



30 April 2021

Australian Securities Exchange (ASX) Announcement

March 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 31 March 2021.

- The pending IBM transaction with the large US government agency for the deployment of the Mental Fitness 360 platform and GRIT application remains on track. The delays of the last 2 months are driven by process hurdles customary for transactions of this nature and do not represent a risk in the finalization of the contract. Management reaffirms its belief and guidance to the market that the contact will be executed in the very short term.
- Total Brain's product has continued to evolve with the most recent addition of Heart Rate Variability ("HRV") functionality to its platform. This new feature, accessible by smartphone camera ("Discrete HRV") and Garmin wearable wrist technology ("Continuous HRV"), enriches, expands and differentiates Total Brain's value proposition and enhances user engagement across the Corporate, Affinity and Clinical markets.
 - Results of a pilot study reveal significant engagement (6.4x per day) with the wearable wrist functionality; and a 25% decrease in stress levels after employing the technology for three months.
 - Total Brain has received input about its product and scientific outcomes from 3 independent key opinion leaders on HRV – Dr. Richard Gevirtz, Dr. Julian Thayer, and Dr. Paul Lehrer.
 - The Discrete HRV functionality has proven 90% accurate relative to the gold-standard measurement– the heart rate sensor chest strap, while the Continuous HRV product is 4x more accurate than the next-best alternative in the market and offers 30x the resolution of signal processing. Total Brain has secured a license for Continuous HRV from Felix, a leading stress and HRV measurement technology. Felix's core stress measure has been validated at Yale University, is being recommended at Harvard University, and is used in multiple studies at the University of Cambridge.
 - The HRV functionality represents a significant revenue opportunity for Total Brain driven by an expected material increase in the average price per user, ability to upsell the feature to its current book of business, and expand the offering to prospective clients and new markets related to stress management and physical health.

Discrete HRV: Measure



Discrete HRV: Results



Continuous HRV: Results



- During the March 2021 quarter, Total Brain collected A\$0.7 million in cash receipts, representing a 14% decline relative to the prior quarter and a 7% decline year-over-year, after adjustments for one-off payments received in March 2020.
- 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\$416k increase), driven by an increase in operating costs (A\$334k), administrative & corporate expenses (A\$95k), and increase in staff costs and wages capitalized as intellectual property (A\$149k). 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.

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")

31 Mar 2021

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	674	2,255
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(228)	(900)
(c) advertising and marketing	(334)	(727)
(d) leased assets	-	-
(e) staff costs	(2,026)	(6,298)
(f) administration and corporate costs	(237)	(798)
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	1,139	1,220
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,012)	(5,248)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(47)
(d) investments	-	-
(e) intellectual property	(1,380)	(3,872)
(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	(1,391)	(3,919)

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,708	11,104
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,012)	(5,248)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,391)	(3,919)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(14)	(646)
4.6	Cash and cash equivalents at end of period	1,291	1,291

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	1,193	2,963
5.2	Call deposits	98	745
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)	1,291	3,708

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**

218

-

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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.

N/A

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,012)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,291
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,291
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.3

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: Yes, the Company expects that it will continue to have negative operating cashflows for the time being.

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 Company has received two material payments since the end of the quarter which further extend the runway of the business - A\$1.4M in stimulus funding from the US government and a pre-payment of A\$1.1M from a large customer.

Upon reviewing and approving the Appendix 4C, the Board of Directors has considered and discussed the cash requirements and evaluated different sources of funding in the best interest of its shareholders. As of the date of lodgement of this document, the Company's Directors have not made a formal decision to raise further cash to fund operations but are confident in the Company's ability to raise additional capital based on its historical success in doing so. Under the continuous disclosure requirement, if such a decision is made, the Company will announce it to the market.

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

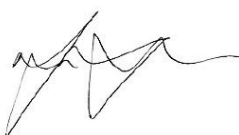
Answer: Yes, the Company expects to continue its operations and to meet its business objectives on continued growth in recurring revenues, size of opportunity pipeline, and number of users, evidenced by the continued success in securing new material contracts and continued growth in potential revenue opportunities most recently presented in the Company's Operational Update released to the market on 11 January 2021.

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 April 2021

Authorised by: 
Matthew Morgan, NED
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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.

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