

Neurotech

29 April 2020

ASX Release

Quarterly report for the period ending 31 March 2020

Neurotech International Limited (ASX: NTI) ("Neurotech" or "the Company") is pleased to present its quarterly report for the period ending 31 March 2020.

OPERATIONAL UPDATE

Subsequent to the end of the quarter, Mente successfully renewed its CE marking. This confirmed Mente's unique position as the world's only clinically proven at home therapy for ASD children. Mente is classified as a Class IIa medical device and the Company also holds ISO 13485:2016 certification, provided to companies which meet the requirements and standards to design, manufacture and distribute medical devices.

The CE renewal audit was conducted by independent body ITALCERT, which evaluated the quality management system of the Company, and the compliance of the Mente device to the European standards of health, safety and effectiveness for its intended use in the management of neurodevelopmental disorders such as autism.

In March, Mente was added to the UK's National Autistic Society's 'Autism Services Directory', which is the UK's most comprehensive directory of services and support for autistic people, their families, and people who work with them.

The addition to the directory is expected to continue to build awareness for the device in Europe following the adoption of the Mente autism therapy referral program by Neurobics The Netherlands. The Norcal Brain Center (USA) and The Australasian Neurofeedback Institute (ANFI) were also early adopters of the program, following its announcement in February.

During the period Mente also received a 'Highly Commended' for a Genius Within 'Celebrating Neurodiversity' award for assistive technology in the UK. The award is for companies who have embedded technology in a way that creates a level playing field for neuro-diverse people.

Mente was also featured in the latest issue of *Autism Parenting Magazine* (USA), further reinforcing its acceptance around the world.

The Company received notice in January of the cancellation of Mente from entry on the Australian Register of Therapeutic Goods. This cancellation is not anticipated to have any material impact on the Company's revenue, and will not impact its sales and marketing in Europe, but the approach for marketing the device in Australia is being reconsidered.

Following the end of the quarter the Company received conversion notices for the balance of the convertible notes on issue and those notes were converted into equity.

Authority

This announcement has been authorised for release by the Board of Directors of the Company.

Further Information

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About Neurotech

Neurotech International Limited is a medical device and solutions company incorporated in Australia and operating through its wholly-owned, Malta-based subsidiary AAT Research Limited. Neurotech's primary mission is to improve the lives of people with neurological conditions, with in home-use and clinical neurotechnology solutions that are both accessible and affordable. Through flagship device Mente and its associated platform, Neurotech is focused on facilitating the development and commercialisation of technological solutions for the screening and treatment of symptoms associated with conditions such as autism. Mente is the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity. For more information about Neurotech and Mente Autism please visit:

<http://www.neurotechinternational.com>.

<http://www.mentetech.com>.

Appendix 4C

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

Name of entity

Neurotech International Limited

ABN

73 610 205 402

Quarter ended ("current quarter")

31 March 2020

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	16	74
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(38)	(86)
(c) advertising and marketing	(3)	(25)
(d) leased assets	0	0
(e) staff costs	(71)	(259)
(f) administration and corporate costs	(98)	(432)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	0	(1)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (VAT Refunds)	40	147
1.9 Net cash from / (used in) operating activities	(154)	(582)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	0	0
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(0)	(0)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	300
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(21)
3.5	Proceeds from borrowings	0	6
3.6	Repayment of borrowings	0	(132)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	0	153

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	186	475
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(154)	(582)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(0)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	153
4.5	Effect of movement in exchange rates on cash held	1	(13)
4.6	Cash and cash equivalents at end of period	33	33

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	32	186
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)	32	186

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
17
0

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

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

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	107	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	0	0

7.5 **Unused financing facilities available at quarter end** 107

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.

Overdraft facility with a limit of EUR 60,000. The lender is Bank of Valetta. The facility is unsecured. The interest rate is 5.65%.

The above values are stated in AUD, converted from EUR at an exchange rate of 0.5605.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(154)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	33
8.3 Unused finance facilities available at quarter end (Item 7.5)	107
8.4 Total available funding (Item 8.2 + Item 8.3)	140
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.9

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: yes

- 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:

1. The Company has engaged Hyperion Life Sciences Ltd, a corporate development and licensing advisory specialist focussed on Europe and the emerging markets, to seek investment in the Mente project at either the project or parent level;
2. The Company has made applications to Malta Enterprise for funding to pursue the growth of Mente;
3. The Company is seeking suitable M&A opportunities that will assist with access to capital; and
4. The directors remain confident that there will be demand from the investment community for additional capital for the Company, should the Company need to raise further funds from the investment community to continue its operations.

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 – refer above.

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: 29th April 2020
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Authorised by: The Board of Directors
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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.