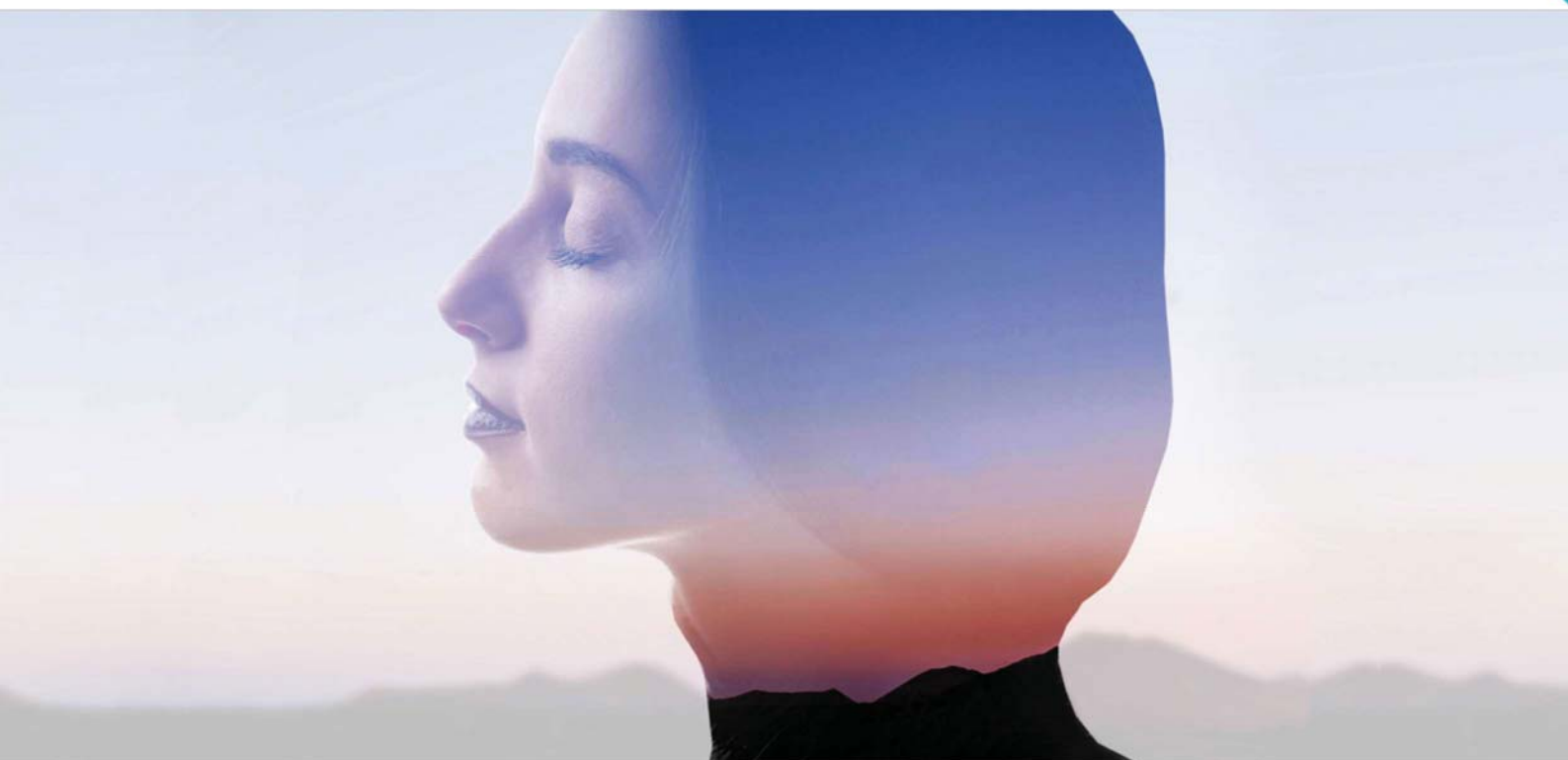




INTERIM REPORT

Half Year Ended 31 December 2020

1. Company details

Name of entity:	Total Brain Limited
ABN:	24 094 069 682
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	9.1% to	1,999,387
Loss from ordinary activities after tax attributable to the owners of Total Brain Limited	up	3.5% to	(4,057,756)
Loss for the half-year attributable to the owners of Total Brain Limited	up	3.5% to	(4,057,756)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$4,057,756 (31 December 2019: \$3,920,300).

The Coronavirus (COVID-19) pandemic has not only severely impacted the physical health of people around the world, but also led to an unprecedented increase in stress, fear, and anxiety for the population at large making mental health an urgent priority to all. In this regard, the Group is mobilised to take advantage of the opportunities that this pandemic has created globally, thus the impact of COVID-19 up to 31 December 2020 has been financially positive for the Group, with revenue from the Group's SaaS recurring revenue from the Corporate and Affinity markets increasing by \$600,000 relative to the prior reporting period.

Further information on the 'Review of operations' is detailed in the Operating and Financial Review which is part of the Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.22	10.00

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The auditor's report contains a paragraph addressing a material uncertainty related to going concern.

10. Attachments

Details of attachments (if any):

The Interim Report of Total Brain Limited for the half-year ended 31 December 2020 is attached.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 25 February 2021

Dr Evian Gordon
Chairman
Sydney

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1. HIGHLIGHTS

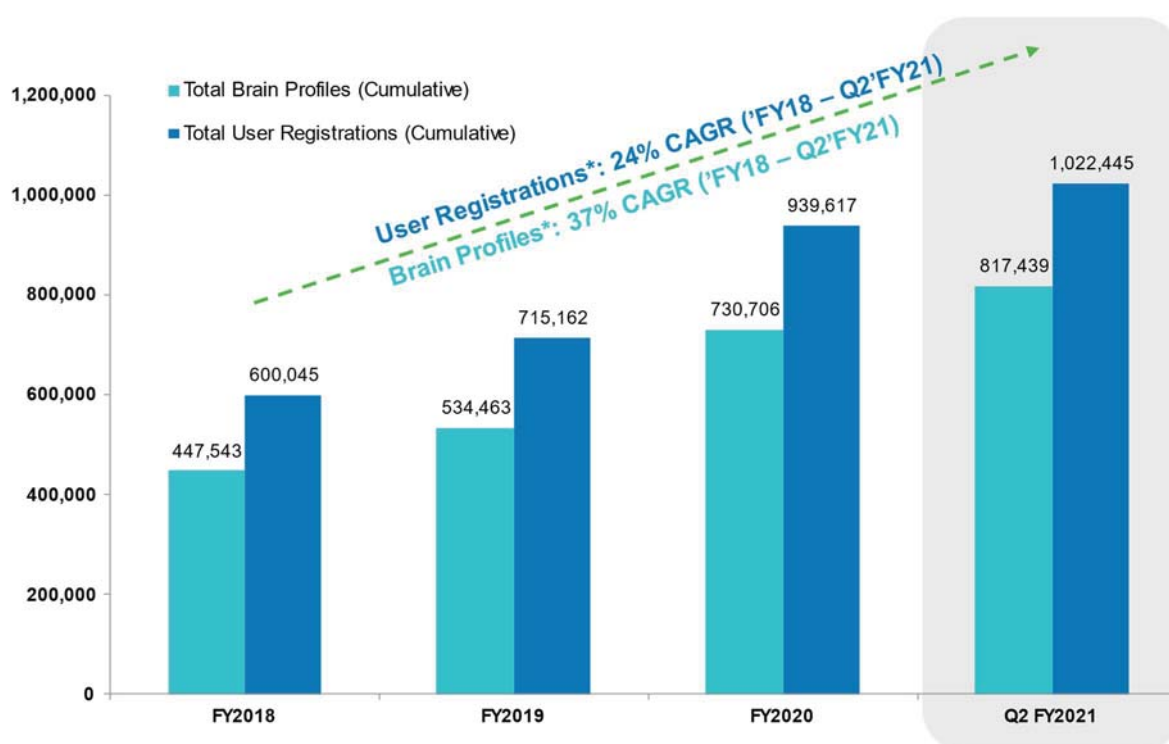
- Amidst unprecedented public health and political turmoil globally, the half year ended 31 December 2020 was a period of significant growth and transformation for Total Brain:
 - On the one hand, these large-scale disruptions have created more awareness of mental health issues which led to a 58% spike in the monthly average incoming prospects at the top of TTB's sales funnel. This was further enabled by the launch of the Mental Health Index: U.S. Worker Edition, which resulted in the engagement of 10+ large employers via direct introductions to their Chief HR Officers in the last 5 months.
 - On the other hand, COVID has caused significant process set-backs with opportunities already in the pipeline, resulting in 9-month delays in sales conversions, including with IBM.
- The first IBM transaction with a large government agency for the deployment of the Mental Fitness 360 platform and GRIT application, continues to progress through the final stages of the contracting process and is expected to conclude in the very short term based on the latest guidance.
 - The initial roll-out to 25,000 users represents \$570k in Annual Recurring Revenue ("ARR") to Total Brain, with an additional \$3.5 million available upon population expansion in the intermediate term, for a total of \$4.1 million.
- Despite the significant COVID-related delays throughout 2020, TTB has undergone a transition to a SaaS business by replacing one-off sources of revenue earned in the prior reporting period with revenue that is predominantly recurring in nature.
 - Management expects the growth in its Corporate, Affinity, and Clinical markets to continue accelerating materially in the next year, as evident by the year-over-year ARR growth of 28% to \$3.5 million (40% in USD), as of 31 December 2020. Including the pending initial IBM transaction, ARR would be \$4.1 million, representing 49% growth since December 2019 in AUD (63% in USD).
- With cash expenses declining by \$0.2 million during the half year, the Company carries significant operating leverage in its business today, which makes future ARR growth achievable without a material increase in expense base given strategic investments over the past 12 months.
 - Based on the current cash balance, receipts collected in January 2021 (including a \$1.1 million R&D tax incentive from the Australian government), and additional collections scheduled for the next 3 months, the cash runway for the business is June 2021. This amount excludes any additional billings from the pending IBM transaction or other net new contract wins from hereon.
 - Additionally, Total Brain is potentially eligible for \$1.4 million in stimulus funding from the U.S. government via the second round of the Paycheck Protection Program. While the exact process and timeline of this program are opaque given the emergency nature of the stimulus, the Company has submitted its application and is awaiting approval and subsequent funding. Upon receipt, these funds would extend the runway of the business to August 2021.
- During the half year, the Company also achieved significant progress in product development and user adoption:
 - Cumulative User Registrations grew to over 1 million users and Brain Profiles increased to 817k, representing 33% and 42% year-over-year growth, respectively.
 - The average time a user spends with Total Brain's self-care tools grew by 2.5x, and the amount of content consumed increased by 50%, leading to a 91% user satisfaction score.

2. BUSINESS OPERATIONS

2.1 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 strong validator of the Company's product-market-fit, while also powering the value of Total Brain's proprietary database. During the half year ended 31 December 2020:

- User Registrations crossed the 1 million user mark, representing 33% year-over-year growth; and
- Brain Profiles increased to 817k, representing 42% year-over-year growth.



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

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

2.2 Sales and Customer Success

The half-year ended 31 December 2020 has been a dynamic time for Total Brain. Even though COVID has increased top-of-funnel leads to our business during 2020, it has also created numerous process delays with already interested buyers, including a 9-month delay of the IBM opportunity. Despite these delays, as of December month-end, TTB has grown ARR to \$3.5 million, representing a 28% year-over-year increase (40% in USD). Including the pending initial IBM transaction, ARR would be \$4.1 million, representing 49% growth since December 2019 in AUD (63% in USD). Given the momentum nature of the ARR metric, this growth will start to be reflected in our revenue and cash receipts in the coming months.

In August, we made an important new hire – Melissa Frieswick, who joined our team as Chief Revenue Officer. Melissa has 25 years of experience selling healthcare solutions to Fortune 500 companies, significant knowledge of the market and enterprise sales process, as well as an understanding of the health insurance landscape. With her on board, we have been focused on revamping our revenue-generating functions and realigning our sales team against the areas of opportunity that are most actionable and scalable.

In the Corporate market, after experiencing the long (~12-15 month) sales cycles and opacity of buying process over the last 2 years, we have developed an approach to engage directly with top decision makers of our prospects – the Mental Health Index: U.S. Worker Edition. In partnership with top industry partners like the HR Policy Association (“HRPA”), a group of 300 Chief HR Officers from Fortune 500 employers, the Index leverages Total Brain data to track and publish the risk of mental health conditions and its impact on people’s brain capacities over time. It is a powerful, data-driven, and scalable way to build our brand amongst the most senior decision-makers in an organization. Since our launch in April 2020, we have seen more than 10 large, Fortune 500 employers engage with us. In comparison, 12 months ago we had <5 opportunities of that size and senior buy-in, of which we converted 2 in the first half of the calendar year for a total of \$510k in ARR (Fortune 500 oil & gas company and a global accounting firm).

In the Affinity market, we have spent the last 9 months developing a strong working relationship with the IBM team which is selling the joint IBM-TTB Mental Fitness 360 solution to their network of government and corporate clients. We have weekly standing pipeline update calls, regular joint client presentations, and strategy meetings with IBM. In addition, our team has the benefit of working with Nicole Gardner, former IBM executive and Founder of the Mental Fitness 360 initiative, who has joined TTB as an adviser after retiring from IBM earlier this year.

In the Clinical market, we have successfully run 5 pilots with behavioral health clinics representing a total of ~4,500 addressable patients, including the Brookline Center for Community Mental Health, and Briarpatch, a pediatric clinic affiliated with Boston Children’s Hospital. With the new product in place, we are deploying sales resources behind the lead generation focus on substance abuse and behavioral health clinics. After launching the new product, we have also migrated 100+ existing clinical clients, representing \$300k in annual revenue, to the new platform. We are especially encouraged by this market because its fundamentals suggest a much higher potential velocity of pipeline conversion and revenue growth, as compared to the Corporate market. While contract sizes are smaller (\$10-20k/annum), decision-making is done by 1-3 individuals, depending on the size of the clinic, which creates a big opportunity for us to scale this business - a 5% penetration of the clinics we are already targeting today, could result in \$0.9M in additional ARR to TTB from this market.

A big point of focus for us in the coming months will be to continuously align our sales team against the opportunities that can lead to immediate revenue conversion and offer the most promise of future scalability. Given the opportunity that the AARP and IBM partnerships have unlocked for us in Affinity, and the recent progress in Clinical, we will deploy resources to develop a sales process and product positioning that is appropriate to the unique attributes of these markets. We will continue to improve our sales development process across our markets with a focus on data quality, analytics, and a streamlined contracting process.

2.3 Marketing

COVID has been a strong catalyst for people’s awareness of the importance of mental health – and large employers have been forced to treat it as a priority and not a “nice-to-have.” While the enterprise sales cycle remains long given the multiple layers of selling that is required, we are very encouraged by top-of-the-funnel growth and conversion we have seen in the last 6 months. Our average incoming qualified leads have increased by 58% since pre-COVID levels to 30 opportunities per month.

To further mitigate the sales cycle issues on the Corporate side, we have focused on diversifying our business into the Clinical market where sales cycles are much shorter (~1-3 months) and the product-market-fit is optimal. Based on our research and engagement with the market, we have developed a very strong value proposition for clinicians and administrators. As a result of the encouraging buyer feedback and engagement during our pilots, we have now started scaling our marketing efforts in this market. Currently, we are targeting an initial set of 6,000 substance abuse clinics and another 19,000 general behavioural health clinics via online engagement and select virtual events.

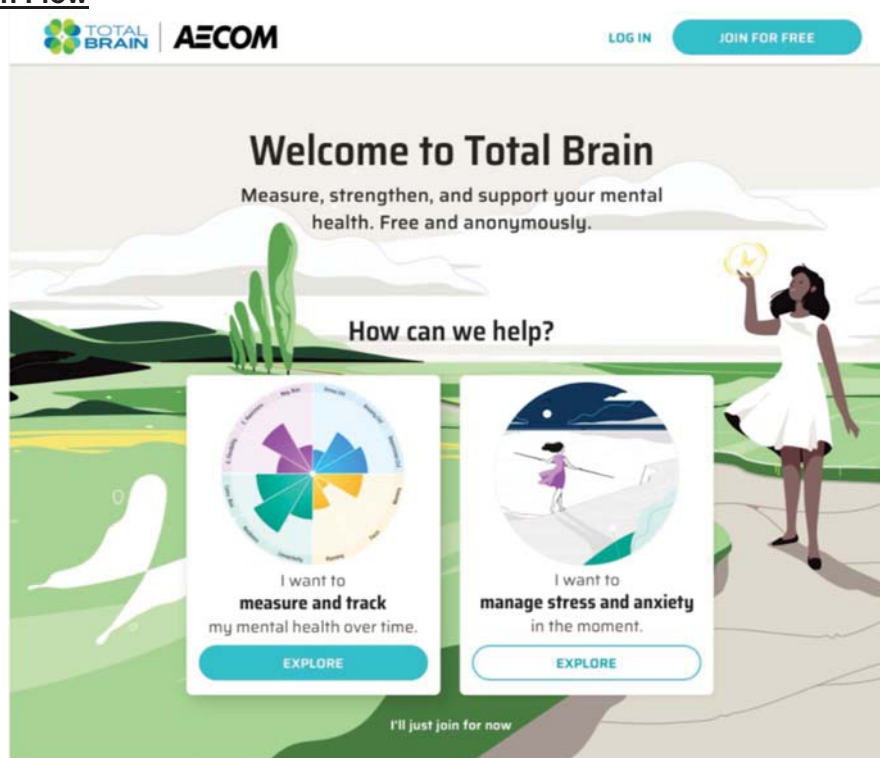
In the coming quarters, we plan to double down on brand building through the Mental Health Index and on executing Account-based Marketing tactics, including digital targeting, and high-touch events with speaking opportunities and 1-1 prospect meetings. In the Affinity market, we will build on the early work we have done on identifying demand and product fit within different end-markets and deepen our understanding of the landscape of opportunities that can bring us the next IBM or AARP partnership. In the Clinical market, we will leverage the lessons learned from our Account-based Marketing approach and deploy digital targeting, participate in select, high-touch events, partner with industry

bodies and influencers in order to gain access to buyers in a scalable fashion. As we are getting this segment off the ground, we will also focus on PR initiatives and media partnerships, leveraging our rich data set and clinical validation.

2.4 Product and Technology

During the half year ended 31 December 2020, we have continued our focus on improving the product experience for end-users, as well as for organizational buyers and decision-makers, given the B2B2C nature of our target markets. We have based these product development efforts on in-depth “user persona” research which we conducted to deepen our understanding of our users’ pain points. With this understanding, we redesigned our user registration flow, simplified our overall experience and expanded both feature set and content types. We added more than 100 table-stakes end-user features like a personalised home feed, score trending, personalised recommendations, scientific explanations, searchable library, and shareability of content by users. We also expanded our content portfolio by more than 5x by adding neuro-optimized music, Cognitive Behavioural Therapy (“CBT”) and positive psychology exercises, articles, and podcasts. These features have increased the average time a user spends with our self-care tools by 2.5x, and the amount of content consumed by 50%, leading to a 91% user satisfaction score.

New User Registration Flow



We have added functionality enabling population health analytics for the Corporate and Affinity markets, enabling actionable insights for HR and program managers on the aggregate performance of their organizations over time. In parallel, we have rolled out a client portal with customizable engagement campaigns, targeted content, and rich communication tools. This has enabled new registration, engagement, and user awareness paths that are outside of bounded and often infrequent HR emails to employees.

On the Clinical side, we have developed a comprehensive “clinician dashboard,” which gives a behavioral health provider or clinic administrator the ability to remotely monitor the state of their patients in real-time, including observing whether the patients are complying with prescribed mental health assessment and treatment protocols. This feature, designed during our clinical market pilots over the last 6 months, also allows clinicians to access critical data and paperwork necessary for their insurance reimbursement process, and has recently been described as a “game-changer” by new clients and prospects in the Clinical market.

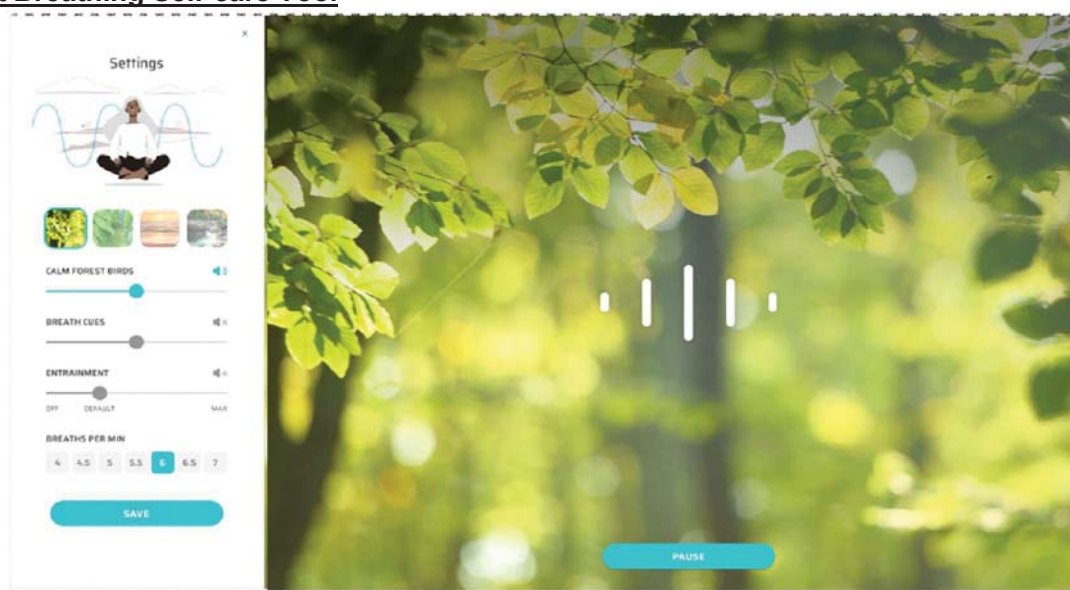
All of the above is underpinned by the work done to reinforce our infrastructure. During the last 12 months, we have hardened our systems to be continually compliant with both GDPR and HIPAA, satisfying important buyer

prerequisites across the Corporate, Affinity and Clinical markets, and shortening the technical due diligence process for a new client. Given the significant traction we have started to see in the Affinity market, we have proactively developed all of our software capabilities in a modular fashion to allow for a wide range of use cases within each end-market. This “plug-and-play” model has made us highly-differentiated and complementary to the solutions of organizations like IBM, AARP, healthcare providers, and telehealth platforms.

After months of in-depth scientific validation, the team has developed a way to measure users’ stress levels through Heart Rate Variability (“HRV”) measurement using smartphone cameras. This feature will allow users to benchmark their stress level in any given moment and assess the impact of specific events or activities on their in-the-moment mental health state. Total Brain is also in the process of integrating the capacity to track users’ HRV and stress levels in a continuous and 100% passive manner, by leveraging heart and accelerometer data coming from smartwatches and wearables. The commercial implications are very compelling – from our partnership with the American Heart Association, to military, corporates, and substance abuse clinics.

Alongside with improving the measurement features of our software, Total Brain has continued to develop tools that can break stress in-the-moment. Having added significant volumes of new mind-body content throughout the past 6 months, the team has also launched a cutting-edge tool called “Resonant Breathing” in January of 2021. This tool, which is rooted in the neuroscience of breath, helps users manage their breathing patterns to 6 breaths per minute. In doing so, users are able to break immediate states of stress in a matter of minutes and also reduce their long-term, baseline stress levels by 25% with 10 minutes of daily usage over a 30-day period.

New Resonant Breathing Self-care Tool



2.5 Human Resources

While the past 6 months have been challenging with continuing stay at home orders across different geographies our employees are based in, the Total Brain team remains mobilized and in high spirits. After a successful transition to a fully-remote environment earlier in the year, we have continued to pay close attention to the wellbeing of our employees and have rolled-out various initiatives to bring the community together. Most recently, we hosted our first virtual company retreat, including team building, corporate strategy meetings and cross-department collaboration initiatives, which were very well-received by employees.

3. FINANCIALS

3.1 Revenues

For the 6 months ended 31 December 2020, Total Brain's revenues decreased by 9% year-over-year to \$2 million. This decrease was driven by the \$0.7 million decline in one-off revenue related to licensing of the iSPOT scientific data in the prior reporting period. Most of this decline was offset by the growth in the Company's SaaS recurring revenue from the Corporate and Affinity markets, which increased by \$0.6 million (38% increase) relative to the prior reporting period. These figures mark the transition that Total Brain has undergone in the last year to a SaaS business earning revenue that is predominantly recurring in nature. Management expects the growth in its core business lines to accelerate materially in the coming quarters, as evident by the positive sales momentum reflected in the year-over-year ARR growth of 28% to \$3.5 million (40% growth in USD).

3.2 Expenses

Total expenses for the period remained flat year-over-year, while cash expenses (excluding depreciation, amortization, and share-based payments) were down \$0.2 million (3% decrease). The \$0.5 million decrease in the cost of goods, operating, and administrative costs was partially offset by an increase in employee and benefits expenses of \$0.3 million. Management does not expect a material increase in the ongoing expense base of the Company given the tremendous operating leverage in the business today.

3.3 Cash Flow

Average monthly cash consumption, net of revenue, for the 6 months ended 31 December 2020 was \$0.7 million, reflecting no change compared to the prior period. The Company's closing cash balance as of 31 December 2020 was \$3.7 million. Management expects that based on the current cash balance, receipts collected in January 2021 (including a \$1.1 million R&D tax incentive from the Australian government), and additional collections scheduled for the next 3 months, the cash runway for the business to be June 2021. This amount excludes any additional billings from the pending IBM transaction or other net new contract wins from hereon. Additionally, Total Brain is potentially eligible for \$1.4 million in stimulus funding from the U.S. government via the second round of the Paycheck Protection Program. While the exact process and timeline of this program are opaque given the emergency nature of the stimulus, the Company has submitted its application and is awaiting approval and subsequent funding. Upon receipt, these funds would extend the runway of the business to August 2021.

4. OUTLOOK

Amidst unprecedented public health and political turmoil, the 6 months ended 31 December 2020 was a period of significant growth and transformation for Total Brain. We are very encouraged by the critical mass of product development, market knowledge, brand building, and sales momentum our business is experiencing today. As such, we remain focused on executing against our priorities in the Corporate, Affinity, and Clinical markets and creating even faster ARR growth in the coming year.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Total Brain Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Total Brain Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr Evian Gordon - Executive Chairman
Mr Louis Gagnon - Managing Director and Chief Executive Officer
Mr Matthew Morgan - Non-Executive Director
Mr David Torrible - Non-Executive Director
Mr David Daglio - Non-Executive Director

Principal activities

The principal activity of the Group is developing and selling brain health products.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$4,057,756 (31 December 2019: \$3,920,300).

The COVID-19 pandemic has not only severely impacted the physical health of people around the world, but also led to an unprecedented increase in stress, fear, and anxiety for the population at large making mental health an urgent priority to all. In this regard, the Group is mobilised to take advantage of the opportunities that this pandemic has created globally, thus the impact of COVID-19 up to 31 December 2020 has been financially positive for the Group, with revenue from the Group's SaaS recurring revenue from the Corporate and Affinity markets increasing by \$600,000 relative to the prior reporting period.

A review of the operations of the Group during the financial half-year and the results of those operations are contained in the Operating and Financial Review section of this report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read "Dr E Gordon", written over a horizontal line.

Dr Evian Gordon
Chairman

25 February 2021

Auditor's Independence Declaration

To the Directors of Total Brain Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Total Brain Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance
Brisbane, 25 February 2021



FINANCIAL STATEMENTS

Half Year Ended 31 December 2020

ir@totalbrain.com
totalbrain.com

ASX: TTB ABN 24 094 069 682



Total Brain Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	4	1,998,670	2,188,175
Interest income calculated using the effective interest method		717	10,500
Expenses			
Cost of equipment and third-party drug trial expense	5	(139,232)	(349,318)
Employee benefits expense		(4,019,648)	(3,697,023)
Corporate and operating costs		(1,616,997)	(1,905,307)
Depreciation and amortisation expense	5	(189,124)	(135,052)
Share-based payments expense		(142,974)	(32,031)
Net foreign exchange losses		(14,333)	(244)
Loss before income tax benefit		(4,122,921)	(3,920,300)
Income tax benefit		65,165	-
Loss after income tax benefit for the half-year attributable to the owners of Total Brain Limited		(4,057,756)	(3,920,300)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(535,147)	5,553
Other comprehensive income for the half-year, net of tax		(535,147)	5,553
Total comprehensive income for the half-year attributable to the owners of Total Brain Limited		<u>(4,592,903)</u>	<u>(3,914,747)</u>
		Cents	Cents
Basic earnings per share	11	(3.75)	(4.76)
Diluted earnings per share	11	(3.75)	(4.76)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,707,272	11,104,729
Trade and other receivables	6	2,523,053	2,837,267
Contract assets		2,708	3,025
Prepayments		367,474	140,419
Total current assets		<u>6,600,507</u>	<u>14,085,440</u>
Non-current assets			
Plant and equipment		285,846	310,356
Intangibles	7	17,367,897	15,000,044
Other		10,560	10,560
Total non-current assets		<u>17,664,303</u>	<u>15,320,960</u>
Total assets		<u>24,264,810</u>	<u>29,406,400</u>
Liabilities			
Current liabilities			
Trade and other payables		530,511	460,978
Contract liabilities		417,746	956,760
Borrowings		989,111	1,106,575
Employee benefits		389,527	426,873
Total current liabilities		<u>2,326,895</u>	<u>2,951,186</u>
Non-current liabilities			
Deferred tax		-	65,165
Employee benefits		-	2,205
Total non-current liabilities		<u>-</u>	<u>67,370</u>
Total liabilities		<u>2,326,895</u>	<u>3,018,556</u>
Net assets		<u>21,937,915</u>	<u>26,387,844</u>
Equity			
Issued capital	8	78,425,180	78,425,180
Reserves		3,985,814	4,377,987
Accumulated losses		<u>(60,473,079)</u>	<u>(56,415,323)</u>
Total equity		<u>21,937,915</u>	<u>26,387,844</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Total Brain Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued capital \$	Foreign currency reserves \$	Share-based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	64,753,937	581,846	3,651,896	(48,767,779)	20,219,900
Loss after income tax expense for the half-year	-	-	-	(3,920,300)	(3,920,300)
Other comprehensive income for the half-year, net of tax	-	5,553	-	-	5,553
Total comprehensive income for the half-year	-	5,553	-	(3,920,300)	(3,914,747)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	7,804,762	-	-	-	7,804,762
Share-based payments	-	-	32,031	-	32,031
Balance at 31 December 2019	<u>72,558,699</u>	<u>587,399</u>	<u>3,683,927</u>	<u>(52,688,079)</u>	<u>24,141,946</u>

Consolidated	Issued capital \$	Foreign currency reserves \$	Share-based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	78,425,180	425,791	3,952,196	(56,415,323)	26,387,844
Loss after income tax benefit for the half-year	-	-	-	(4,057,756)	(4,057,756)
Other comprehensive income for the half-year, net of tax	-	(535,147)	-	-	(535,147)
Total comprehensive income for the half-year	-	(535,147)	-	(4,057,756)	(4,592,903)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	142,974	-	142,974
Balance at 31 December 2020	<u>78,425,180</u>	<u>(109,356)</u>	<u>4,095,170</u>	<u>(60,473,079)</u>	<u>21,937,915</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Consolidated	
Note	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,613,000	1,773,114
Payments to suppliers and employees (inclusive of GST)	(5,912,248)	(6,075,486)
Interest received	717	10,500
	<u>(4,298,531)</u>	<u>(4,291,872)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(36,377)	(27,630)
Payments for intangibles	7 (2,506,263)	(1,091,333)
	<u>(2,542,640)</u>	<u>(1,118,963)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	8,058,961
Proceeds from exercise of share options	-	45,000
Share issue transaction costs	-	(290,033)
	<u>-</u>	<u>7,813,928</u>
Net cash from financing activities		
	<u>-</u>	<u>7,813,928</u>
Net increase/(decrease) in cash and cash equivalents	(6,841,171)	2,403,093
Cash and cash equivalents at the beginning of the financial half-year	11,104,729	5,214,802
Effects of exchange rate changes on cash and cash equivalents	(556,286)	5,623
	<u>(7,397,460)</u>	<u>2,424,418</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,707,272</u></u>	<u><u>7,623,518</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Total Brain Limited as a Group consisting of Total Brain Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Total Brain Limited's functional and presentation currency.

Total Brain Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

15 Belvoir Street
Surry Hills NSW 2010

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Comparative information

Comparatives have been reclassified, where appropriate, to conform to changes in presentation in the current year and to enhance comparability. There was no net effect on the net asset position.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Significant accounting policies (continued)

Going Concern

During the half-year, the Group incurred a net loss after tax of \$4,057,756 (31 December 2019: \$3,920,300) and net operating cash outflows of \$4,298,531 (31 December 2019: \$4,291,872). Prima facie, these matters give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis. In making this assessment, management have considered the following:

- the Group's financial position as at December 2020, with net current assets of \$4,273,612 (30 June 2020: \$11,134,254) and net assets of \$21,937,915 (30 June 2020: \$26,387,844);
- the Group has no external debt;
- the positive cash flow forecast for the Group for the period of 12 months from the approval of the financial statements;
- forecast sales and profitability forecasts for the Group;
- accessing additional sources of capital; and
- continued support of the Group's shareholders.

On this basis, the Directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not have the ability to continue as a going concern. If for any reason the Group is unable to continue as a going concern, it would impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in these financial statements.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment being the development and commercialisation of brain health products, primarily delivered to a range of users through the one Total Brain platform. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Geographical information

The majority of revenue is derived in the United States.

Note 4. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Total Brain* – Corporate	1,281,199	1,082,857
Total Brain* – Affinity	553,487	81,151
Total Brain* – All other	11,790	96,789
Clinical **	140,454	175,754
Discovery***	11,740	21,314
Data Licensing ****	-	730,310
Revenue	<u>1,998,670</u>	<u>2,188,175</u>

Revenue from contracts with customers is derived from the Group's combined database which includes both TBID and Data Licensing data. The revenue is split based on go to market channels as follows:

- * Total Brain revenue primarily comprises fees received from customers to access the Group's software platform. Customers include:
Corporate - B2B customers who provide access to the Group's software platform to their employees;
Affinity - Partners who provide access to the Group's software platform to their members; and
All other - Other miscellaneous Total Brain revenue.
- ** Clinical revenue comprises revenue from clinics who provide access to the Group's software platform to their clients.
- *** Discovery revenue comprises revenue which is primarily received from academic institutions that use the Group's software platform to collect new data as part of their own studies.
- **** Data Licensing revenue comprises revenue received from customers who are provided access to the data assets.

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Major revenue lines</i>		
Software license	1,986,930	1,436,551
Services and access fees	11,740	751,624
	<u>1,998,670</u>	<u>2,188,175</u>
<i>Timing of revenue recognition</i>		
Revenue transferred over time	1,986,930	1,082,857
Revenue transferred at a point in time	11,740	1,105,318
	<u>1,998,670</u>	<u>2,188,175</u>

The majority of revenue is derived in the United States.

Note 5. Expenses

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of equipment and third-party drug trial expense	139,232	349,318
<i>Depreciation</i>		
Plant and equipment	36,937	26,439
<i>Amortisation</i>		
Development	152,187	108,613
Total depreciation and amortisation	189,124	135,052
<i>Leases</i>		
Short-term lease payments*	83,147	91,855
Low-value assets lease payments	-	4,144
	83,147	95,999
<i>Government grants offset against employee benefit expense</i>		
Government grants**	100,500	-
Offset against cost of intangibles	(23,120)	-
Total government grants offset against employee benefit expense	77,380	-

* The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis.

** During the COVID-19 pandemic, the Group has received stimulus support payments of \$100,500 from the Australian Government. These have been recognised as government grants in the financial statements with partial offsets against the cost of intangibles and offset against employee benefits expense over the periods in which the related employee benefits are recognised as an expense.

Note 6. Current assets - trade and other receivables

	Consolidated 31 Dec 2020 \$	30 Jun 2020 \$
Trade receivables	390,904	480,675
Less: Allowance for expected credit losses	-	(384)
	390,904	480,291
Other receivables	3,689	66,946
Government grant receivable for research and development tax incentive (R&D)	1,139,349	1,152,955
Government grant receivable - others	989,111	1,137,075
	2,132,149	2,356,976
	<u>2,523,053</u>	<u>2,837,267</u>

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Development - at cost	29,906,902	27,387,032
Less: Accumulated amortisation	(2,671,182)	(2,519,165)
Less: Accumulated impairment	(9,867,823)	(9,867,823)
	<u>17,367,897</u>	<u>15,000,044</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Development
	\$
Balance at 1 July 2020	15,000,044
Additions	2,506,263
R&D tax incentive	13,606
Exchange differences	171
Amortisation expense	(152,187)
Balance at 31 December 2020	<u>17,367,897</u>

Note 8. Equity - issued capital

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>108,303,784</u>	<u>108,303,784</u>	<u>78,425,180</u>	<u>78,425,180</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Contingent liabilities

The Group has given bank guarantees as at 31 December 2020 of \$10,500 (30 June 2020: \$10,500) to various landlords

Note 11. Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Loss after income tax attributable to the owners of Total Brain Limited	(4,057,756)	(3,920,300)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	108,303,784	82,360,882
Weighted average number of ordinary shares used in calculating diluted earnings per share	108,303,784	82,360,882
	Cents	Cents
Basic earnings per share	(3.75)	(4.76)
Diluted earnings per share	(3.75)	(4.76)

17,923,698 exercisable and 11,558,531 un-exercisable options (31 December 2019: 198,609,838 options) over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2020. These options could potentially dilute basic earnings per share in the future.

Note 12. Share-based payments

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to the personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

On 5 August 2020, the shareholders at an extraordinary general meeting approved the adoption of a new share option plan and the following options were subsequently issued:

- 2,600,000 new options and 2,823,297 replacement options to Mr Louis Gagnon;
- 1,205,156 new options to Dr Evian Gordon;
- 2,871,486 replacement options to various employees; and
- 4,758,907 new options to various employees.

Also, a further 2,905,406 new options were issued to employees and 124,000 to non-employees during the period.

During the financial half-year the Group issued a total of 11,593,469 new options and 5,694,783 replacement options.

Note 13. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the Group up to 31 December 2020 (with revenue from the Group's SaaS recurring revenue from the Corporate and Affinity markets increasing by \$600,000 relative to the prior reporting period), it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 14 January 2021, the Group received a \$1,100,000 research and development tax refund. The receipt of the additional funding will further support the commercial milestones of the Group.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read "Dr Evian Gordon", written over a horizontal line.

Dr Evian Gordon
Chairman

25 February 2021

Independent Auditor's Review Report

To the Members of Total Brain Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Total Brain Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Total Brain Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Total Brain Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$4,057,756 during the half year ended 31 December 2020 and had cash outflows from operations of \$4,298,531 for the period. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 25 February 2021



HALF YEAR REPORT

Half Year Ended 31 December 2020

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