



29 November 2019  
Australian Securities Exchange Announcement

## Chairman's Address

Good morning everyone.

It gives me great pleasure to welcome you to the 2019 Annual General Meeting of Total Brain Limited and I am looking forward to reflecting on our progress over the past 12 months whilst also providing you with an outlook for the year ahead.

I would first like to put in context the urgency for our solution and highlight some of the motivators for our participation in this sector. Mental health and fitness have become top-of-mind for corporates, healthcare players, and government agencies alike. 20% of the adult population in the United States has a mental health condition, and only half of them are diagnosed, and based on a recent study by the American Heart Association "Mental Health: A Workforce Crisis", cost an employer an incremental \$17,241 per year. At the same time, given that 20 US veterans die by suicide daily, and 70% of youth identify anxiety and depression as the top problem impacting students, the need for objective, data-driven, technology-powered solutions is urgent.

With this alarming backdrop I am pleased to report that the last 12 months have been a period of formidable progress for our Company. Following the launch of the new Total Brain platform early in the financial year on a scalable, secure cloud-based infrastructure, our upgraded app uses a scientifically-validated assessment to benchmark the 12 core brain capacities and Screen for the risk of the 7 most common mental conditions, whilst referring to and supporting health professionals. It ultimately raises self-awareness, leading to self-care and healthy habits whilst delivering a mental fitness program tailored to one's ever-changing state of mental health.

I want to stress this unique attribute; we believe we are the first and only solution to address the fact that mental health is a Continuum on which people's position changes constantly based on life events that trigger our emotions. In plain English, this means that we are relevant to every human being and we stay relevant as they go through life.

Throughout FY2019 the Company focused on establishing a clear go to market strategy in two market channels: B2B Corporate and B2C Affinity. As we now progress through FY2020 we are trialling our go to market strategy in a third channel; Addiction Clinics. The first of these channels is the corporate market and this is where the Total Brain app is used by employers to improve the mental health and fitness of a company's employees plus their spouses and dependents. For clarity, US employers either self-insure staff or pay for staff's medical insurance as part of an employee's total remuneration package. The employer is the buyer in the Corporate channel and they typically enter multi-year contracts on the basis of a price per employee per month. The benefits for employers include deep insights into employee populations' mental health and risks for corporate HR (workforce analytics), mental condition

screening and subsequent reduction in healthcare costs and the positive impact on brain performance and workforce productivity.

In the second half of FY2019 Total Brain increased its direct selling efforts in the corporate channel via the implementation of an account-based marketing strategy which targeted large US Companies with 5,000 or more employees via our own sales force. This approach built on an existing channel strategy which sells the Total Brain app via intermediaries such as insurers (e.g. Kaiser Permanente) or benefit management platforms (e.g. Castlight).

Whilst the sales cycle in this channel remain long, we are experiencing increasing engagement with C suite executives as the awareness of both mental health as one of the fastest rising healthcare costs for employers and the impact of mental health and fitness on productivity grows amongst corporate America. Total Brain maintains a 95% customer retention rate in this market and has a meaningful pipeline of Companies that have engaged with the Company for demonstrations and quotes and which we seek to convert in this financial year.

The second channel is what we refer to as the B2C Affinity channel which is the distribution of the Total Brain app to end users via intermediaries already servicing large populations of interest. We have taken the view that collaborating with such intermediaries which already have connectivity with large populations of end users is the preferred approach to growing non-employee user numbers.

Early in FY2020 Total Brain entered an exclusive agreement with IBM which embedded Total Brain into the THRIVE360 platform (with GRIT as the initial client implementation for the 18M military veterans) and we entered a relationship as a mental health partner for Everyday Health the third largest online healthcare portal in the US with 57M visitors. These two agreements followed closely on the back of arrangements with the American Heart Association and the Mental Health America non-profit, which were announced in FY19 as well as a revised relationship with the American Association of Retired Persons (AARP) in FY18 for whom we power brain assessment and training that is available to their 40 million members.

These relationships do more than simply validate our relevance, they provide faster access to 100's of millions of Americans that the Company may otherwise need to attract directly. A direct B2C model has a higher cost of customer acquisition and in our view would take longer. We believe that our growing number of Affinity relationships strongly positions the Company to grow its recurring revenue base in FY20 and beyond.

For those who are unfamiliar with the size of the opportunity presented by these Affinity relationships, in particular the IBM relationship, I would encourage you to refer to the October 2019 Company presentation released via the ASX platform and the November conference call conducted with CEO Louis Gagnon which is available at [Totalbrain.com](http://Totalbrain.com). Louis expands on the various revenue models employed by Total Brain including revenue sharing agreements based on monthly revenue per user and highlights the additional markets which IBM is pursuing over and above the initial launch which is in conjunction with the US Department of Veterans Affairs.

The progress we made during FY2019 in establishing these affinity relationships and our increased exposure at conferences and industry events led to an approach from an addiction specialist. Throughout late FY19 and early FY20 the Company has spent time to understand that both clinic operators and insurance companies have a need for standardised measurement of patient mental health to support a plan of care and justification for further reimbursement.

We now know that in the US approximately 4 million patients are treated annually. There are approximately 345 large clinical addiction centres with 1.3M beds in Total Brain's target segment. The majority of the 4 million patients are treated in facilities that take insurance. We have formed the view that Total Brain has a scalable assessment to support the needs of both clinics and payers with a primary focus on the assessment and secondarily on the support for treatment. Once comfortable with this proposition we ensured the Total Brain assessment is insurance-reimbursable.

With the knowledge that reimbursement is worth US\$26.50 per assessment Total Brain will in the second half of FY2020 commence trialling Total Brain in a small group of clinics in an effort to operationalise and scale new platform capabilities, new sales and service playbooks, new clinician training materials and processes. Once completed, it is the Company's objective to sign and deploy into larger clinics in FY2021.

Throughout FY19 we expanded our team significantly, welcoming high-calibre talent not only in engineering, data science, and product, but also among our Board Directors and Senior Advisers. I am very proud to state we are a mission-driven Company that is led by a committed and passionate group of executives that aspire to apply Total Brain's long-standing scientific grounding and scalable product solution to create significant economic and social returns in the next twelve months and beyond

We are thankful for the continued vote of confidence by our shareholders and assure you we will put the recent capital raised to good use with a focus on growing our sales, marketing, and engineering efforts.

Thank you.

A handwritten signature in dark ink, appearing to read 'Dr Evian Gordon', with a stylized flourish at the end.

Dr Evian Gordon  
Chairman

**About Total Brain Limited (ASX: TTB)**

Total Brain Limited (TTB) is a San Francisco and Sydney based company that has developed and sells Total Brain, a mental health and fitness platform powered by neurotechnology, with 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](#).