



29 April 2020

Australian Securities Exchange (ASX) Announcement

## March 2020 Quarterly Update and Appendix 4C

Total Brain Limited ("Total Brain," "TTB" or "the Company"), the developer of a neuroscience-based mental health monitoring & support SaaS platform, is pleased to report on its activities for the quarter ended 31 March 2020.

### HIGHLIGHTS

- The COVID-19 pandemic has not only severely impacted the physical health of people around the world, but it has also made mental health an urgent priority for us all. We, at Total Brain have been mobilising to be of service to as many individuals and organisations as possible;
- During the March quarter, TTB was able to complete 7 new contracts, representing minimum Annual Recurring Revenue ("ARR") of A\$1.9M. Highlights include:
  - Significant expansion of a large B2C Affinity partnership for a total contract value of A\$3.9M over 3 years and an ARR of A\$1.3M, representing a 4.7x increase in the size of the relationship;
  - New U.S.-based Fortune 500 client from the Oil & Gas industry, representing A\$394k in ARR;
  - U.S. employees of BDO, an international accounting firm, representing A\$210k in ARR;
  - A strategic partnership with [One Mind at Work](#), a coalition of 25 leading employers representing 6M employees, aimed at creating mentally healthy workplaces.
- The IBM partnership continues to develop positively with progress made on implementing the Mental Fitness 360 platform both with the U.S. Department of Veterans Affairs, as well as several other sizable opportunities which have been added to the sales pipeline in the last quarter. COVID-19 certainly has created short-term delays as government institutions respond to the most immediate hospital crisis. However, it has also heightened the interest and need for the capabilities of the IBM / Total Brain product. We believe that mental health will be the next priority of the health care system;
- During the March 2020 quarter Total Brain collected A\$1.5 million in cash receipts, which represents a 120% increase quarter-on-quarter, driven by a large upfront payment of A\$813k for a data licensing contract closed in the prior quarter. Adjusted for this amount, the March quarter figure represents 4% quarter-on-quarter growth. We expect continued cash receipt growth in the June quarter following the upfront payment to Total Brain by some of the recently-signed contracts.



- Operationally, TTB has transitioned all employees to a work-from-home environment with minimal business disruption and has delayed some decisions on future hiring. Management will continue to monitor the current situation closely and will be re-evaluating all staffing decisions based on the capacity required to support market demand. Management is also actively evaluating the Company's eligibility for government support initiatives and intends to be as aggressive as appropriate in seeking help both in the United States and Australia.

## CASH FLOW

<i>For the 3 months ended</i>	FY2019		FY2020		
	19-Mar	19-Jun	19-Sep	19-Dec	20-Mar
<b>Cash Receipts from Customers (\$AUD)</b>	\$592,856	\$596,145	\$1,047,873	\$698,598	\$1,536,709
(-) Payments to suppliers and employees	-2,252,824	-2,315,539	-2,764,461	-3,336,207	-3,257,616
(-) TB and Test Development	-597,302	-683,125	-683,125	-408,209	-408,209
<b>Total Quarterly net operational spend *</b>	<b>-2,257,270</b>	<b>-2,402,519</b>	<b>-2,399,713</b>	<b>-3,045,818</b>	<b>-2,129,116</b>
<i>Memo: Monthly net operational spend</i>	-752,423	-800,840	-799,904	-1,015,273	-709,705
<i>Growth in cash receipts from customers</i>	-8%	1%	76%	-33%	120%

\* 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 March 2020 quarter Total Brain collected A\$1.5 million in cash receipts, which represents a 120% increase quarter-on-quarter, driven by a large upfront payment of A\$813k for a data licensing contract closed in the prior quarter. Adjusted for this amount, the March quarter figure represents 4% quarter-on-quarter growth. We expect continued cash receipt growth in the June quarter following the upfront payment to Total Brain by some of the recently-signed contracts.

### Cash Outflows

Maintenance of the current employee base and select hiring across technology, product, and marketing 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.

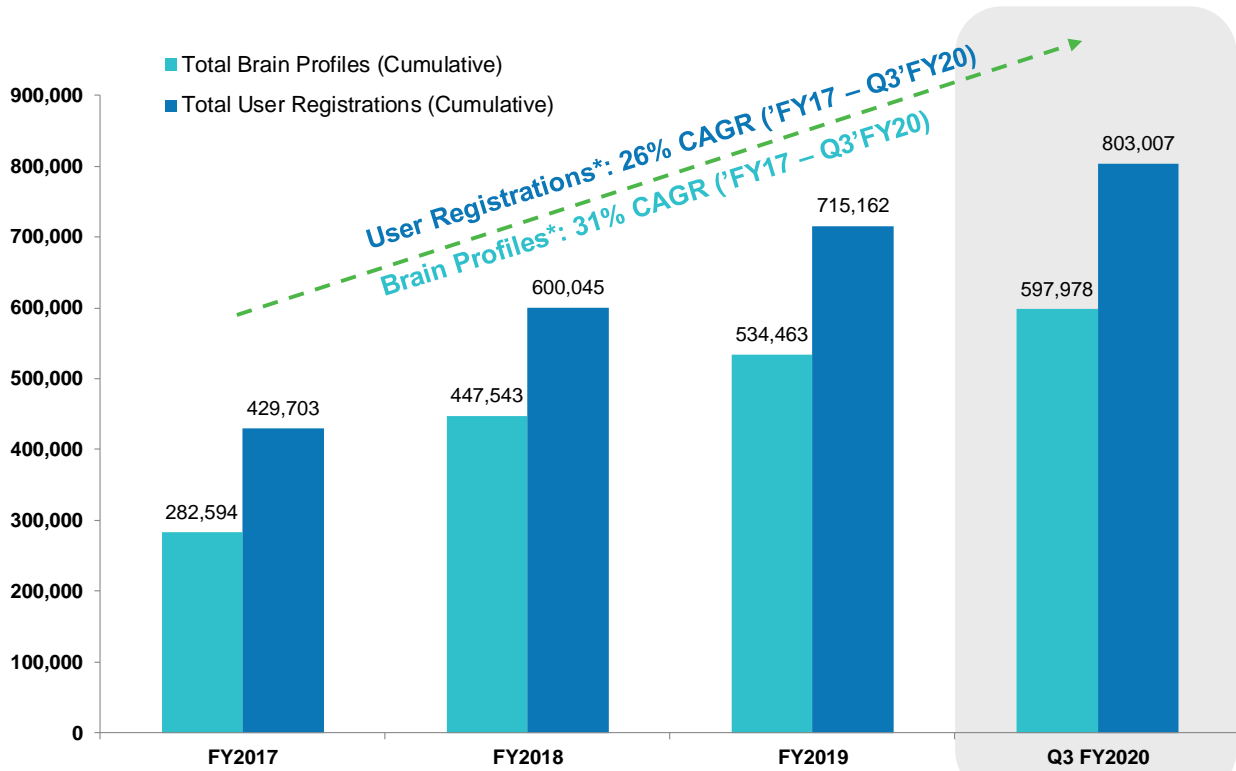
### USER KPIS

User Registrations and Brain Profiles are important user KPIs for the Total Brain business. These indicators directly reflect product adoption, use among clients, and are a validator of TB's product-market-fit assumptions, while also powering the value of the Company's proprietary database. During the March 2020 quarter:

- User Registrations increased by 36k, a 5% quarter-on-quarter and 17% year-on-year growth in cumulative users; and

- Brain Profiles increased by 23k, a 4% quarter-on-quarter and 17% year-on-year growth in cumulative profiles.

This growth does not include user uplift from the launch of the new IBM contract, as well as the anticipated further scaling of other large B2C Affinity opportunities such as AARP.



\*Represents cumulative actual figures through the quarter ended 31 March 2020. User Registration figures exclude employer-pre-registered users. Brain Profiles figures include multiple assessments taken by same user.

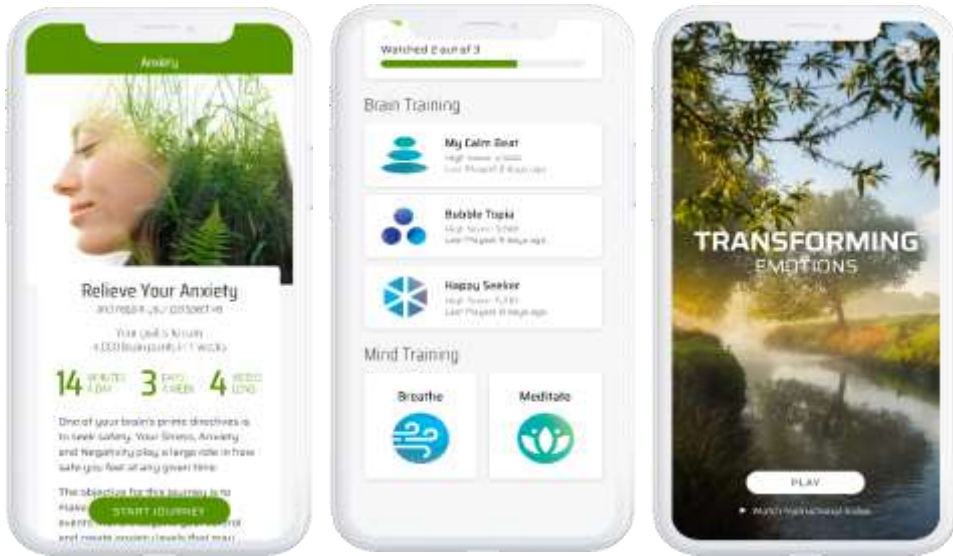
## BUSINESS OPERATIONS

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

### Product and Technology

- Bigger team is increasing velocity of product delivery across multiple streams of work – clients, infrastructure, and core product experience;
- Completed major contract and security work for 4 launches of large partners and Fortune 500 clients;
- Launched a new “Anxiety Journey” in our application as a direct response to the increasing levels of COVID-19-induced anxiety and fear that people are experiencing globally. This module will provide easily-digestible content and training that is specifically targeted towards helping individuals in the current situation;

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- Continued build out of recommendation engine and revamp of training experience to increase user engagement with the platform. We are tentatively targeting May 2020 for the release of a new training experience that will eliminate the concept of journeys, increase personalization and hopefully, user engagement;
- Continued progress on key infrastructure initiatives including HIPPA compliance, IT security documentation, and analytics.

### Sales and Customer Success

- Amidst the global COVID-19 environment, we have accelerated high-profile partnership discussions and have been receiving increased volumes of inbound requests, reflective of the significant mental health impact of the COVID-19 pandemic;
- As such, during the March quarter TTB was able to complete 7 new contracts, representing minimum Annual Recurring Revenue of A\$1.9M. Highlights include:
  - Significant expansion of a large B2C Affinity partnership for a total contract value of A\$3.9M over 3 years and an ARR of A\$1.3M, representing a 4.7x increase in the size of the relationship;
  - New U.S.-based Fortune 500 client from the Oil & Gas industry, representing A\$394k in ARR;
  - U.S. employees of BDO, an international accounting firm, representing A\$210k in ARR;
- Announced a strategic partnership with [One Mind at Work](#), a coalition of 25 leading employers aimed at creating mentally healthy workplaces.
  - Under the terms of the agreement, One Mind at Work members will be offered a free corporate assessment of their organization's "Total Brain" and a 3-month unlimited license for all employees who take the anonymous assessment and access TTB's self-care tools;

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- In exchange for that in-kind contribution, Total Brain will theoretically reach more than 6M employees of some of the world's largest global corporations.
- The IBM partnership continues to develop positively with progress made on implementing the Mental Fitness 360 platform both with the U.S. Department of Veterans Affairs, as well as several other sizable opportunities which have been added to the sales pipeline in the last quarter. While the COVID-19 situation has created funding delays as government institutions respond to the current physical crisis, we are optimistic that mental health will be the next priority.
- The testing of the clinical market continues to progress with the addition of another middle-market addiction clinic to the pilot which serves 2,000 patients / annum. The newly-developed clinical functionality of the Total Brain platform, including a clinician portal and reporting, has resonated with practitioners to-date. The team is now focused on developing optimised workflows and training tools for the clinicians to make best use of the Total Brain offering in order to afford clinics improved intake efficiency, incremental revenue opportunities via insurance code reimbursement, and measured patient outcomes.

## Marketing

- Published a bespoke mental health study among U.S. employers following the initial spread of COVID-19. More than half (58 percent) of U.S. workers reported suffering from anxiety brought on by the pandemic; with almost two in five (35 percent) reporting that this anxiety is interfering with their workplace productivity. TTB's internal assessment data has also shown that the significant increases in stress, anxiety and depressive mood is taking its toll on cognitive capacities like focus. Total Brain data has also confirmed a different impact on younger people (more conscious negativity), as compared to older (more non-conscious negativity). Such data is attracting serious interest from partners like Every Day Health, One-Mind and from media of all kinds;
- The account-based marketing strategy has delivered 350+ marketing qualified leads from U.S. corporates with ~5,000+ employees since inception and a doubling in the monthly run rate of qualified leads post-COVID-19;
- The swift creation of COVID-19 related content, including white papers, infographics and blog posts has added fuel to our account-based marketing campaigns and resulted in an increase in inbound marketing leads;
- The delay or cancellation of in person events have given way to more virtual events, including recent webinars with One Mind and the Society for Human Resource Management ("SHRM");
- Continued to build PR and thought leadership via a mix of sustained social publishing and earned media placements on COVID-19-related topics, as well as PR initiatives such as a recent [interview with Alan Jones](#), a prominent Australian radio show host, a





feature in IBM's official COVID-19 [response efforts](#), and the launch of Total Brain's own podcast with Dr. Evian Gordon.

## Human Resources

- Sourced and filled positions across Engineering and Product, continuing to proactively manage high industry-wide turnover rates;
- Have ensured a transition to a work-from-home environment for all TTB employees with minimal business disruption. The team remains in high spirits and healthy;
- TTB has decided to delay some decisions on future hiring and will be continuously re-evaluating the capacity required to support market demand;
- Actively evaluating our eligibility for government support initiatives both in the United States and Australia.

## OUTLOOK

The COVID-19 pandemic has not only severely impacted the physical health of people around the world, but it has also led to an unprecedented increase in stress, fear, and anxiety for the population at-large making mental health an urgent priority for us all. To that end, Total Brain is mobilised to be of help to as many individuals and organisations as possible and to take advantage of the opportunities that this crisis has created globally.

We are very encouraged by the increase in inbound activity during the last quarter and the current sales momentum. The partnerships signed and contracts won serve as an important validation of the urgent need for scalable, scientifically-valid, digital mental health tools in both the B2B Corporate and B2C Affinity markets. The ongoing progress of our pilot in the addiction clinic market has also been encouraging. As such, we remain focused on the following priorities amidst the COVID-19 crisis:

- Accelerate sales cycle of B2B Corporate revenue via continued execution of the Account-based Marketing strategy, launch of a PULL strategy with One-Mind and penetration of new and existing channel partners;
- Proactively penetrate various verticals of the B2C Affinity market in collaboration with our partners from IBM, AARP and EveryDay Health, while seeking new opportunities.
- Test product-market-fit and scalability of the addiction clinic market;
- 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. Call details will be provided via the ASX platform.

**Louis Gagnon**  
Managing Director / CEO  
Total Brain Limited

For further queries please contact:

### Investor

Simon Poidevin  
President – Australia & New Zealand  
E: [simon.poidevin@totalbrain.com](mailto:simon.poidevin@totalbrain.com)

### Media

Nigel Kassulke  
Managing Director, Teneo Consulting  
M: +61 (0) 407 904 874  
E: [nigel.kassulke@teneo.com](mailto:nigel.kassulke@teneo.com)

### 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 800,000 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](#).

*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 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,537	3,284
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(318)	(1,529)
(c) advertising and marketing	(230)	(622)
(d) leased assets	-	-
(e) staff costs	(2,429)	(6,146)
(f) administration and corporate costs	(281)	(1,061)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,338	1,338
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(380)</b>	<b>(4,723)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(43)
(d) investments	-	-
(e) intellectual property	(408)	(1,499)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(431)</b>	<b>(1,542)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,944	14,003
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	45
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(290)
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</b>	<b>Net cash from / (used in) financing activities</b>	<b>5,944</b>	<b>13,758</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,633	5,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(380)	4,723
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(431)	(1,542)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,944	13,758

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	738	787
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>13,504</b>	<b>13,504</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	12,574	6,807
5.2	Call deposits	929	817
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,503</b>	<b>7,624</b>

**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**

239

-

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

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## 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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(380)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	13,504
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	13,504
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>36</b>

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:

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:

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:

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**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: 4/29/2020

Authorised by:  **Matt Morgan, Director**  
(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.