



31 October 2019

Australian Securities Exchange (ASX) Announcement

## September 2019 Quarterly Update and Appendix 4C

Total Brain Limited ("Total Brain," "TB" or "the Company"), the developer of a neuroscience-based mental health & fitness platform, is pleased to report on its activities for the quarter ended 30 September 2019.

### HIGHLIGHTS

- Completed 7 new contracts representing a minimum of A\$219k of contracted revenue with significant additional revenue potential based on usage and account penetration over time, including:
  - IBM Live360 – a transformative partnership with IBM to address the mental health needs of any population in transition, starting with the 18M US combat veterans via the GRIT platform, a unique partnership with the Department of Veterans Affairs. Initial field test with almost 1,000 veterans is already underway, with a significant user waitlist for access to the application. A full commercial launch is on track for early 2020;
  - Everyday Health – another landmark contract signed with the top 3 healthcare web portal in the US with 44M monthly unique users to integrate and seamlessly deliver rich content on mental health and fitness to consumers. Initial integration completed and in production for launch and live testing;
  - 3-year renewal of contract with Fortune 500 client, underscoring the differentiated value proposition of Total Brain in the corporate segment.
- Welcomed Noel Obourn as a senior adviser and commission-based reseller in the payer, healthcare, and employer benefits space. Currently Principal and General Manager of integrated benefits solutions at Fortune 500 company Conduent, Noel brings to Total Brain 25 years of experience formerly as President of National Accounts at Cigna, Chief Sales Officer at Revolution Health (acquired by Towers Watson), and VP of Health Plan Segment at Walgreens, among others;
- During the September 2019 quarter Total Brain collected A\$1.05 million in cash receipts, which represents a 76% increase quarter-on-quarter. This amount includes a large upfront annual payment for from AARP of A\$357k. Adjusted for this amount, the September CY2019 quarter figures represents 16% quarter-on-quarter growth.



## CASH FLOW

<i>For the 3 months ended</i>	FY2019				FY2020
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
<b>Cash Receipts from Customers (\$AUD)</b>	<b>\$919,394</b>	<b>\$645,234</b>	<b>\$592,856</b>	<b>\$596,145</b>	<b>\$1,047,873</b>
(-) Payments to suppliers and employees	(2,796,958)	(2,035,967)	(2,252,824)	(2,315,539)	(2,764,461)
(-) TB and Test Development	(549,263)	(755,876)	(597,302)	(683,125)	(683,125)
<b>Total Quarterly net operational spend *</b>	<b>(2,426,827)</b>	<b>(2,146,609)</b>	<b>(2,257,270)</b>	<b>(2,402,519)</b>	<b>(2,399,713)</b>
<i>Memo: Monthly net operational spend</i>	<i>(808,942)</i>	<i>(715,536)</i>	<i>(752,423)</i>	<i>(800,840)</i>	<i>(799,904)</i>
<i>Growth in cash receipts from customers</i>	<i>18%</i>	<i>(30%)</i>	<i>(8%)</i>	<i>1%</i>	<i>76%</i>

\* Note: In order to reconcile to the cash flow statement, interest, tax receipts, financing activities and foreign exchange need to be added.

### Cash Inflows

During the September 2019 quarter Total Brain collected A\$1.05 million in cash receipts, which represents a 76% increase quarter-on-quarter. This amount includes a large upfront annual payment for from AARP of A\$357k. Adjusted for this amount, the September CY2019 quarter figure represents 16% quarter-on-quarter growth.

### Cash Outflows

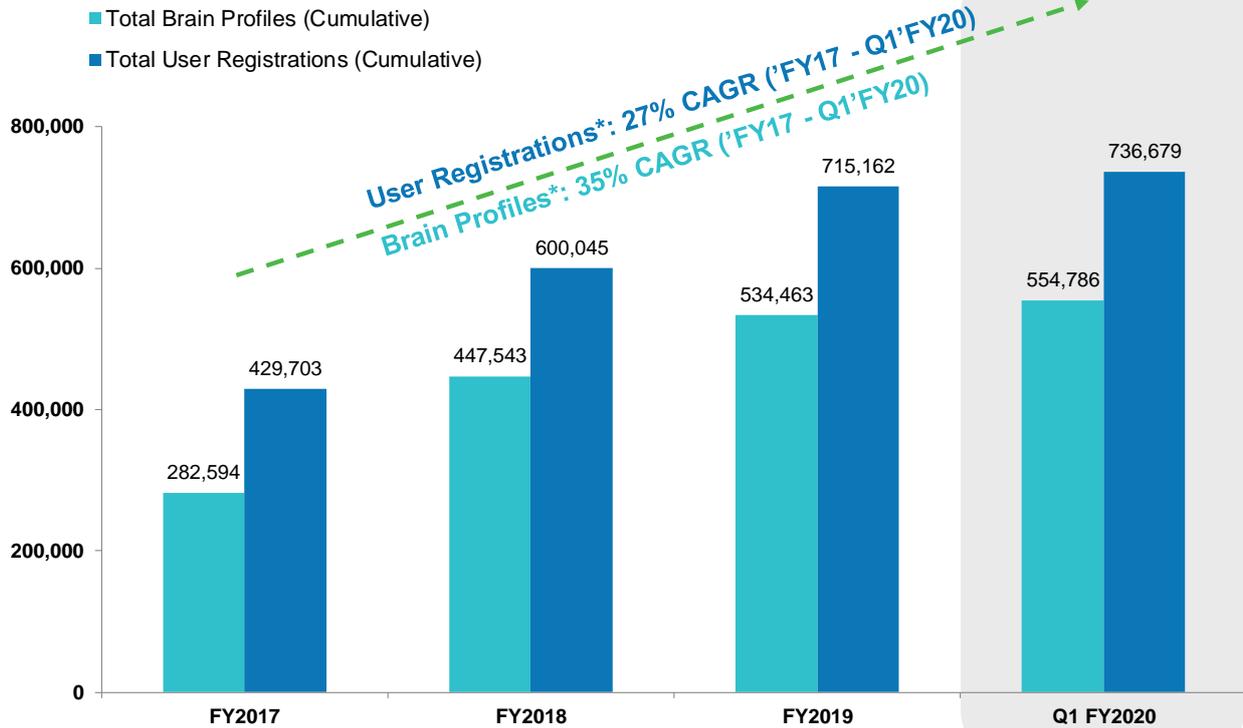
Maintenance of the current employee base and select hiring across technology, product, and sales, along with a slight increase in supporting operating and sales expenses were the main drivers of the cash outflows during the past quarter. Total Brain largely expects this level of business expenses to continue in the following quarter.

### USER KPIS

User Registrations and Brain Profiles are an important user KPIS for the Total Brain business. These indicators directly reflect product adoption, use among clients, and are a strong validator of TB's product-market-fit assumptions, while also powering the value of the Company's proprietary database. During the September 2019 quarter:

- User Registrations increased by 22k, a 3% quarter-on-quarter, 18% year-on-year growth in cumulative users and a 27% CAGR since FY2017; and
- Brain Profiles increased by 20k, a 4% quarter-on-quarter, 18% year-on-year growth in cumulative profiles and a 35% CAGR since FY2017.

This growth does not include user uplift from the launch of the new IBM or Everyday Health contracts, as well as the anticipated further scaling of other large B2C Affinity opportunities such as AARP and Mental Health America.



\*Represents cumulative actual figures through the quarter ended 30 September 2019. User Registration figures exclude employer-pre-registered users. Brain Profiles figures include multiple assessments taken by same user.

## BUSINESS OPERATIONS

The key areas of focus and key accomplishments across all business functions for the September quarter are highlighted below:

### Product and Technology

- Successfully integrated with IBM LIVE360 platform and jointly launched initial field test of GRIT platform with the US Department of Veterans Affairs;
- Completed Everyday Health implementation for launch of initial phase of the partnership;
- Launched large channel partner integration and finalized migration of Fortune 500 corporate client to new Castlight channel partner platform;
- Built out initial recommendation engine infrastructure to increase user engagement with an initial implementation at the end of training exercises;
- Continued revamp of the training experience in the Total Brain platform, including the launch of 3 fully rebuilt brain trainings.

### Sales and Customer Success

- Completed 7 new contracts, representing a minimum of A\$219k of contracted revenue with the potential for additional revenue based on usage and account penetration:

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- IBM Live360 – entered a transformative partnership with a Fortune 50 company to address the mental health needs of any population in transition, starting with the 18M US veterans via the GRIT platform, a unique partnership with the US Department of Veterans Affairs. Initial field test with almost 1,000 veterans already underway, with a significant user waitlist for access to the application. A full commercial launch with a revenue model based on GRIT subscriptions is expected in early 2020;
- Everyday Health – another landmark contract signed with the top 3 healthcare web portal in the US with 44M monthly unique users to integrate and seamlessly deliver rich content on mental health and fitness to consumers. Initial integration completed and in production. In the first phase of the partnership, Total Brain will receive revenues from Everyday Health for each user it is able to qualify after exposing them to Total Brain content;
- Fortune 500 client – a 3-year renewal contract underscoring the differentiated value proposition of Total Brain in the corporate segment;
- Large retailer – to deliver Total Brain to 5,000-person workforce;
- New SMB customers – 3 companies with a total of 1,000 employees gaining access to Total Brain platform;
- Made significant progress towards a proof of concept in the Clinical market over the next 2 quarters, driven by the significant revenue opportunity in the Addiction space when supported by reimbursement, the inherent scalability of Total Brain's new technology platform, and new relationships with prominent market participants forged by the TB team. Please refer to the investor presentation posted on the ASX on 21 October for additional detail.

## Marketing

- Continued to scale account-based marketing strategy, resulting in 200+ new marketing qualified leads from US corporates with 5,000+ employees since inception;
- The Company continued to focus on its promotion and evangelisation efforts with 21+ events and speaking opportunities booked during the calendar year;
- Completed development of new media assets to reflect evolved brand positioning, including whitepapers, science video series, overview video, and website ([www.totalbrain.com](http://www.totalbrain.com));
- Continued to build thought leadership credibility via placements in HR trade publications, podcasts, and 7-10 weekly social posts to deepen engagement and broaden reach.

## Human Resources

- Sourced and filled positions across Engineering and Product, proactively managing high industry-wide turnover rates and building pipeline for technical team expansion;
- Welcomed Noel Obourn as a senior adviser and commission-based reseller in the payer, healthcare and employer benefits space. Currently Principal and General Manager of integrated benefits solutions at Fortune 500 company Conduent, Noel brings to Total Brain 25 years of experience formerly as President of National Accounts

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at Cigna, Chief Sales Officer at Revolution Health (acquired by Towers Watson), and VP of Health Plan Segment at Walgreens, among others.

## OUTLOOK

We continue to be encouraged by the positive sales momentum over the last several quarters. The partnerships signed and contracts won serve as an important validation of our product positioning and go-to-market strategy in both the B2B Corporate and B2C Affinity markets. As such, we remain focused on our previously-communicated priorities:

- Accelerate sales cycle of B2B Corporate revenue via increasing penetration of current and new channel partners and continued execution of the Account-based Marketing strategy;
- Diversify into target sectors with shorter sales cycles by testing into the B2C Affinity market, and exploring scalability adjacent markets such as Addiction clinics;
- Retain and upsell of our existing book of business.

We are very excited about the business prospects of Total Brain and remain committed to creating significant shareholder value in FY2020 and beyond.

## QUARTERLY INVESTOR CALL

Investors are invited to participate in the quarterly conference call subsequent to the release of this update, with call details to be provided via the ASX platform.

### Louis Gagnon

Managing Director / CEO  
Total Brain Limited

For further queries please contact:

#### Investor

Matt Morgan  
Director  
M: +61 408 019 458  
E: [ir@totalbrain.com](mailto:ir@totalbrain.com)

#### Media

Nigel Kassulke  
Canning Corporate Communications  
M: +61 (0) 407 904 874  
E: [nkassulke@cannings.net.au](mailto:nkassulke@cannings.net.au)

### 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 and fitness platform powered by the largest standardized brain database and has over 700,000 registered users. Its SaaS platform helps people scientifically measure and optimize their brain capacities while managing the risk of common mental conditions. Benefits for employers and payers across the United States include productivity improvement and healthcare cost reduction. For more information, please visit [www.totalbrain.com](http://www.totalbrain.com) and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Total Brain Limited

**ABN**

24 094 069 682

**Quarter ended ("current quarter")**

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,048	1,048
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(675)	(675)
(c) advertising and marketing	(145)	(145)
(d) leased assets	-	-
(e) staff costs	(1,664)	(1,664)
(f) administration and corporate costs	(280)	(280)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income Taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,709)</b>	<b>(1,709)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(15)
(b) businesses (see item 10)	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(d) intellectual property	(683)	(683)
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(698)</b>	<b>(698)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,215	5,215
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,709)	(1,709)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(698)	(698)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	145	145
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,953</b>	<b>2,953</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,366	2,273
5.2	Call deposits	1,587	2,942
5.3	Bank overdrafts	-	-
5.4	Other – Term Deposit	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,953</b>	<b>5,215</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
253
-

Salaries of Executive Directors.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

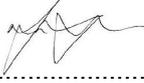
N/A

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(675)
9.3 Advertising and marketing	(145)
9.4 Leased assets	-
9.5 Staff costs	(1,664)
9.6 Administration and corporate costs	(280)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,764)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**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.

Sign here:  ..... Date: 10/31/2019  
(Director/Company secretary)

Print name: Matthew Morgan  
.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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