

Exhibit 1

**Redacted Version of Document
Proposed to be Filed Under Seal**

From: Justin Roberts [jroberts@generalcatalyst.com]
Sent: Sunday, August 14, 2016 3:21:33 AM
To: Eric Marcotulli
CC: Dan Giovacchini
Subject: Re: EH Followup Questions

Thanks again buddy.

j

Justin Roberts
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On Sat, Aug 13, 2016 at 9:11 PM, Eric Marcotulli
<eric@elysiumhealth.com> wrote:

Dan and Justin,

Please see below.

I'll be in a car for 7-8 hrs tomorrow, so happy to connect and explain via phone – though understand I likely won't have the data in front of me. I'll be back in the office around 10 or 11 pm if we need to do any sort of joint analysis.

Thanks,
E

From: Dan Giovacchini <dgiovacchini@generalcatalyst.com
<mailto:dgiovacchini@generalcatalyst.com> >
Date: Saturday, August 13, 2016 at 5:42 PM
To: Eric Marcotulli <eric@elysiumhealth.com>
Cc: Justin Roberts <jroberts@generalcatalyst.com>
Subject: EH Followup Questions

Eric-

Hope you're having a great weekend and thanks so much for sending over the data. We have a couple questions it'd be great if you could give us some guidance on.

1) What are the correct revenue numbers? For example, the P&L model shows \$1.75M in July '16 whereas in the presentation on slide 15 it clearly suggests \$2M+ for July '16. Which one is correct and what contributes to the difference?

Apologies for the inconsistency. The model is correct here. Presentation was put together a couple months ago by our design lead,

who was working off the model from May. Couple of things changed. First, as outlined below, we've bumped up against a working capital issue. We brought our costs down on raw materials so much that we invested in 9 mo worth of inventory, which we felt was more important than funneling that spend toward growth and constantly micromanaging the supply chain every 3 mo. So we reduced marketing spend, particularly in light of the fact we are getting a much better handle on CAC and don't want to waste too much on experimental spend – so while we do that, this reallocation made the most sense in our mind. Second, we were supposed to have a massive story run in New York Magazine in July, which got bumped to the Aug 24 issue. PR drives tons of acquisition for us, and since this article will be 5,000-10,000 word missive covering aging research, Lenny's work, and Elysium (split evenly 1/3 each in terms of overage), we feel it's contribution to revenue will simply be delayed, not disappear. Overall, a \$3M Dec is still well within reach, and we believe is actually conservative, given the announcement of clinical data (and the product level messaging / new ad campaigns it will enable), subsequent press coverage associated with that and the NYMag piece, the re-start of marketing spend/growth, and our ability to reactivate / better retain customers. See below for more, but we haven't emailed our customers once.

2) How do you calculate CAC in the model? What is the Test Spend line? What drives increase in CAC over time? How do you think about and calculate payback in months on contribution margin?

CAC is new marketing spend / new sales (on a cash basis). We discount for experimental spend. The highest we've seen CAC get is \$225 a few months ago. Last month (July) it was \$189 and this month it is \$156 (this number includes all experimental spend, as we discount at end of month – so will be lower by a rather substantial measure). I alluded to this in my earlier note, which I've copied here for further explanation.

As for payback, it is relatively simple. We look at what it cost to acquire a given cohort, and then we look at how many months (based on repeat purchases/conversions to subscriptions/retention) it takes for them to get to breakeven on a fully-loaded contribution margin basis. I think we can increase spend to the point where this window is comfortably 6 mo or less, while keeping LTV:CAC at 3x in the 3 year window. That said, given we anticipate the 5 year and 10 year (or lifetime) LTV to be meaningfully higher than for other consumer companies (again, if this is curing a skin disease or managing Parkinson's/chemo brain, or even helping you sleep better / have more energy, steady state retention will flatten out at a much more compelling rate). So, together, if we feel as though unit economic improvements are such that we are comfortable with a 5 year window on LTV:CAC payback at a certain level, vs a 3 year, then we can certainly dial up CAC and payback period.

Payback will always be within a year. No doubt about that. Even at aggressive spend.

Notes on spend from previous email

* Experimental includes two items, truly experimental items (such as video, a campaign we did testing “sequential messaging” of company story through to the science in the product,, educational materials, etc) and platform competition (e.g. We have multiple platforms on Facebook, in retargeting, etc that compete against one another to see if any is truly better than the other). This is actually more than 25% (of which we take only 80% to get to the 20% discount factor you see), but we are trying to be conservative.

* There is some spend that is just purely wasted. Alice (our current marketing lead, who is 22 and a neuroscience major with no marketing experience) is working to limit the number of ads people see on FB, but she has struggled. Even Acquisition Labs, the partner we use for digital execution on FB and now Google, told us we were capping ads when in fact we weren't. This was realized and fixed last week, and we will continue to improve. But we have been spending money needlessly on people who have already bought, which is frustrating and reflects our immaturity. This is compounded by the above, where platforms compete and don't speak to one another – so one may map to a sale and stop serving ads to that customer, while the other may continue to do so since it doesn't have that data. So in addition to the fact we are spending money on two platforms to see which is better, they are wasting money since they don't communicate.

* As we learn and further optimize, we think CAC in the \$150-200 range is reasonable with our current marketing team that has little to no experience. In July, for instance, will had a CPA for all new customers of \$189 and approximately \$1.75M in monthly sales, our highest to date.

* We have confidence we can get LTV to the \$800–1,000 range, if not higher. And this is for Basis alone – adding new products will clearly help in this regard. People love these products, and so CAC is less of an issue in my mind given (1) we simply need to find the right messages and channels, which will get easier as we have more and more clinical data + a real team, and (2) as LTV improves further still, we can maintain a healthy multiple of LTV:CAC even if CAC does increase. This latter point is more about a safety margin than an expectation.

3) What has happened to improve the supply chain? How are you lowering costs? What will drive the contribution margin upwards over time?

We've renegotiated existing supply agreements to bring cost of NR (the most expensive input) down from \$1300/kg + 5% royalty on net sales to \$800/kg with no royalty. We now have 99% percent probability of bringing the NR cost/kg to █████ by YE/Q1 2017 (happy to give voiceover and we gave David the full download on Wednesday - too sensitive to put in an email). Current GM is in the 70-75% range and fully-loaded contribution margin is in the 60-65% range. Both will increase by 10 percentage points or more. So GM to ~85% and CM to ~75% in the next 6-8 mo. Further, there will be incremental improvements in areas like packaging, fulfillment, encapsulation, bottling, etc.

We are also making some very important, strategic moves in the

supply chain to own (1) the molecular structure of NR and (2) broad use patents that will, if successful, give us global control of the entire NR market. We peg probability of this at 75%, but regardless, we have a 100% chance of building a very defensible series of walls around Basis.

4) Why has new customer growth slowed this summer? Does any data suggest that customers are buying more bottles (i.e. for family members)?

It takes ~90 days to turn around a production run. To support a last three month sales window, raw materials, packaging and manufacturing alone costs ~\$1.5M. Looking ahead, inventory orders will need to be much larger to support growth, and given that we have only raised \$7M to date, working capital has become a serious constraint for us. Supporting a higher monthly runrate in sales requires us to scale back marketing spend to be breakeven or cash flow positive. Unless we wanted to risk disrupting continuity of supply chain, we cannot continue to grow at our previous pace until we raise additional funds. In sum, then, since we have to invest in multiple production runs at any given time to ensure this continuity, and we still see growth (whether exponential or linear), the working capital requirements are increasingly onerous. We sold out of supply once, and we refuse to let it happen again. I'd rather shut off marketing altogether and serve our existing base if it came to it – but clearly that is far from ideal when we have a huge opportunity here to capture an entire market (one of the largest of all product categories).

We have done nothing from a retention, reactivation, or email standpoint. We haven't emailed the customer base a single time, other than with transactional notes. The first case of doing this will be after the release of our clinical data, which, as I mentioned, will likely demonstrate Basis is the first product in human history to reverse a part of the aging process. So, yes, while we see more people buying more bottles in the house, we expect household penetration to increase significantly after the announcement of our clinical study data.

Thanks for any help you can provide! Go USA.

-Dan

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