



Brain Resource Limited

Utilising the world's largest standardised database of neurological information to deliver healthcare benefits

Company Presentation
Annual General Meeting
28 November 2017



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1. Overview



Brain Resource Corporate Information

Market Capitalisation and Enterprise Value

Ordinary shares on issue	m	167.1
Share price (24 Nov 17)	A\$/share	0.067
Market capitalisation	A\$m	\$11.2m
Debt & Convertible Pref's (as at 30 Jun 17)	A\$m	\$14.0m
Cash ¹ (as at 30 Jun 17)	A\$m	(\$1.6m)
Enterprise Value	A\$m	\$23.6m

Top Shareholders (26 Nov 17)

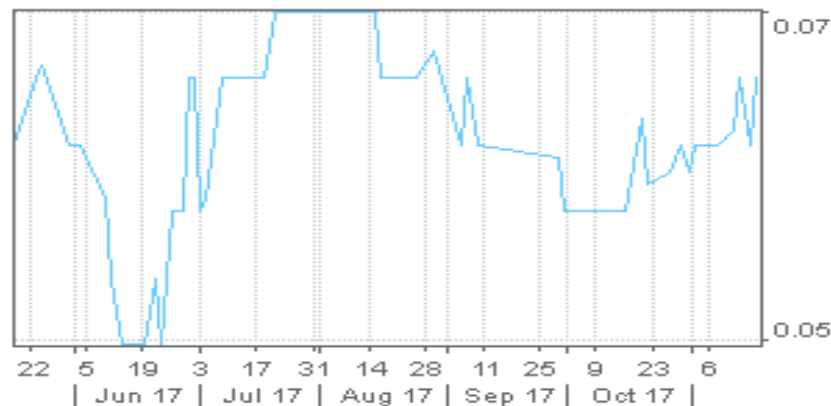
Name	Shares Held (m)	% of Shares on Issue
HSBC Custody Nominees (Australia) Limited	14.2m	8.5%
Stuttgart Pty Ltd	13.3m	8.0%
HSBC Custody Nominees (Australia) Limited - A/C 3	13.1m	7.9%
Top 20 Shareholders	117.1	70.1%

Notes:

1. At exchange rate of AUD/USD 0.7692.

Source: RBA, Exchange Rates

Share Price / Volume History (A\$; millions)



Board and CEO

Name	Position
Evian Gordon	Executive Chairman
Stephen Koslow	Non-Executive Director
Matthew Morgan	Non-Executive Director
Louis Gagnon	Chief Executive Officer



Organisational Structure

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Board

Evian Gordon (Chair)
Stephen Koslow (NED)
Matt Morgan (NED)

CEO

Louis Gagnon

Experienced CEO
TPG advisor, ex Monster.com, Audible, Yodle
Experienced in building large scale digital businesses

Co Sec

Robert Waring

Chief Operating Officer

Matt Mund

Monster Worldwide, IBM
NYU, MBA; Rutgers University, BS

Chief Revenue Officer

Marcel LeGrand

Vertical Knowledge,
Blackfin Capital, Monster
Columbia, MS; Baruch,
MBA; Hofstra, BA

Finance

Emil Vasilev

Ride, Corsair Capital,
Barclays Capital
Amherst College, BA

Science

Dr Evian Gordon

Founder Brain Resource Company
University of Witwatersrand,
PhD, MBBCH, BSc Honors, BSc

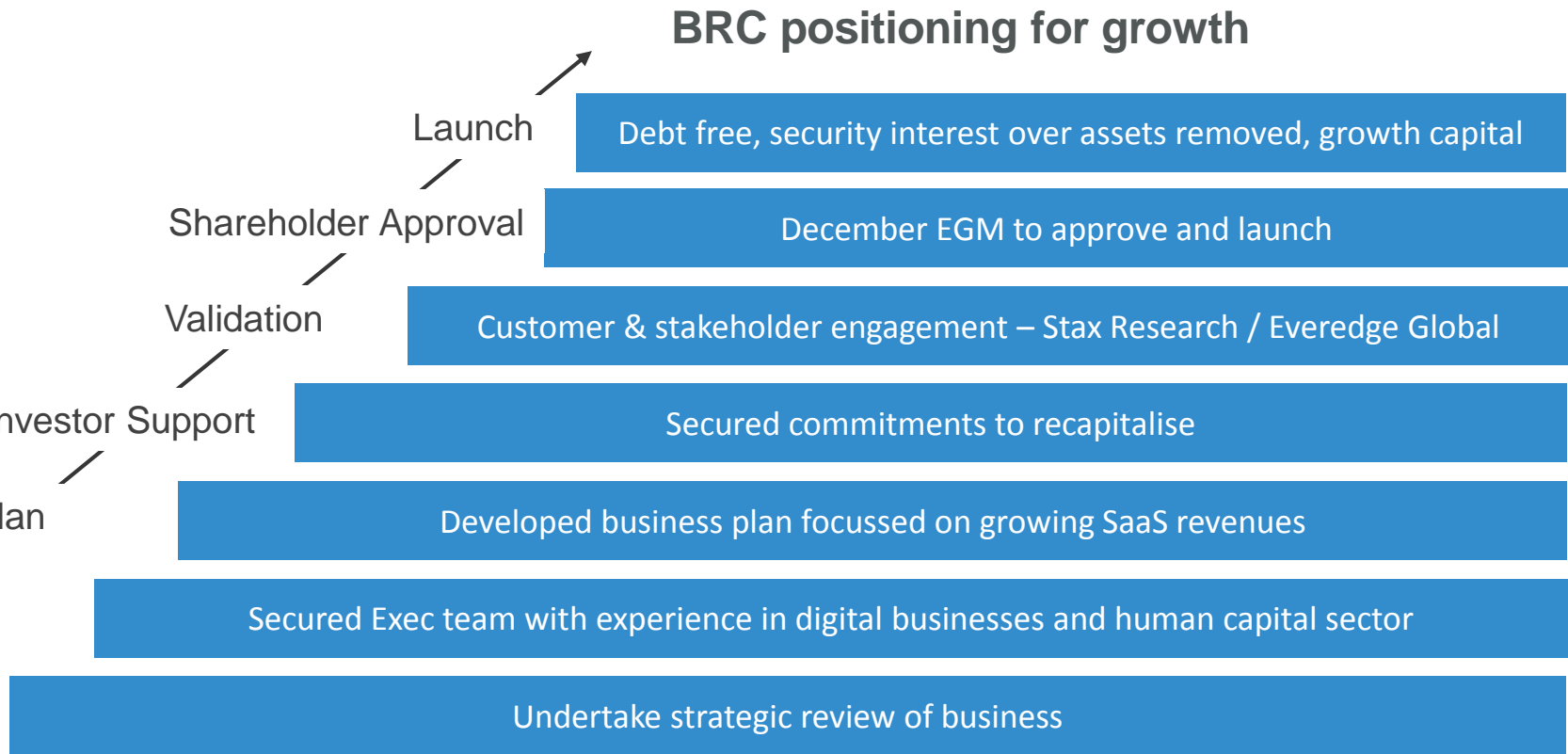
Organisation is maturing

- May 17 - Experienced CEO appointed
- May 17 - Finance appointment
- Aug 17 - COO and CRO appointed
- Dec 17 - Recapitalisation will fund aggressive engineering and sales expansion



Progress (Last 12 Months)

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2. Recapitalisation



Process & Timetable

For details of the recapitalisation terms please see Extraordinary Notice of Meeting released to the market 15 November 2017

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Stage	Action	Outcome
<ul style="list-style-type: none"> Phase 1 (1H17) 	<ul style="list-style-type: none"> Review of operations Review of strategic options 	<ul style="list-style-type: none"> A reduction in cash burn Pursue a recapitalisation over a sale
<ul style="list-style-type: none"> Phase 2 (2H17) 	<ul style="list-style-type: none"> Develop a refocussed business plan 	<ul style="list-style-type: none"> Prioritise a SaaS based business model Focus on Corporate channels (employer and insurer); and Determine product improvements which will enable the business to scale and increase the revenue per user
<ul style="list-style-type: none"> Phase 3 (now) 	<ul style="list-style-type: none"> Fund and execute 	<ul style="list-style-type: none"> Stabilise IT infrastructure, deploy mobile at scale, increase automation Improve user interface and add functionality Grow users and revenue

Date	Recapitalisation Timetable
25 October	Recapitalisation announced
14 December	EGM
17 December	Settlement & Allotment, Quotation



Recapitalisation

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Category of Spending	% of Total Proceeds	Use of Proceeds (USD)
Total COGS	10%	\$1.0M
General & Administrative	16%	\$1.6M
Full-Time Employees	69%	\$6.9M
Other SG&A (iSpot, etc.)	6%	\$0.6M
Total*	100%	\$10.0M
<p>US\$3.1M to develop new product (estimated 8 months)</p> <ul style="list-style-type: none"> Costs: new development, product/UX, data science hires, allocation of overhead and management time <p>US\$6.9M to monetize new product at scale</p> <ul style="list-style-type: none"> Costs: new sales, account management & marketing hires, allocation of overhead and management time 		

Note: Total assumes capital raising of AU\$10m in December 2017 and AU\$4.4m on exercise of options in Dec 2018 i.e. AUD 14m / USD 10.8m total

Outcome
✓ BRC will be debt free
✓ The security interest held over the assets is removed
✓ Only a single class of securities will exist and conversion price is no longer variable
✓ Revitalises investor base
✓ Opportunity for existing investors to achieve capital gain
✓ Strengthens balance sheet for dealing with blue chip clients
✓ Funds business plan to deliver growth aspirations
✓ Enables necessary team to be recruited and maintained
✓ Ensures IT infrastructure to support database assets and growth aspirations
✓ Provides runway for database assets to mature and be monetised

3. Operational Update



Recent Events

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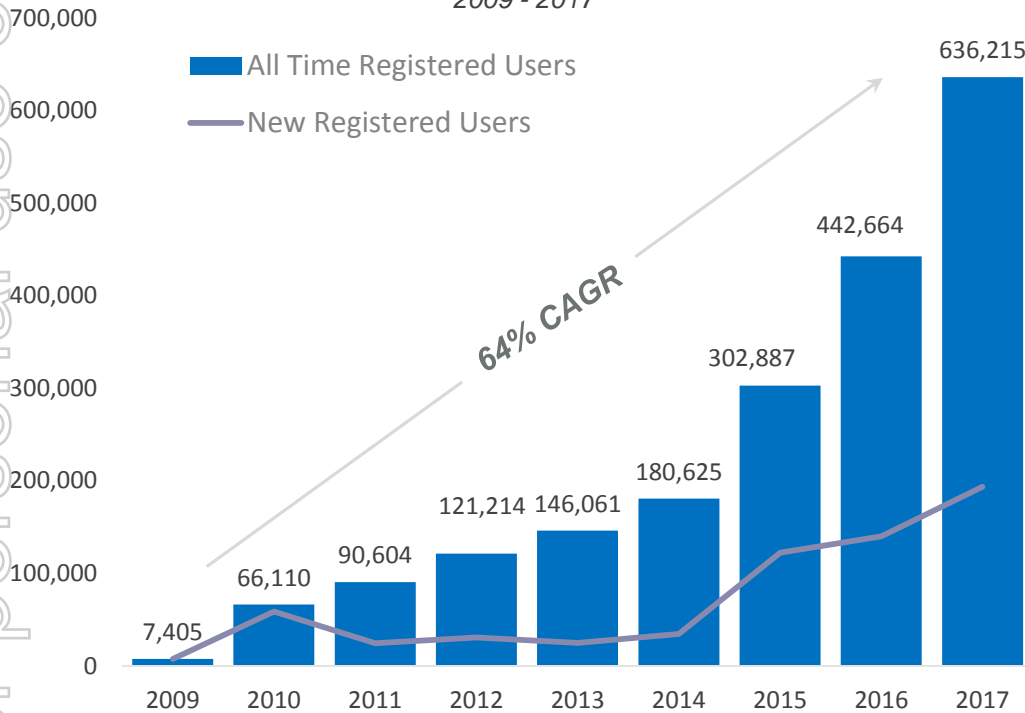
Client wins	3 rd Party Validation	Operations
<ul style="list-style-type: none"> Two corporate clients entered contract extensions retaining A\$400k of current recurring revenues; An additional two corporate clients have been signed providing a further A\$100k in recurring revenues in 2018 	<ul style="list-style-type: none"> Engaged Stax Inc. to conduct primary market research with existing clients (5) & intermediaries (4) <ul style="list-style-type: none"> “Interest is high for automated referrals to health practitioners & shorter assessment times” “Customers seek evidence based brain resiliency solutions with proven efficacy around improving employee health and productivity” 	<ul style="list-style-type: none"> Key focus is on upgrading and transitioning IT infrastructure onto an externally hosted solution in two phases. <ul style="list-style-type: none"> Phase 1 will complete by 31 January ensuring the Company can safely scale the number of users of its MBS (to be rebranded total Brain) platform
<ul style="list-style-type: none"> The Company’s first employer customer has extended the availability of the Brain Resources online platform to family members of employees with an estimated A\$100k in new recurring revenue in 2018 emanating from this initiative 	<ul style="list-style-type: none"> Engaged intangible assets specialist Everedge Global to assess the value of the iSpot & BRID databases. <ul style="list-style-type: none"> The valuation exceeded the book value of \$22.4m Provides estimate of replacement value, comparable transaction value and DCF to guide commercial decision making 	<ul style="list-style-type: none"> Initiated scale up of sales and operations of WebNeuro (online cognitive assessment) by clinicians. <ul style="list-style-type: none"> This will be completed during Q1 2018 and facilitate revenue growth from sales to existing 350 (approx.) and new clinicians that use the test in their practices



The number of registered users is growing, and existing customers expect increased usage through internal promotion to employees

MyBrainSolutions Total Registered Users

(includes all corporate, clinical, leadership, & studies customers)
2009 - 2017



Stax Commentary

- 88% of the registered users originated from new corporate customer accounts:
 - “MyBrainSolutions usage has grown. We promote it really well with our employees. Previously it was grouped with our other wellness programs, and we recently separated it so we can promote it even more.” — *Customer*
 - “I think our usage will grow; we have heard nothing but positive feedback from our associates.” — *Customer*
 - “Brain health is a focus on our Healthy Holidays challenge, and we enabled single sign-on to employee accounts recently which should drive more usage.” — *Customer*
- Although users are registering and increasingly taking the initial assessment, MBS would benefit from taking steps toward increasing the link to exercises:
 - As of 2017, 50% of registered users who had taken the initial assessment also did the exercises

	Average Annual % from 2009 – 2017	% All-Time as of 2017
% of Registered Users Who Took the Assessment	39%	42%
% of Users Who Took the Assessment That Did Exercises	94%	50%

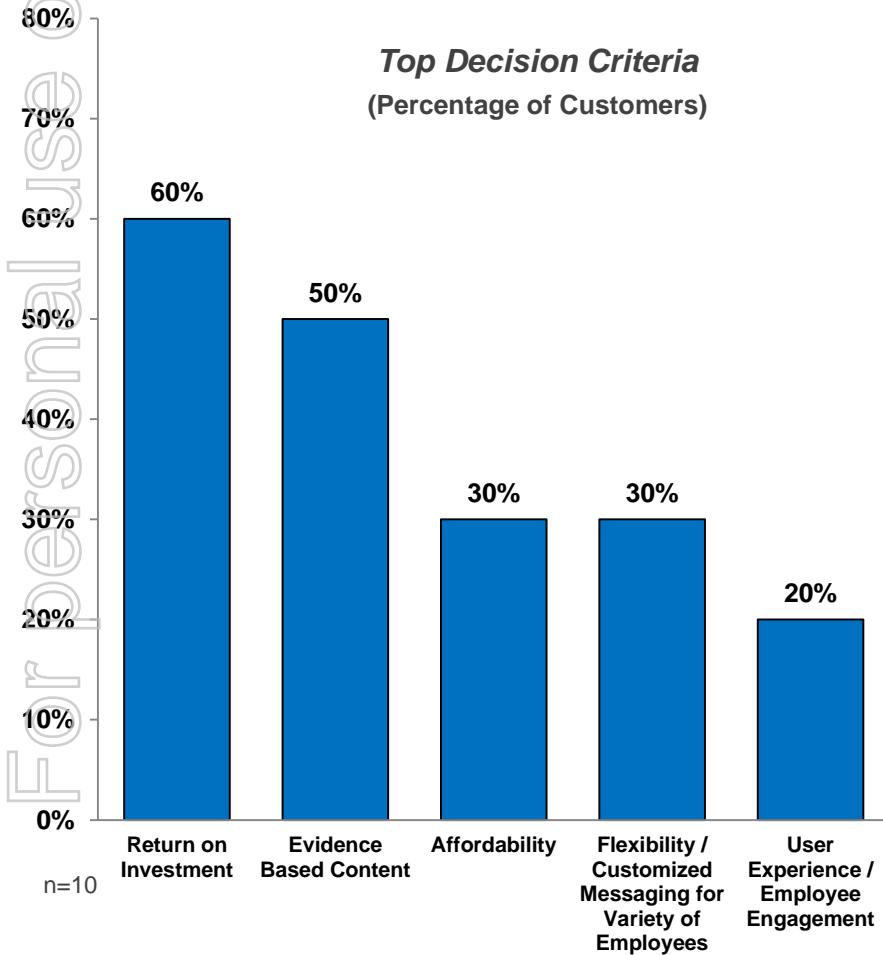
Source: MyBrainSolutions KPI data 2009 - 2017; Stax Interviews, November 2017.



Customers seek evidence based brain resiliency solutions with proven efficacy around improving employee health and productivity

End Customer Decision Criteria

Top Decision Criteria
(Percentage of Customers)



Commentary

- Results driven platforms rooted in science are very attractive to customers:
 - “The fact that the efficacy and the science was there, is why we considered them at all. They wouldn’t have been in the running if they hadn’t had those.” — *Customer*
 - “We don’t offer anything that’s not evidence based. If there’s no science behind it we don’t put it in front of our employees.” — *Customer*
 - “[Customers care about the] results behind [the programs] so they can show their investment amounts to something.” — *Channel Partner*
 - “A lot of clients use this to manage the stress of the employees. They want to increase productivity of their workforce.” — *Channel Partner*
 - “We wanted to reduce stress and engagement and make this type of training more the norm. Mostly it was stress reduction for us and normalizing that.” — *Customer*
- Customers also care about an engaging user experience at an affordable price and ability to customize messaging:
 - “The affordability is important. That played a big role in our decision.” — *Customer*
 - “They are definitely looking for the experience. It has to be dynamic, look great, and be engaging for the user. That’s crucial to the success of the solution.” — *Channel Partner*
 - “The messaging MyBrainSolutions has around performance and mindfulness is good. They are saying the right things that are important to customers.” — *Channel Partner*
 - “Flexibility of the vendor [is important] because our customers are very different.” — *Channel Partner*

Source: Stax Interviews, November 2017.

4. Outlook



Key Short-Term Goals

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Corporate	Recapitalisation	Q4-17
	Consider possible share offer to small shareholders	Q4-17/ Q1-18
	Board Changes	Q4-17
	Unmarketable parcel share sale	Q1-18
	Establish broker research	Q1-18
	Exercise of Recapitalisation Options	Q4-18
Product / Tech	Transition to scalable cloud-based software infrastructure (Phase 1)	Q1-18
	Commence scale up of sales and operations of WebNeuro assessments	Q1-18
	Rebrand MyBrainSolutions to Total Brain with new sales materials	Q2-18
	Launch new user interface	Q2-18
	Launch new product with disorder screening/new UX/Mind-Body practices	Q2-18
	Transition to scalable cloud-based software infrastructure (Phase 2)	Q3-18
	Develop commercial plan for database and ISpot assets	Q3-18
Sales*	Grow total user numbers by 30% in 2018	Q1 to Q4-18
	Increase and deploy trained sales team	Q2-18
	Increase ARPC / ACV (ave. revenue per customer / ave. contract value)	Q3-18
	CY2018 revenue of US\$3.2m with > 75% SaaS based	Q4-18

* Will provide 2019 revenue guidance in Q3 and Q4 -18



Summary

- A year of **material change** which is subject to shareholder approval on 14 December (EGM)
- Designed to unlock the value of **significant investment in neuroscientific** and business assets that have been under-exploited
- Addressing **Mental Health** and **Wellness** which **cost US\$210B/year** in the US alone
- There is growing **investment in the sector** with equity funding for Mental Health & Wellness companies of **US\$625M in 234 deals** in the last 5 years
- BRC is an **execution-driven opportunity** whereby a new exec team intends to broaden the value proposition, re-deploy product and activate / penetrate **existing** channels and customers
- Focused on scaling up capability, growing SaaS based revenues and **achieving profitability** in 2019

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