022.
- Total Brain grew its provider support segment client base in the last quarter through TTB Direct implementations, adding 9 new provider customers. In total, they represent an initial A\$71k in initial ARR to the company, and each has the potential to scale as they add more patients to the platform. This growth is attributed to the company’s complete rebuild of its provider platform earlier in 2021.

- On 8 December 2021, announced that it had entered into a A\$2m loan with Mitchell Asset Management that serves as an advance payment of the R&D tax incentive refund
 - TTB will repay the loan on receipt of the R&D tax rebate
 - The rebate is forecast in the Jan to March quarter
- On 19 November 2021 the Company announced that it had extended the term of the June 2021 unsecured loans to 18 March 2022.
 - The remaining balance is equal to A\$1.2m.
- During the quarter, Total Brain collected A\$3,961k in cash receipts, representing a 615% increase quarter-on-quarter.
- Total cash outflows via payments from operating and investing activities (items 1.2 and 2.1 in Appendix 4C) decreased by 25% quarter-on-quarter (A\$969k decrease).
 - 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

Interim CEO
Total Brain Limited

For further queries please contact:

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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 system 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 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](#).

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 Dec 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,961	4,515
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(227)	(506)
(c) advertising and marketing	(177)	(440)
(d) leased assets	-	-
(e) staff costs	(2,208)	(4,611)
(f) administration and corporate costs	(299)	(773)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(133)	(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	917	(1,948)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(10)
(d) investments	-	-
(e) intellectual property	(950)	(2,351)
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(950)	(2,361)
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	2,197
3.6	Repayment of borrowings	(99)	(791)
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	2,098	7,457
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,594	1,427
4.2	Net cash from / (used in) operating activities (item 1.9 above)	917	(1,948)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(950)	(2,361)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,098	7,457

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(52)	32
4.6	Cash and cash equivalents at end of period	4,607	4,607

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	4,607	2,594
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)	4,607	2,594

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**

212

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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	3,388	3,388
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,388	3,388

7.5 Unused financing facilities available at quarter end

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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 settle amounts owed with fully paid ordinary shares in the company at the price of the capital raise. Some of the loans were settled in the previous quarter with the outstanding balances pertaining to one shareholder and the unrelated third-party, their term extended to 18 March 2022.

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	917
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,607
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,607
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:

- 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:

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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: 28 January 2022.....

Authorised by: .By the Audit and Risk 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.