



31 July 2022

Australian Securities Exchange (ASX) Announcement

June 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 30 June 2022.

HIGHLIGHTS

- In the quarter, Total Brain renewed 4 population health clients, totaling AU\$841K (US\$588K) in ARR. Of particular note, Total Brain extended its TB Inside population health segment contract with the American Association of Retired Persons (AARP), a non-profit organization that works to enhance the quality of life for all persons as they age.
 - The 5-year contract extension is valued at AU\$3.8M (US\$2.7M) total, with AU\$725K (US\$515K) in year one ARR, and increasing 2.5% annually thereafter as announced to the ASX on 10 May 2022.
 - Total Brain will continue to provide cognitive brain health support services for AARP’s 38M member population via AARP’s Staying Sharp platform.
- In the population health segment, Total Brain signed an agreement with TimelyMD, the leading virtual health and well-being solution for higher education to integrate elements of Total Brain’s platform into TimelyMD’s award-winning virtual care platform.
 - The deal is valued at AU\$136K (US\$95K) in ARR.
 - TimelyMD will incorporate content from Total Brain’s self-care tools and educational content library into their products designed to help students thrive. Total Brain’s health literacy articles, brain training games, and guided meditations will enhance personalized care experiences and ensure access to proven mental health resources.
 - The deal gives Total Brain an entrée into the higher education space, but also significantly expands its reach in the population health segment. The Company believes this deal underscores the extensibility and customization capabilities of the Total Brain platform, giving it broad applicability across a wide variety of sectors.
- During the quarter, within its provider segment, Total Brain continued 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.

- 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.
- Total Brain also grew its provider support segment client base in FYQ4 through TB Direct implementations, adding 3 new provider customers, each with the potential to scale as they add more patients to the platform.
- In May, Total Brain received a research and development (R&D) tax refund of AU\$2.37M as part of the Australian government's R&D tax incentive, which recognises the important research activities undertaken by the Company during the financial year ended 30 June 2021. The proceeds received were used to repay in full and extinguish the AU\$2M advance from Mitchell Asset Management Pty Ltd announced on 8 December 2021.
- On 5 April 2022, Total Brain announced that it had entered into a convertible note subscription agreement with Zoltan Varga (Noteholder) to issue AU\$1.28M worth of convertible notes to the Noteholder. Proceeds from the issue of the notes were used to:
 - Repay the principal and interest of the US\$500K loan owed from the Company to the Noteholder; and
 - Replace the capital repaid to F45 Inc. as announced to the ASX on 21 March 2022
- During the quarter, Total Brain collected A\$1.56M in cash receipts, representing a 5% decrease quarter-on-quarter.
- Total cash outflows via payments from operating and investing activities (items 1.2 and 2.1 in Appendix 4C) decreased by 6% quarter-on-quarter (A\$3.621M vs. A\$3.837M in the previous quarter).
 - Outside of customary fluctuations in the timing of payments and expenses part of the normal course of business, Total Brain continues to monitor its expenditure carefully across all facets of the business.
 - 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.



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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")

30 Jun 2022

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	1,558	7,713
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(284)	(1,043)
(c) advertising and marketing	(164)	(1,004)
(d) leased assets	-	-
(e) staff costs	(2,026)	(8,499)
(f) administration and corporate costs	(244)	(1,364)
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	2,365	2,365
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,205	(1,965)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(13)
(d) investments	-	-
(e) intellectual property	(900)	(4,226)
(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	(903)	(4,239)

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	1,278	1,278
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	(2,749)	(4,165)
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	(1,471)	5,361

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,761	1,427
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,205	(1,965)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(903)	(4,239)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,471)	5,361
4.5	Effect of movement in exchange rates on cash held	122	130
4.6	Cash and cash equivalents at end of period	714	714

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	714	1,761
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)	714	1,761

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	116
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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,278	1,278
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,278	1,278
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>The Group raised \$1,278,485 on 5 April 2022 through the issuance of 1,278,485 unsecured convertible notes to Zoltan Varga. The convertible notes have a face value of \$1.00 per note. The note has a fixed 12.00% coupon interest rate (accrued daily) and matures 18 months from the date of issue (maturity date) or the occurrence of the event of default whichever is earlier.</p> <p>Events of default include an insolvency event, a failure of the Company to pay any amount due and payable to the noteholder when due, the Company breaching a moratorium on senior debt and representation, or warranty given by the Company under the agreement being not true in a material respect. The conversion price is \$0.138 per share. The holder must issue a conversion notice, provided that the conversion amount is at least the lower of \$100,000 and the balance of monies owing.</p>			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,205
8.2	Cash and cash equivalents at quarter end (item 4.6)	714
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	714
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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:	
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:	

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:

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: ...31 July 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.