



29 July 2020

Australian Securities Exchange (ASX) Announcement

## June 2020 Quarterly Update and Appendix 4C

Total Brain Limited (“Total Brain,” “TTB” or “the Company”), the developer of a mental health self-monitoring & self-care SaaS platform, is pleased to report on its activities for the quarter ended 30 June 2020.

### HIGHLIGHTS

- Launched the [Mental Health Index \(“MHI”\): US Worker Edition](#) in partnership with [One Mind at Work](#), a coalition of 25 leading employers representing 6M employees, aimed at creating mentally healthy workplaces and the [National Alliance of Healthcare Purchaser Coalitions](#), an organisation representing 12,000 employers and 45 million individuals, spending A\$425 billion annually on healthcare;
  - The purpose of the MHI is to create awareness about the impact of life events like COVID-19 on our mental health and about the need to take concrete actions. MHI targets the business and policy-making communities and, as such, has started attracting significant media attention and leads to Total Brain.
- Welcomed 137k new users to the Total Brain platform, which resulted in a ~2x increase in the number of new users in FY2020 as compared to FY2019;
  - This significant growth was driven by ~100k users joining the platform following a marketing campaign by the Staying Sharp unit of the American Association of Retired Persons. This level of interest reflects the strong demand for mental health tools in the current COVID-19 context, especially for at-risk cohorts such as the aging population;
- Largest product update to the Total Brain application since the re-launch at the end of 2018, creating a new personalized self-care experience that is based on an individual’s strengths and weaknesses;
  - New features, which include custom capacity-targeted training recommendations, daily programming, and content type expansion, are already driving 12%+ more content consumptions per user visit. Screenshots and trial account details are available in the Product section of this update.
- During the June 2020 quarter, Total Brain collected A\$1.7 million in cash receipts, which represents an 11% increase quarter-on-quarter, driven by an upfront payment of ~A\$1 million for a large contract closed in the prior quarter;
  - On a year-on-year basis, this represented a 187% growth rate, and 11% when adjusted for the large amount received in this quarter. Given the 3-year length of the contract, the same sized-payment is expected in the following 2 years.
- Continued to make steady progress on the funding of the TTB/IBM platform “Mental Health 360” by large government organisations like the U.S. Department of Veteran’s Affairs, the U.S. National Guard and several other sizable opportunities. While COVID-19 is creating unplanned process and decision-making headwinds, TTB remains confident that our platform will be implemented in the coming quarters, especially given the unprecedented need for scalable mental health solutions in the current times.



## CASH FLOW

### Cash Inflows

During the June 2020 quarter, Total Brain collected A\$1.7 million in cash receipts, which represents an 11% increase quarter-on-quarter. This was driven by an upfront payment of ~A\$1 million for a large contract and the commencement of monthly billings for a further \$476k in ARR from contracts signed in the prior quarter. Of the remaining contracts signed in the March quarter, \$210k in ARR is yet to commence billing. A further 4 new contracts with an ARR of \$82k were signed in the June quarter and are expected to be billed in the September quarter. On a year-on-year basis, the increase in June quarter cash receipts represented a 187% growth rate, and 11% when adjusted for the large upfront payment received in this quarter. Given the 3-year length of this large contract, the same sized-payment is expected in the following 2 years.

### Cash Outflows

Maintenance of the current employee base and recent hires across technology and product were the main drivers of the 17% (A\$362k) increase in quarter on quarter net cash outflows from operating activities, excluding Government grants and tax incentives, and including investment in PP&E and intellectual property (i.e. Total Brain software development). Total Brain largely expects this level of business expenses to continue in the following quarter.

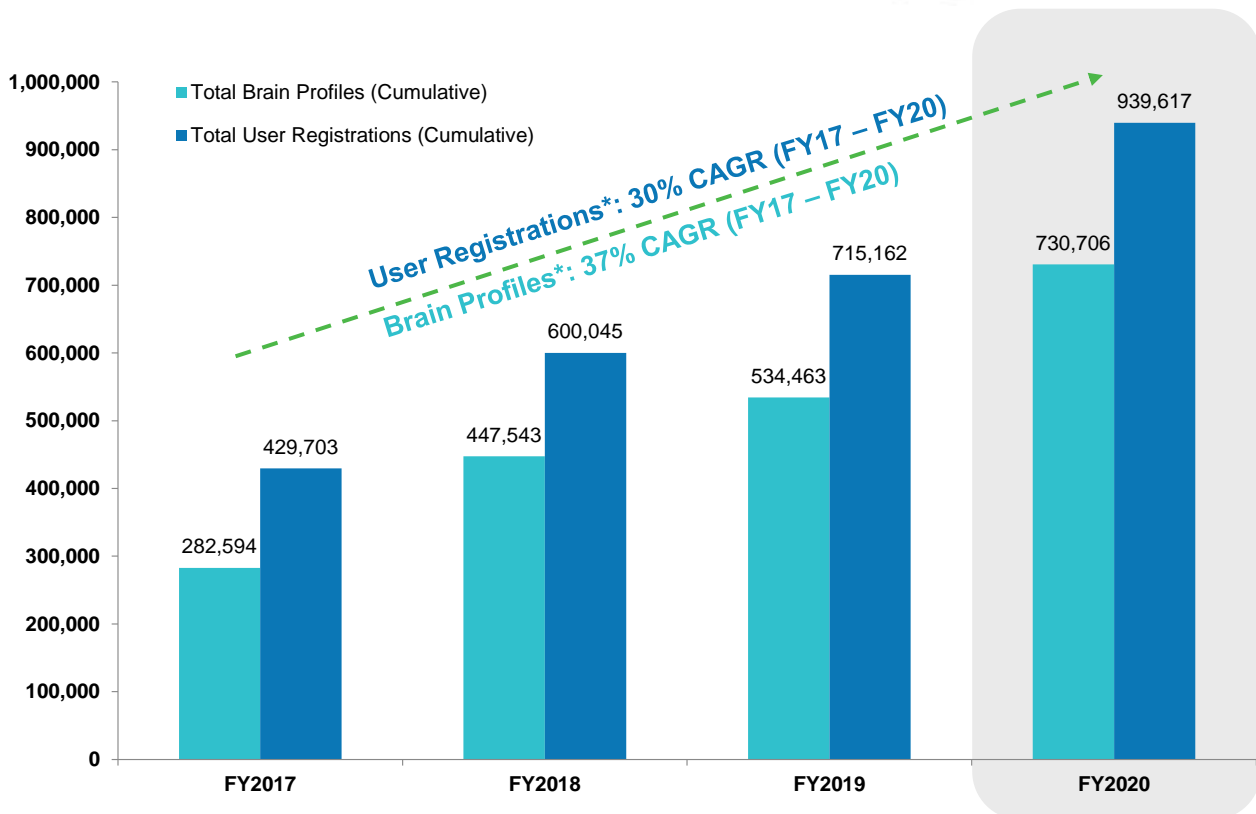
*In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C include payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding reimbursements of out-of-pocket expenses which is equivalent to the previous quarters expense.*

## 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 TTB's product-market-fit assumptions, while also powering the value of the Company's proprietary database. During the June 2020 quarter:

- User Registrations increased by 137k, a 17% quarter-on-quarter and 31% year-on-year growth in cumulative users relative to FY2019; and
- Brain Profiles increased by 134k, a 22% quarter-on-quarter and 37% year-on-year growth in cumulative profiles relative to FY2019.

This significant growth is driven by a marketing campaign run by the Staying Sharp unit of the American Association of Retired Persons ("AARP"), as a result of which ~100k users have registered with TTB and engaged with the platform. This level of interest reflects the strong demand for mental health tools in the current COVID-19 context, especially for at-risk cohorts such as the aging population.



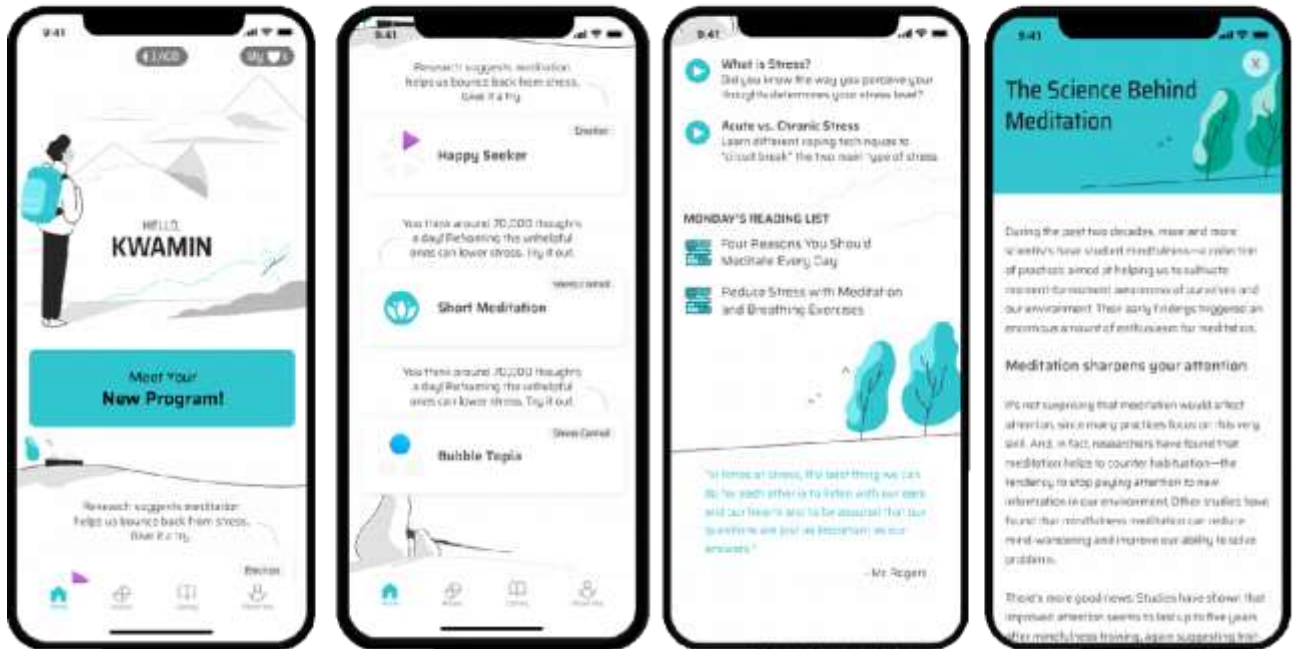
\*Represents cumulative actual figures through the quarter ended 30 June 2020. User Registration figures exclude employer-pre-registered users. Brain Profiles figures include multiple assessments taken by same user.

## BUSINESS OPERATIONS

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

### Product and Technology

- The integration of the newly-expanded team is increasing the ability to deliver product and new functionality across multiple streams of work – clients, infrastructure, and core user platform;
- Largest product update to the Total Brain application since re-launch at the end of 2018, creating a new personalised self-care experience that is based on strengths and weaknesses vs thematic journeys;
  - New features include custom capacity-targeted training recommendations, daily programming, and content type expansion to include articles and podcasts, resulting in 12% more content to be consumed per user visit, according to early analytics. Investors are invited to create trial accounts at <https://info.totalbrain.com/covid-19-trial>.



- Completed new client setup and launches for major contracts and build-out of key infrastructure initiatives including ISO certification, analytics, sign on and IT security;
- Launched early alpha testing for an innovative Heart Rate Variability (“HRV”) product, which would enable users to assess their mental state in a matter of minutes by measuring their HRV via the camera on their cell phones. This is expected to not only increase user engagement but also enable individuals to observe the direct link between their physical and mental states of health in real-time.

### Sales and Customer Success

- Continued to make steady progress on the funding of the TTB/IBM platform “Mental Health 360” by large government organisations like the U.S. Department of Veteran’s Affairs, the U.S. National Guard and several other sizable opportunities. While COVID-19 is creating unplanned process and decision-making headwinds, TTB remains confident that our platform will be implemented in the coming quarters, especially given the unprecedented need for scalable mental health solutions in the current times;
- During the June quarter TTB was able to complete a number of new strategic partnerships and commercial contracts, including:
  - The additions of the [National Alliance of Healthcare Purchaser Coalitions](#), a U.S.-based organisation representing 12,000 employers and 45 million individuals, spending A\$425 billion annually on healthcare as a named partner to the Total Brain [Mental Health Index](#);
  - A partnership with the [Center for Adolescent Research and Education \(CARE\)](#), which will promote positive youth development by offering teens access to Total Brain’s tools with a special focus on those transitioning from high school to college and college to the workforce, a cohort among the most at risk for mental health conditions and suicide;



- The international expansion of a Fortune 500 client in the gaming sector to all 4k of its global employees;
- The onboarding of 3 SMEs for paid contracts and a number of other organisations for free 3-month COVID-19 trials, including sporting and social purpose organisations in Australia and New Zealand;
- The testing of the clinical market continues to progress with the addition of 2 more middle-market addiction clinics to the pilot. The clinical functionality of the Total Brain platform, including clinician portal and reporting, is seen by practitioners as providing non-existing health outcome data, improving on-boarding, helping treatment planning, providing continuity of care and incremental revenue opportunities via insurance code reimbursement. The team is currently working with partners in the trial sites to identify the optimal integration of the Total Brain tools into the clinicians' workflows.

## Marketing

- Launched the [Mental Health Index: US Worker Edition](#) with One-Mind at Work and subsequently joined by the [National Alliance of Healthcare Purchaser Coalitions](#).
  - Total Brain created the Mental Health Index to allow the public and corporations to measure mental health progress and performance against a valid national benchmark. The index contains data drawn from a weekly randomised sample of 500 working Americans taken from the larger universe of Total Brain users that includes workers from all walks of life and regions. The data is not survey data by nature. It comes from a mix of validated tasks and questions that are part of Total Brain's unique neuroscientific assessment, which makes it more objective and representative. Please refer to a video introducing the Index [here](#).
- The account-based marketing strategy has delivered 30+ sales qualified leads from U.S. corporates with ~5,000+ employees since January 2020 and a doubling in the monthly run rate of qualified leads post-COVID-19;
- 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 "Virtual Media Tour" of interviews with Total Brain Founder Dr. Evian Gordon in 23 local US markets representing 23 states and 24 million impressions, including a 10-minute feature on PBS-New York, the #1 media market in the United States, accessible [here](#).
- Expansion of the Total Brain Podcast, high-quality conversations between Founder Dr. Evian Gordon and world-renown Key Opinion Leaders on subjects related to mental and brain health, available here: <https://www.buzzsprout.com/735944>.

## Human Resources

- Replaced our Director of HR, Meredith Haas by [Caitlin Mimnaugh](#). Caitlin comes to TTB after an impressive HR career in the financial and consulting world and significant experience as a licensed mental health clinician;
- Sourced and filled positions across Engineering, UX, and Product, continuing to proactively manage high industry-wide turnover rates;
- Have continued to ensure an integration of the work-from-home environment for all TTB employees with minimal business disruption. The team remains in high spirits and healthy.



## 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.

Amidst the current global situation, Total Brain is encouraged by an increasing interest by large organisations to deploy mental health solutions to their populations. The more than one dozen partnerships signed and contracts won since the start of the pandemic serve as an important validation of this 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 also continues to be very encouraging. As such, we remain focused on the following priorities for our business:

- Proactively penetrate various verticals of the B2C Affinity market in collaboration with our partners from IBM, AARP and Everyday Health, while seeking new opportunities.
- Accelerate sales cycle of B2B Corporate revenue via continued execution of the Account-based Marketing strategy, launch of a “pull” strategy with the Mental Health Index, and penetration of new and existing channel partners;
- 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 we remain committed to creating significant shareholder value in FY2021 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:

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**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 self-monitoring & self-care platform powered by the largest standardised brain database. Its SaaS platform has helped more than 930,000 registered users to-date scientifically measure and optimise their brain capacities while managing the risk of common mental conditions. Benefits for employers, large organisations and insurers include productivity improvements 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")**

30 Jun 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,713	4,997
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(378)	(1,907)
(c) advertising and marketing	(186)	(808)
(d) leased assets	-	-
(e) staff costs	(1,845)	(7,991)
(f) administration and corporate costs	(251)	(1,312)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,252	2,590
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>306</b>	<b>(4,417)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(83)	(126)
(d) investments	-	-
(e) intellectual property	(1,484)	(2,983)
(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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>(1,567)</b>	<b>(3,109)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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>-</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	13,504	5,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	306	(4,417)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,567)	(3,109)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	13,758

<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	(1,139)	(343)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,104</b>	<b>11,104</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	10,268	12,575
5.2	Call deposits	836	929
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>11,104</b>	<b>13,504</b>

**6. Payments to related parties of the entity and their associates**

- |     |   | <b>Current quarter<br/>\$A'000</b> |
|-----|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 247                                |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |

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

Items 6.1 include payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding reimbursements of out-of-pocket expenses which is equivalent to the previous quarters expense.

## 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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 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)*	(2,513)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	11,104
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	11,104
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>4.4</b>

\* Excludes government grants and tax incentive receipts. Includes payments to acquire property, plant and equipment and intellectual property.

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:

## 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: 29 July 2020

Authorised by: Matt Morgan, NED   
(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.