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29 October 2020

Australian Securities Exchange (ASX) Announcement

September 2020 Quarterly Update and Appendix 4C

Total Brain Limited ("Total Brain," "TTB" or "the Company"), the developer of a mental health SaaS platform, is pleased to report on its activities for the quarter ended 30 September 2020.

HIGHLIGHTS

- Total Brain has entered the procurement stage of the contracting process with the first paying government client of the IBM/Mental Fitness 360 platform for an initial roll-out of its GRIT application that represents ~A$650k in ARR for TTB. This rollout constitutes 10% of the individuals who transition every year into the client's total eligible population of 18 million.
    - The procurement phase, which is expected to be finalised in Q4 of CY20 despite past COVID-related delays, is the final step of the contracting process which includes three key steps that have already been completed:
        (i.) An agreement for a pilot with a subset of the client's population and subsequent successful execution of the pilot;
        (ii.) a Master Service Agreement detailing the full commercial and product terms between IBM and TTB; and
        (iii.) a contract vehicle between IBM and the government client.
    - The roll out to end users is expected to commence by the end of CY20, and TTB anticipates receiving first revenues in Q1 of CY21, subject to the risks of contracting or process delays, inherent in transactions of this kind.
    - The IBM/Mental Fitness 360 platform supporting broad Social Determinants of Health (SDoH), and its GRIT application, which targets the support of large populations in transition, is being rolled out as a health benefit for this client's users and is funded directly with government agency budget. Given the inherent scalability implied with the delivery of the product, TTB anticipates the client will likely wish to increase the population on the platform to support a larger set of transitioning users following this initial rollout. Furthermore, this first win is expected to further accelerate the other opportunities in the joint TTB/IBM pipeline in the quarters to come;
- In addition, Total Brain completed a number of new strategic partnerships and commercial contracts, including with:
    - HR Policy Association, the lead public policy organisation of Chief Human Resource Officers representing 390 of the largest enterprises with more than

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20 million employees in the US and globally, which became a partner in the Total Brain Mental Health Index. The American Health Policy Institute has also joined the index as part of this partnership;
    - Well & Productive CRC, an Australian-based consortium of academic researchers and companies such as BUPA, Woolworths Group, and The Commonwealth Bank of Australia, focused on promoting good mental health for Australians at the workplace;
    - The Australian Rugby Men's Sevens team to use Total Brain for their mental health and resilience training;

- Following the large product update to the application launched in the June quarter, Total Brain launched another transformative feature – NeuroTunes, a neuro-scientifically composed music and soundscapes module aimed at reducing anxiety and stress. TTB partnered with acclaimed composer and producer John Vitale and has integrated the latest neuroscience research on music and emotions into the module. The early results from users are promising – within 2 weeks of launch, NeuroTunes accounted for 20% of all content consumed on the platform.

CASH FLOW

Cash Inflows

During the September 2020 quarter, Total Brain collected A$0.8 million in cash receipts, which represents a 54% decrease quarter-on-quarter. Adjusted for the upfront payment of ~A$1 million for a large contract in the prior quarter, this represents a 20% increase. On a year-on-year basis, cash receipts decreased by -24%, unadjusted, and increased by 15% after adjusting the September 2019 figure for a similar large upfront payment in that quarter.

Cash Outflows

Total cash outflows via payments from operating and investing activities (items 1.2 and 2.1 in Appendix 4C) increased 9% quarter-on-quarter (A$399k), driven by maintenance of the current employee base, select hires in sales and technology, and one-off operating items. Total Brain expects this level of business expenses to continue in the following quarter.

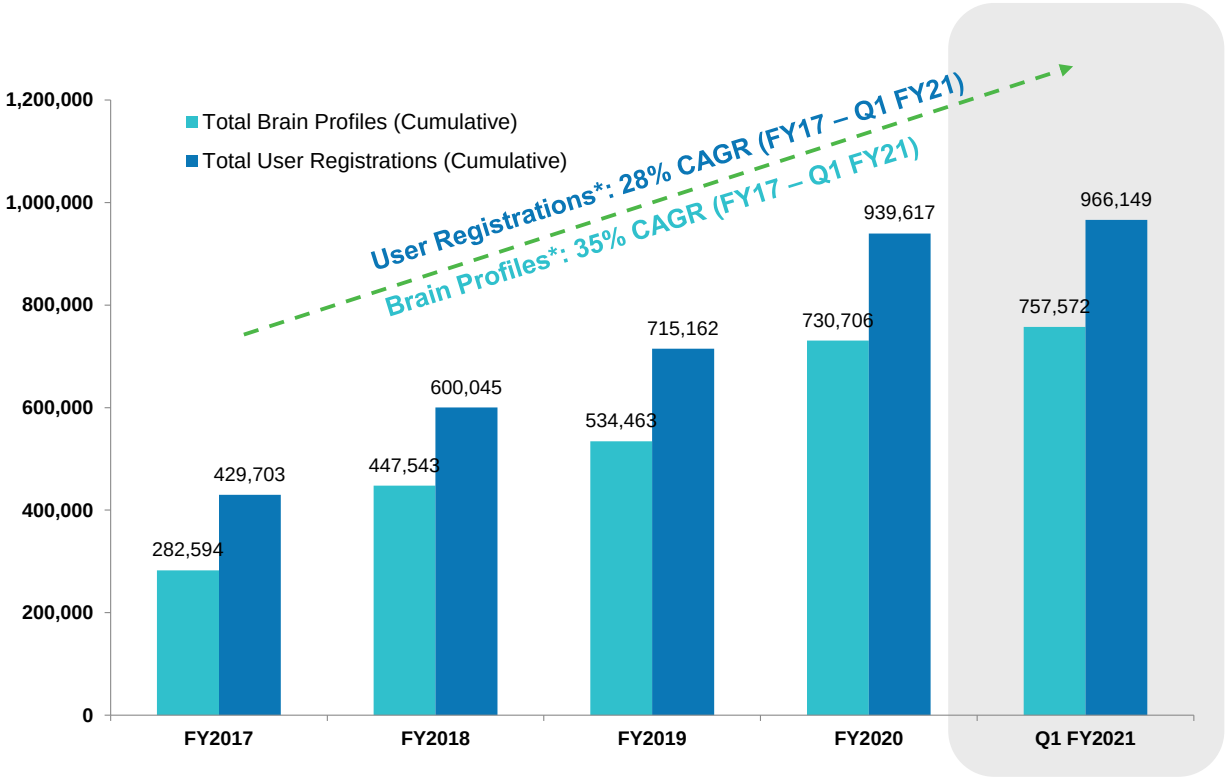
In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C include payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding reimbursements of out-of-pocket 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 September 2020 quarter:

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- User Registrations increased by 27k, a 3% quarter-on-quarter and 31% year-on-year growth in cumulative users; and
- Brain Profiles increased by 27k, a 4% quarter-on-quarter and 37% year-on-year growth in cumulative profiles.



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

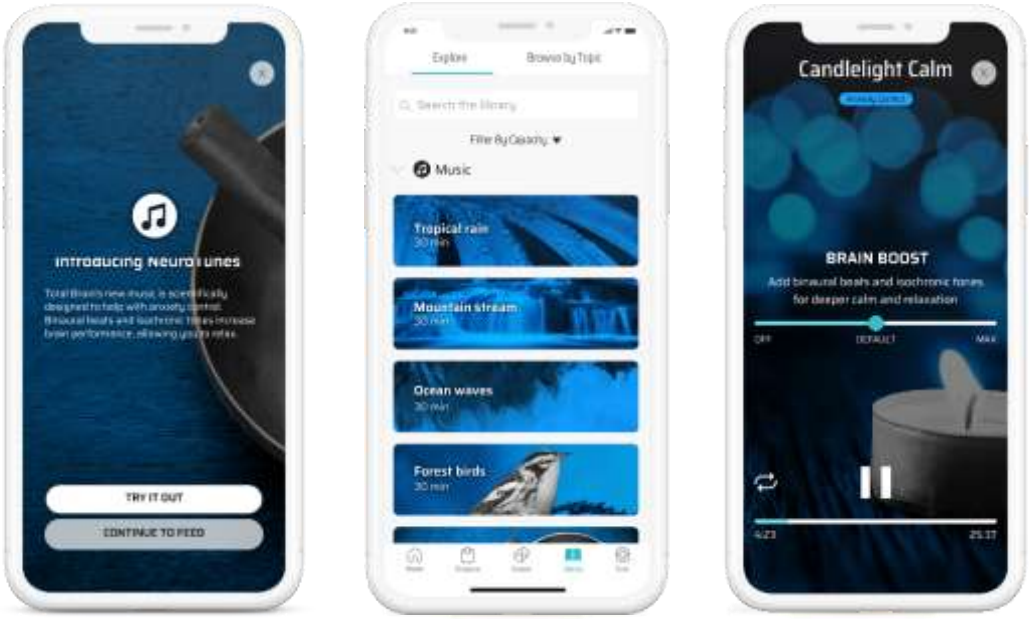
BUSINESS OPERATIONS

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

Product and Technology

- Client support, infrastructure, and new feature development remain the 3 top priorities for the product and technology function of Total Brain;
- Following the large product update to the application launched in the June quarter, Total Brain launched another transformative feature – NeuroTunes, a neuro-scientifically composed music and soundscapes module aimed at reducing anxiety and stress. TTB partnered with acclaimed composer and producer John Vitale and has integrated the latest neuroscience research on music and emotions into the module. The early results from users are very promising – within 2 weeks of launch, NeuroTunes accounted for 20% of all content consumed on the platform;

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- Continued to make steady progress on launches for major contracts and build-out of key infrastructure initiatives such as HIPPA certification and analytics, as well as the development of new functionality informed by recently-conducted user research and persona-development such as onboarding flows, recommendation engine, and Heart Rate Variability ("HRV").

Sales and Customer Success

- While COVID-19 has increased the level of inbound inquiry for TTB over the last 6 months, it has also impacted decision-making and the speed of roll-outs. At the same time, we are pleased to report on the following new partnerships and contracts the team has been able to secure:
- Total Brain has entered the procurement stage of the contracting process with the first paying government client of the IBM/Mental Fitness 360 platform for an initial roll-out of its GRIT application that represents ~A$650k in ARR for TTB. This rollout constitutes 10% of the individuals who transition every year into the client's total eligible population of 18 million.

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- The procurement phase, which is expected to be finalised in Q4 of CY20 despite past COVID-related delays, is the final step of the contracting process which includes three key steps that have already been completed:
  - (i.) An agreement for a pilot with a subset of the client's population and subsequent successful execution of the pilot;
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- The roll out to end users is expected to commence by the end of CY20, and TTB anticipates receiving first revenues in Q1 of CY21, subject to the risks of contracting or process delays, inherent in transactions of this kind.
- The IBM/Mental Fitness 360 platform supporting broad Social Determinants of Health (SDoH), and its GRIT application, which targets the support of large populations in transition, is being rolled out as a health benefit for this client's users and is funded directly with government agency budget. Given the inherent scalability implied with the delivery of the product, TTB anticipates the client will likely wish to increase the population on the platform to support a larger set of transitioning users following this initial rollout. Furthermore, this first win is expected to further accelerate the other opportunities in the joint TTB/IBM pipeline in the quarters to come;

- In addition, TTB completed a number of new strategic partnerships and commercial contracts, including with:
  - HR Policy Association, the lead public policy organisation of Chief Human Resource Officers representing 390 of the largest enterprises with more than 20 million employees in the US and globally, which became a partner in the Total Brain Mental Health Index. The American Health Policy Institute has also joined the index as part of this partnership;
  - Well & Productive CRC, an Australian-based consortium of academic researchers and companies such as BUPA, Woolworths Group, and The Commonwealth Bank of Australia, focused on promoting good mental health for Australians at the workplace;
  - The Australian Rugby Men's Sevens team to use Total Brain for their mental health and resilience training;
  - 4 SMEs for paid contracts totaling A$39k in ARR via the Kaiser Permanente channel partner relationship and direct marketing efforts.
- Progress in the development of the clinical market continues with current pilots underway at 5 clinics, representing a total of ~4,500 addressable patients. Given the positive traction with the new clinical product functionality in these pilots, Total Brain has commenced migrating the majority of our 115 existing clinical clients, representing

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a total of ~A$300k in annual revenue, to the new platform. The migration represents an opportunity to re-engage with legacy clients and transition them to a model based on repeatable usage of the platform driven by new features such as patient data trending over time and mental condition screening. This effort is expected to be finalised by calendar year-end.

Marketing

- Continued to focus on the publication and marketing of the Mental Health Index: US Worker Edition following the addition of the HRPA and the American Health Policy Institute as named partners. From the latest September 2020 edition:
    - "Since March 2020, the Mental Health Index: U.S. Worker Edition has tracked the downward spiral of Americans' mental health catalyzed by the COVID-19 global pandemic. Until now, data presented only troubling news. According to the latest Mental Health Index: U.S. Worker Edition, employees' risk of depression (up 64%) and general anxiety (up 43%) remain significantly elevated when compared to pre-pandemic. Yet, the risk of general anxiety disorder is stable from August to September and risk of depression saw a low single-digit 6% increase. Stress and anxiety levels are stabilizing. And risk of PTSD declined 22% from August to September and is approaching February levels – a sign of continued adaptation to the current state of our world."
- New marketing qualified leads from TTB's account-based marketing program increased 58% from a Pre-COVID average of 19 per month to a Post-COVID average of 30 per month;
- Continued to pivot toward virtual events to expand Total Brain's thought leadership position and penetrate the C-suite with sponsorships and speaking engagements at 4 major events in the quarter, including the One Mind at Work Global Forum, the HR Policy Association Virtual Washington Policy Conference and the National Association for Alcoholism and Drug Abuse Counselors;
- Accelerated earned media placements and overall brand awareness with continued traction from the Total Brain Mental Health Index including numerous articles in trade publications like HR Executive and Employee Benefit News as well as mainstream media outlets like Fox Business, Forbes and Fast Company.

Human Resources

- Sourced and filled positions across Sales, Engineering, and Product, continuing to proactively manage high industry-wide turnover rates;
- Successfully executed the first online company retreat, including team building, corporate strategy meetings and cross-department collaboration initiatives for all TTB employees while working from home.

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OUTLOOK

Amidst the current global environment of unprecedented levels of stress and anxiety, Total Brain is encouraged by the progress made to-date and mobilised to take advantage of the opportunities to be of service to organisations and individuals seeking mental health support. As such, we are focused on the following priorities for our business:

- Proactively penetrate various verticals of the B2C Affinity market in collaboration with our existing partners, while seeking new opportunities.
- Accelerate sales cycle of B2B Corporate revenue via continued execution of the Account-based Marketing strategy, lead generation via the Mental Health Index, and penetration of new and existing channel partners;
- Test product-market-fit and scalability of the clinical 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

Given the proximity of the release of this report with the upcoming Annual General Meeting ("AGM") of Total Brain, investors are invited to participate in the AGM on Thursday, 19th November at 11am Melbourne time via https://thecfosolution.zoom.us/j/99620872341 with further instructions available in the Notice of Meeting, also posted on the ASX platform and TTB website.

Louis Gagnon
Managing Director / CEO
Total Brain Limited

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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 960,000 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 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

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Name of entity	
Total Brain Limited	
ABN	**Quarter ended ("current quarter")**
24 094 069 682	30 Sep 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	796	796
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(503)	(503)
	(c) advertising and marketing	(182)	(182)
	(d) leased assets	-	-
	(e) staff costs	(2,494)	(2,494)
	(f) administration and corporate costs	(419)	(419)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	63	63
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,739)**	**(2,739)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(15)	(15)
	(d) investments	-	-
	(e) intellectual property	(1,013)	(1,013)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,028)**	**(1,028)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,104	11,104
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,739)	(2,739)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,028)	(1,028)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(369)	(369)
4.6	**Cash and cash equivalents at end of period**	**6,968**	**6,968**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	6,166	10,268
5.2	Call deposits	802	836
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,968**	**11,104**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	232
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.

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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	**Total financing facilities**	**-**	**-**

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)*	(2,802)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,968
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	6,968
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**2.5**

***** 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:

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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: .....

Matthew Morgan, NED

Authorised by: .....
(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.

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