

# Preliminary Final Report (Unaudited)

Year Ended 30 June 2022



## 1. Company details

Name of entity:	Total Brain Limited
ABN:	24 094 069 682
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	127.8% to	8,415,593
Loss from ordinary activities after tax attributable to the owners of Total Brain Limited	up	74.3% to	(14,496,718)
Loss for the year attributable to the owners of Total Brain Limited	up	74.3% to	(14,496,718)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the Group after providing for income tax amounted to \$14,496,718 (30 June 2021: \$8,316,773).

During the financial year, management decided to sell the Group's business. On 5 August 2022 (the 'Announcement Date'), the Company announced the binding agreement entered into with SonderMind Inc. ('SonderMind' or the 'purchaser') to purchase the Group's business through a sale of assets. The Board considered that the sale met the criteria to be classified as held for sale in accordance with AASB 5 'Non-current assets held for sale and discontinued operations'.

The results of the purchase agreement is that the assets and liabilities related to the sale are presented separately in notes 3 and 8 respectively and the Group will have no ongoing business. The intention is to wind-up the Company post completion of the sale and therefore the preparation of the financial statements is on a liquidation basis of accounting.

Under the liquidation basis of accounting, assets are written down to their estimated net realisable value, where relevant, and liabilities are stated at their estimated settlement amounts and relevant estimates are reviewed and adjusted as appropriate. All assets and liabilities are presented as current.

On the basis that the accounts have been prepared on liquidation basis of accounting, the net tangible assets have been written down to reflect the acquisition price of the main undertaking. The write down equals \$7,581,129.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.67	0.87

As a result of the classification of the intangibles as asset held for sale, the net tangible assets increased significantly compared to prior reporting period.

The Group does not have rights-of-use assets and lease liabilities, thus these are not included in the calculations.

#### 4. Control gained over entities

Not applicable.

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#### 5. Loss of control over entities

Not applicable.

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#### 6. Dividends

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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#### 7. Dividend reinvestment plans

Not applicable.

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#### 8. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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#### 9. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements are in the process of being audited and a modified 'emphasis of matter' opinion is expected to be issued in respect to the liquidation basis of preparation.

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#### 10. Attachments

*Details of attachments (if any):*

The Preliminary Final Report (Unaudited) of Total Brain Limited for the year ended 30 June 2022 is attached.

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#### 11. Signed

As authorised by the Board of Directors

Signed 

Date: 31 August 2022

Mr Matthew Morgan  
Non-Executive Director  
Sydney



# Preliminary Financial Statements

Year Ended 30 June 2022

[ir@totalbrain.com](mailto:ir@totalbrain.com)

ASX: TTB

ABN. 24. 094. 069. 682



**Total Brain Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**



	<b>Note</b>	<b>Consolidated 2022 \$</b>	<b>2021 \$</b>
<b>Revenue</b>	2	8,415,593	3,694,268
Interest income calculated using the effective interest method		102	816
<b>Expenses</b>			
Cost of equipment and third-party drug trial expense		(766,532)	(264,802)
Employee benefits expense		(8,923,094)	(7,225,012)
Corporate and operating costs		(3,659,701)	(3,397,549)
Depreciation and amortisation expense		(1,140,341)	(669,175)
Write down to recoverable amount of intangible assets	5	(7,581,129)	-
Reversals/(impairment) of receivables		1,205	(860)
Share-based payments expense		(561,654)	(489,543)
Net foreign exchange gains/(losses)		2,957	(25,017)
Finance costs		(284,124)	(5,064)
<b>Loss before income tax benefit</b>		(14,496,718)	(8,381,938)
Income tax benefit		-	65,165
<b>Loss after income tax benefit for the year attributable to the owners of Total Brain Limited</b>		(14,496,718)	(8,316,773)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		50,226	(578,563)
Other comprehensive income for the year, net of tax		50,226	(578,563)
<b>Total comprehensive income for the year attributable to the owners of Total Brain Limited</b>		<u>(14,446,492)</u>	<u>(8,895,336)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	10	(11.11)	(7.68)
Diluted earnings per share	10	(11.11)	(7.68)

Refer to note 1 for basis of preparation.

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

	Note	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		713,499	1,427,349
Trade and other receivables		703,413	5,102,392
Contract assets		-	2,774
Prepayments		290,595	218,353
		<u>1,707,507</u>	<u>6,750,868</u>
Assets classified as held for sale	3	12,984,536	-
Total current assets		<u>14,692,043</u>	<u>6,750,868</u>
<b>Non-current assets</b>			
Plant and equipment	4	-	283,185
Intangibles	5	-	17,043,682
Prepayments		-	10,560
Total non-current assets		<u>-</u>	<u>17,337,427</u>
<b>Total assets</b>		<u>14,692,043</u>	<u>24,088,295</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	2,212,005	513,744
Contract liabilities		-	934,181
Borrowings	7	1,213,726	4,266,720
Employee benefits		146,926	391,599
		<u>3,572,657</u>	<u>6,106,244</u>
Liabilities directly associated with assets classified as held for sale	8	867,035	-
Total current liabilities		<u>4,439,692</u>	<u>6,106,244</u>
<b>Total liabilities</b>		<u>4,439,692</u>	<u>6,106,244</u>
<b>Net assets</b>		<u>10,252,351</u>	<u>17,982,051</u>
<b>Equity</b>			
Issued capital	9	84,580,318	78,425,180
Reserves		4,900,847	4,288,967
Accumulated losses		<u>(79,228,814)</u>	<u>(64,732,096)</u>
<b>Total equity</b>		<u>10,252,351</u>	<u>17,982,051</u>

Refer to note 1 for basis of preparation.

**Total Brain Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	78,425,180	4,377,987	(56,415,323)	26,387,844
Loss after income tax benefit for the year	-	-	(8,316,773)	(8,316,773)
Other comprehensive income for the year, net of tax	-	(578,563)	-	(578,563)
Total comprehensive income for the year	-	(578,563)	(8,316,773)	(8,895,336)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 20)	-	489,543	-	489,543
Balance at 30 June 2021	<u>78,425,180</u>	<u>4,288,967</u>	<u>(64,732,096)</u>	<u>17,982,051</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	78,425,180	4,288,967	(64,732,096)	17,982,051
Loss after income tax expense for the year	-	-	(14,496,718)	(14,496,718)
Other comprehensive income for the year, net of tax	-	50,226	-	50,226
Total comprehensive income for the year	-	50,226	(14,496,718)	(14,446,492)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	6,155,138	-	-	6,155,138
Share-based payments	-	561,654	-	561,654
Balance at 30 June 2022	<u>84,580,318</u>	<u>4,900,847</u>	<u>(79,228,814)</u>	<u>10,252,351</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

	Note	Consolidated 2022 \$	Consolidated 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		7,693,577	3,867,348
Payments to suppliers and employees (inclusive of GST)		(11,760,550)	(12,170,226)
Research and development tax incentive		2,364,995	1,139,349
Interest received		102	816
Interest and other finance costs paid		(138,462)	-
Net cash used in operating activities		(1,840,338)	(7,162,713)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	4	(13,467)	(75,785)
Payments for intangibles	5	(4,227,906)	(5,008,261)
Net cash used in investing activities		(4,241,373)	(5,084,046)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9	6,522,594	-
Proceeds from borrowings		2,210,640	3,155,081
Share issue transaction costs		(471,815)	-
Repayment of borrowings		(2,891,371)	-
Net cash from financing activities		5,370,048	3,155,081
Net decrease in cash and cash equivalents		(711,663)	(9,091,678)
Cash and cash equivalents at the beginning of the financial year		1,427,349	11,104,729
Effects of exchange rate changes on cash and cash equivalents		(2,187)	(585,702)
Cash and cash equivalents at the end of the financial year		<u>713,499</u>	<u>1,427,349</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



## Note 1. Basis of preparation

During the financial year, management decided to sell the Group's business. On 5 August 2022 (the 'Announcement Date'), the Company announced the binding agreement entered into with SonderMind Inc. ('SonderMind' or the 'purchaser') to purchase the Group's business through a sale of assets. The Board considered that the sale met the criteria to be classified as held for sale in accordance with AASB 5 'Non-current assets held for sale and discontinued operations' for the following reasons:

- the business is available for immediate sale and can be sold to the buyer in its current condition;
- the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- the buyer has been identified and a binding agreement has been signed; and
- the Company intends to hold an extraordinary general meeting, to obtain shareholder approval of the sale, within 45 days of the Announcement Date.

The purchase price is US\$10,000,000 (approximately AU\$14,000,000), less adjustments and liabilities, including the value of assumed employee entitlements of any transferring employees, any debt funding provided by or on behalf of SonderMind to fund the Group's working capital requirements and an agreed adjustment on account of certain tax liabilities. The purchase is subject to a number of conditions including shareholder approval. Post completion of the transaction, the Group intends to return any funds to shareholders via a share buy-back facility and then commence winding-up the Company.

The results of the purchase agreement is that the assets and liabilities related to the sale are presented separately in notes 3 and 8 respectively and the Group will have no ongoing business. The intention is to wind-up the Company post completion of the sale and therefore the preparation of the financial statements is on a liquidation basis of accounting.

Under the liquidation basis of accounting, assets are written down to their estimated net realisable value, where relevant, and liabilities are stated at their estimated settlement amounts and relevant estimates are reviewed and adjusted as appropriate. All assets and liabilities are presented as current.

The principal accounting policies adopted are consistent with those of previous financial year except for the changes specified above which related to liquidation basis of accounting.

## Note 2. Revenue

	Consolidated 2022 \$	2021 \$
Total Brain - Population Health *	4,159,479	3,345,693
Total Brain - Provider Support **	455,136	264,501
Precision Medicine/Pharma Support ***	3,719,869	-
Other Revenue	81,109	84,074
Revenue	<u>8,415,593</u>	<u>3,694,268</u>

Revenue from contracts with customers is derived from the Group's combined database which includes both Total Brain International Database ('TBID') and Data Licensing data. The revenue is split based on go to market channels as follows:

- \* Population Health revenue primarily comprises fees received from large consumer groups, corporations and platforms who provide access to the Group's software platform to their constituents.  
Customers include:
  - (i) Corporate - B2B customers who provide access to the Group's software platform to their employees; and
  - (ii) Affinity - Partners who provide access to the Group's software platform to their members.
- \*\* Provider Support revenue comprises revenue from clinics who provide access to the Group's software platform to their clients.
- \*\*\* Precision Medicine/Pharma Support revenue comprises revenue received from customers who are provided access to the data assets.

## Note 2. Revenue (continued)

### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 \$	2021 \$
<i>Major revenue lines</i>		
Software license	4,677,458	3,672,483
Services and access fees	3,738,135	21,785
	<u>8,415,593</u>	<u>3,694,268</u>
<i>Timing of revenue recognition</i>		
Revenue transferred over time	4,677,458	3,672,483
Revenue transferred at a point in time	3,738,135	21,785
	<u>8,415,593</u>	<u>3,694,268</u>

## Note 3. Assets classified as held for sale

	Consolidated 2022 \$	2021 \$
<i>Current assets</i>		
Contract assets	61,968	-
Property, plant and equipment (note 4)	251,466	-
Intangibles (note 5)	12,671,102	-
	<u>12,984,536</u>	<u>-</u>

As disclosed in note 1, these are the assets directly associated with the sale of the business to SonderMind.

## Note 4. Plant and equipment

	Consolidated 2022 \$	2021 \$
<i>Non-current assets</i>		
Plant and equipment - at cost	-	1,232,904
Less: Accumulated depreciation	-	(949,719)
	<u>-</u>	<u>283,185</u>

#### Note 4. Plant and equipment (continued)

##### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment \$
<b>Consolidated</b>	
Balance at 1 July 2020	310,356
Additions	75,785
Disposals	(4,648)
Exchange differences	(17,966)
Depreciation expense	(80,342)
Balance at 30 June 2021	283,185
Additions	13,467
Classified as held for sale (note 3)	(251,466)
Disposals	(23)
Exchange differences	16,105
Depreciation expense	(61,268)
Balance at 30 June 2022	-

#### Note 5. Intangibles

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Database - at cost	-	22,226,145
Less: Accumulated impairment	-	(9,323,043)
	-	12,903,102
Development - at cost	-	7,793,270
Less: Accumulated amortisation	-	(3,107,910)
Less: Accumulated impairment	-	(544,780)
	-	4,140,580
	-	17,043,682

## Note 5. Intangibles (continued)

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Database \$	Development \$	Total \$
Balance at 1 July 2020	12,901,952	2,098,092	15,000,044
Additions*	1,150	5,007,111	5,008,261
R&D tax incentive	-	(2,375,878)	(2,375,878)
Exchange differences	-	88	88
Amortisation expense	-	(588,833)	(588,833)
Balance at 30 June 2021	12,903,102	4,140,580	17,043,682
Additions*	1,166	4,226,740	4,227,906
Classified as held for sale (note 3)	(5,323,139)	(7,347,963)	(12,671,102)
R&D tax incentive	-	24,489	24,489
Exchange differences	-	35,227	35,227
Write down to recoverable amount	(7,581,129)	-	(7,581,129)
Amortisation expense	-	(1,079,073)	(1,079,073)
Balance at 30 June 2022	-	-	-

\*Government grants offset against additions is \$nil (2021: \$608,539).

### Write down to recoverable amount

Immediately before the classification as held for sale, the recoverable amount of the intangible assets was estimated and no impairment loss was identified. Following the classification, a write down of \$7,581,129 was recognised in profit or loss, to reduce the carrying amount of assets held for sale to their fair value less cost of disposal. The fair value measurement hierarchy is level 3.

## Note 6. Trade and other payables

	Consolidated	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	189,031	204,778
Accrued expenses	1,972,070	257,539
Other payables	50,904	51,427
	<u>2,212,005</u>	<u>513,744</u>

## Note 7. Borrowings

	Consolidated 2022 \$	2021 \$
<i>Current liabilities</i>		
Bank loan	-	2,420,365
Other loans	-	1,846,355
Convertible notes payable	1,213,726	-
	<u>1,213,726</u>	<u>4,266,720</u>

### Bank loans

On 3 May 2020, a bank loan of \$1,017,191 was granted. The loan matures 1 May 2022. Interest is 1% per annum paid monthly in arrears. No repayments are due within six months from the date of disbursements of the bank loan. This loan was forgiven on 12 July 2021.

On 2 April 2021, a bank loan of \$1,403,174 was granted. The loan matures on 2 April 2026. Interest is 1% per annum paid monthly in arrears. No repayments are due within six months from the date of disbursements of the bank loan. This loan was forgiven on 29 April 2022.

On 21 March 2022, the Company has paid \$560,462 in principal and interest to F45 Inc to finalise the repayment of the US\$380,000 loan between the parties.

A loan forgiveness maybe applied to the bank loan in an amount equal to the following cost incurred in relation to the loan during the 8-week period beginning on the date of first disbursement of the loan:

- (a) payroll costs;
- (b) any payment of interest on a covered mortgage obligation;
- (c) any payment on a covered rent obligation; and
- (d) any covered utility payment.

The loan forgiveness is subject to the eligibility requirements of the Coronavirus Aid, Relief and Economic Security Act ('CARES Act') Section 1106 in the United States. Funds provided in the form of loans will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities. The program provides small business with funds to pay up to 8 weeks of payroll costs including benefits. The Company covenants to use the proceeds from the loan for the purposes authorised by the CARES Act. The Company expects to be eligible for loan forgiveness.

### Other loans

During the year ended 30 June 2022, the term of the other loan of \$1,289,754 (30 June 2021: \$1,846,355) has been extended by 4 months to 18 March 2022. Interest accrues at the rate of 12% per annum. The loan was repaid during the year.

During the year ended 30 June 2022, the Group received and repaid the following additional loans from non-related parties:

- On 9 August 2021, the Group received a \$28,007 loan from an unrelated party. The loan is payable in monthly instalments ending on 26 April 2022 with an interest rate of 5.85% per month.
- On 25 August 2021, the Group received a \$166,398 loan from an unrelated party. The loan is payable in monthly instalments ending on 25 May 2022 with an interest rate of 3.98% per month.
- On 7 December 2021, the Group received a \$2,000,000 loan from an unrelated party. The loan is payable on 31 May 2022 with an interest rate of 1.1% per month. Prepaid interest of \$127,600 was paid to the lender.

### Convertible notes payable

The Group raised \$1,278,485 on 5 April 2022 through the issuance of 1,278,485 convertible notes. 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.

## Note 7. Borrowings (continued)

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.

## Note 8. Liabilities directly associated with assets classified as held for sale

	Consolidated 2022 \$	2021 \$
<i>Current liabilities</i>		
Deferred revenue	689,889	-
Employee benefits	177,146	-
	<u>867,035</u>	<u>-</u>

As disclosed in note 1, these are the assets directly associated with the sale of the business to SonderMind.

## Note 9. Issued capital

	2022 Shares	2021 Shares	Consolidated 2022 \$	2021 \$
Ordinary shares - fully paid	<u>133,721,131</u>	<u>108,303,784</u>	<u>84,580,318</u>	<u>78,425,180</u>

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	<u>108,303,784</u>		<u>78,425,180</u>
Balance	30 June 2021	108,303,784		78,425,180
Issue of shares from share placement	29 July 2021	9,615,378	\$0.2600	2,499,998
Issue of shares from entitlement offer	19 August 2021	15,471,969	\$0.2600	4,022,586
Issue of convertible notes	5 April 2022			64,769
Issue of shares	02 June 2022	330,000	\$0.1200	39,600
Share issue transaction costs, net of tax				<u>(471,815)</u>
Balance	30 June 2022	<u>133,721,131</u>		<u>84,580,318</u>

## Note 10. Earnings per share

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Total Brain Limited	<u>(14,496,718)</u>	<u>(8,316,773)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>130,533,037</u>	<u>108,303,784</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>130,533,037</u>	<u>108,303,784</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(11.11)	(7.68)
Diluted earnings per share	(11.11)	(7.68)

23,490,269 options (2021: 29,190,244 options) over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2022. These options could potentially dilute basic earnings per share in the future.

# Preliminary Final Report (Unaudited)

Year Ended 30 June 2022

[ir@totalbrain.com](mailto:ir@totalbrain.com)

ASX: TTB

ABN. 24. 094. 069. 682

