# ANNUAL REPORT

Year Ended 30 June 2021

## 1. Company details

| | |
|---|---|
| Name of entity: | Total Brain Limited |
| ABN: | 24 094 069 682 |
| Reporting period: | For the year ended 30 June 2021 |
| Previous period: | For the year ended 30 June 2020 |

## 2. Results for announcement to the market

| | | | | $ |
|---|---|---|---|---|
| Revenues from ordinary activities | down | 4.7% | to | 3,694,268 |
| Loss from ordinary activities after tax attributable to the owners of Total Brain Limited | up | 8.8% | to | (8,316,773) |
| Loss for the year attributable to the owners of Total Brain Limited | up | 8.8% | to | (8,316,773) |

*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 $8,316,773 (30 June 2020: $7,647,544).

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 30 June 2021 has been financially positive for the Group, with revenue from the Group's SaaS recurring revenue from the Corporate and Affinity markets increasing by $682,313 relative to the prior reporting period.

Further information on the 'Review of operations' is detailed in the 'Operating and financial review' section which is part of the Annual Report.

## 3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | 0.87 | 10.51 |

The Group does not have rights-of-use assets and lease liabilities, thus these are not included in the calculations.

## 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.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Foreign entities

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

Not applicable.

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## 9. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued. The auditor's report contains a paragraph addressing a material uncertainty related to going concern.

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## 10. Attachments

*Details of attachments (if any):*

The Annual Report of Total Brain Limited for the year ended 30 June 2021 is attached.

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## 11. Signed

As authorised by the Board of Directors

Dr E Gordon

Signed ______________________________ Date: 27 August 2021

Dr Evian Gordon
Chairman
Sydney

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|---|---|
| Directors | Dr Evian Gordon (Executive Chairman)<br>Mr Louis Gagnon (Managing Director)<br>Mr Matthew Morgan (Non-Executive Director)<br>Mr David Torrible (Non-Executive Director)<br>Mr David Daglio (Non-Executive Director) |
| Company secretary | Mr Phillip Hains<br>Mr Nathan Jong |
| Registered office | 15 Belvoir Street<br>Surry Hills NSW 2010<br>Telephone: +61 2 9213 6666<br>Email: ir@totalbrain.com |
| Share register | Boardroom Pty Limited<br>Level 12, 225 George Street<br>Sydney NSW 2000<br>Telephone: +61 2 9290 9600<br>Email: enquiries@boardroomlimited.com.au |
| Auditor | Grant Thornton<br>Level 18, 145 Ann Street<br>Brisbane QLD 4001 |
| Stock exchange listing | Total Brain Limited shares are listed on the Australian Securities Exchange (ASX code: TTB) |
| Website | http://www.totalbrain.com |
| Corporate Governance Statement | The directors and management are committed to conducting the business of Total Brain Limited in an ethical manner and in accordance with the highest standards of corporate governance. Total Brain Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.<br><br>The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website at http://www.totalbrain.com/investors/ |

**Total Brain Limited**
**Chairman's letter**
**30 June 2021**

27 August 2021

Dear Shareholders,

On behalf of the Board of Directors of Total Brain Limited (the “Company” or “TTB”), I am pleased to present our Annual Report for the Fiscal Year ended 30 June 2021 (“FY2021”).

FY2021 was a year of increasing momentum for our business amidst unprecedented global change. While the COVID-19 pandemic has continued to severely impact the physical health of people around the world for a second year straight, it has also led to chronically-high levels of stress, depression, and anxiety for many. The 2020 U.S. Presidential Election was another major influence on our market and business. Both of these events have created head- and tail-winds for our Company.

On the negative side, we have experienced significant contract delays with major opportunities such as IBM / Veterans Affairs. The expected revenue from the scaling of this contract has therefore been pushed from FY2021 to FY2022, adversely impacting our performance in the current period.

On the positive side, we have taken the time to rebuild our revenue operations and customer success team and systems and have launched the Mental Health Index as an industry-leading brand asset. We have made tremendous progress on the product development side of the business also. New initiatives such as the Heart Rate Variability functionality dramatically simplify user engagement and deliver to users personalised insights that matter - how to alleviate stress, support a restful night’s sleep, and mentally prepare for the day ahead, via both a wearable device and phone. At the same time, we have also addressed the needs of HR program managers and organization administrators by launching population health analytics features that enable actionable insights on the aggregate state of mental health and performance of organizations over time.

Given the significant focus on improving our product over the past year, one of the most rewarding aspects of our work is to see the impact it has had on people. Speaking about her use of resonant breathing techniques learned through Total Brain, an influencer in the HR space, Mollie Lombardi, shared: “Seven months ago, I had a brain surgery for my Parkinson's disease. If you've ever had brain surgery or seen it on TV, they want you to be awake during it. So, to manage my anxiety...I learned how to breathe. My doctor is taking my blood pressure while I'm breathing and saw it go down. I've been able to control my anxiety through that very traumatic several hours of having a holster on my skull.”

This striking testimonial is one of many we have received from users and is what gives meaning to what we are doing here together. We are thankful for the continued vote of confidence from existing and new shareholders following a successful $6.5 million capital raise completed in July 2021 and led by institutional and HNW investors from Australia and the U.S. We will be putting the incremental funds to good use with a focus on closing and growing the contracts in front of us. FY2021 has without a doubt been a challenging year, but also one that has helped us set ourselves up for a breakthrough FY2022.

Yours sincerely,

Dr. Evian Gordon, PhD

## 1. HIGHLIGHTS

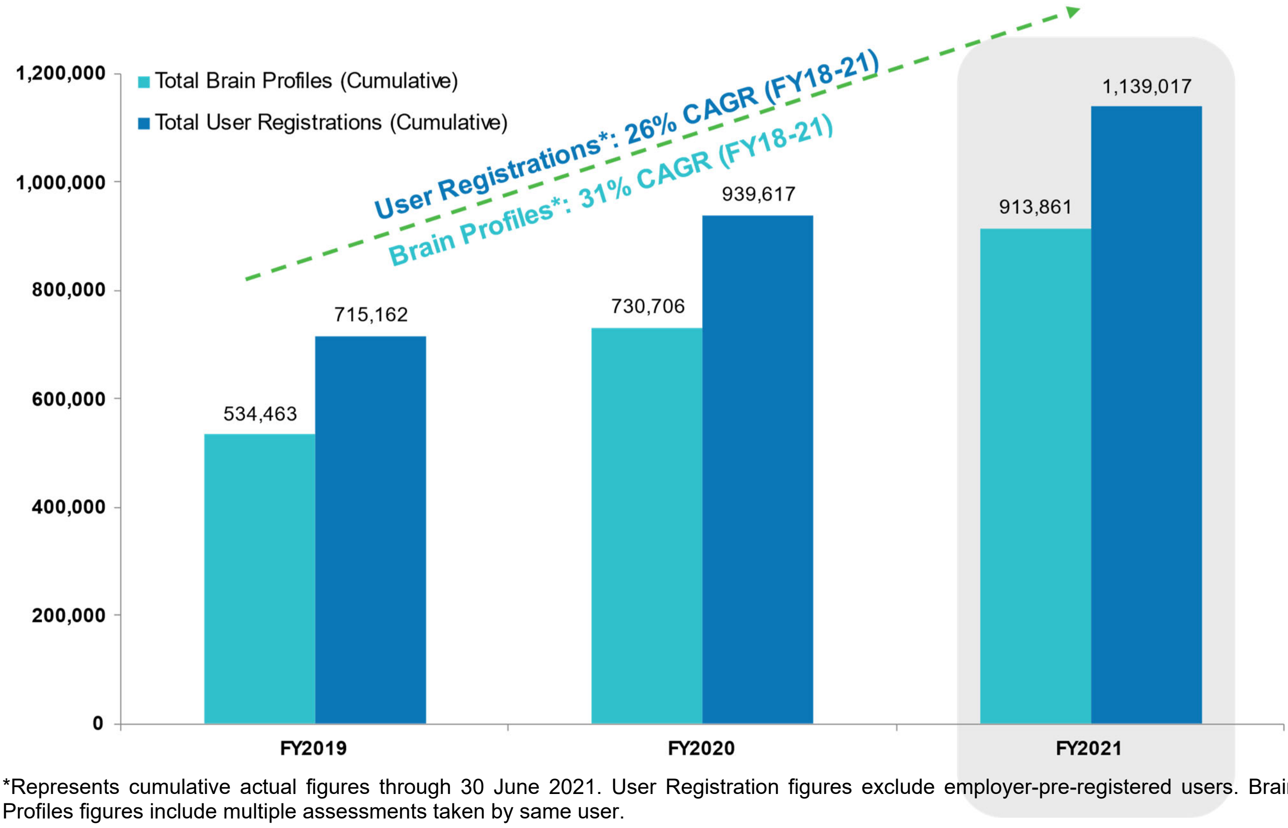
- The year ended 30 June 2021 has been a time of significant challenges and transformation for Total Brain. Even though COVID has increased top-of-funnel leads by 247%, it and the U.S. Presidential Election have also created process delays with already interested buyers, including with opportunities through the IBM relationship. To diversify risk, the Company has focused on pursuing other significant partnership opportunities and opening new markets
- In May 2021, Total Brain announced that it had signed a Heads of Agreement with Hamptons Life, a health and wellness organization focused on disease prevention through lifestyle changes. The partnership is focused on the development and commercialization of a Direct-to-Consumer (D2C) version of the Total Brain platform and the co-development of a product that integrates physical fitness, mental health, and nutrition using clinical-grade science
    - The key commercial terms, to be included in a binding legal agreement expected to be executed H2 CY21, are: (i.) A$6M fee paid to TTB, paid upfront, for a perpetual, global exclusivity license, product integration and development services performed over 3 years, (ii.) An annual maintenance fee to TTB, (iii.) a 5-year option for TTB to acquire up to 50% ownership in the D2C business, (iv.) minimum annual commercial outcomes required for exclusivity to be maintained
- The first IBM transaction with a large government agency for the deployment of the Mental Fitness 360 platform and GRIT application, is nearing execution of the final contracts required
    - In June 2021, the Veterans Affairs administration released a public announcement about the transaction on the government website Sam.gov indicating that contract award is imminent. As such, management reaffirms its belief and guidance to the market that the contact will be executed shortly
    - The initial roll-out to 25,000 users represents $590k in Annual Recurring Revenue (“ARR”) to Total Brain. The final contract is expected to have operational pathways and pre-approved budget for significant scaling of the user population for hundreds of thousands of veterans
- Total Brain’s revenues decreased by 5% year-over-year to $3.7 million during the period. This decrease was driven by a 11% depreciation of the US dollar relative to Australian dollar, compared on a 12-month average basis year-over-year. On a constant currency basis, revenue increased by 6% year-over-year
- With cash expenses down 1% during the period, Management does not expect a material increase in the ongoing expense base of the Company given the operating leverage in its business today
    - Based on the current cash balance, proceeds from the $6.5 million capital raise announced in July 2021, $6 million in upfront payment expected from the Hamptons Life transaction, and additional collections scheduled, the cash runway for the business to be 12+ months. This amount excludes any additional billings from net new contracts currently the company’s sales pipeline
- During the year, the Company continued to grow its base of users reinforcing the value of its database:
    - User Registrations increased by 199k to 1.1m, representing 21% year-over-year growth
    - Brain Profiles increased by 183k to 914k, representing 25% year-over-year growth
- On 25 June, 2021, Total Brain announced that it had entered into a A$1.8M unsecured loan agreement with select shareholders and a third-party for a 5-month period at a 12% annual interest. The A$1.8 million of funding is being used for general working capital requirements. As part of Total Brain’s capital raise and entitlement offer announced on July 20, 2021, Total Brain expects to repay A$667k of the loan.
- On July 20, 2021, Total Brain announced that it received commitments to raise $6.5m via a A$2.5m placement and a A$4m fully underwritten non-renounceable 1 for 7 entitlement offer. Commitments were received from both new and existing professional and sophisticated shareholders including both Australian and offshore institutions. Participants in both the placement and the entitlement offer are to receive 1 free attaching option for every 2 new shares issued.  The options will have an exercise price of $0.36 and expire 12 months from the date of issue.

## 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 year ended 30 June 2021:

- User Registrations increased by 199k to 1.1m, representing 21% year-over-year growth; and
- Brain Profiles increased by 183k to 914k, representing 25% year-over-year growth.




*Represents cumulative actual figures through 30 June 2021. 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, Customer Success, and Marketing

The year ended 30 June 2021 has been a time of significant change for Total Brain. Even though COVID has increased top-of-funnel leads to our business, it has also created process delays with already interested buyers, including with opportunities through the IBM relationship. To diversify risk, the Company has focused on pursuing other significant partnership opportunities and opening new markets.

In May 2021, Total Brain announced that it had signed a Heads of Agreement with Hamptons Life, a health and wellness organization focused on disease prevention through lifestyle changes. The partnership is focused on the development and commercialization of a Direct-to-Consumer (D2C) version of the Total Brain platform and the co-development of a product that integrates physical fitness, mental health, and nutrition using clinical-grade science.

The key commercial terms, to be included in a binding legal agreement expected to be executed H2 CY21, are: (i.) A$6M fee paid to TTB, paid upfront, for a perpetual, global exclusivity license, product integration and development services performed over 3 years, (ii.) An annual maintenance fee to TTB, (iii.) a 5-year option for TTB to acquire up to 50% ownership in the D2C business, (iv.) minimum annual commercial outcomes required for exclusivity to be maintained. This partnership represents a unique opportunity for Total Brain to develop a new market with an aligned partner, while optimizing commercial value for shareholders in the short- and long-term.

In the Clinical market, Total Brain is seeing significant momentum since the launch of its new product in the beginning of 2021. 280+ Marketing Qualified Leads and 20+ new clinics have been signed since the beginning of 2021, with 2 full-time sales staff added in April 2021 to develop the opportunity. The customer dynamics observed to-date suggest a high velocity of pipeline conversion (1-3-month sales cycle) and revenue growth potential. While contract sizes are smaller (A$10-20k/annum), decision-making is done by 1-3 individuals for most small-medium clinics. A key driver of this business is that Total Brain's product is eligible for insurance reimbursement by behavioral health clinics at US$20-150 per patient. This favourable pricing increases the Company's revenue per user by 3-4x. Currently, our marketing efforts are focused on engaging with ~18,000 addiction and behavioral health clinics in the US via online targeting and select events.

In the Affinity market, the pending IBM transaction with the U.S. Veterans Affairs administration (VA) for the deployment of the Mental Fitness 360 platform and GRIT application is nearing execution of the required Government contracts. In June 2021, the Veterans Affairs administration released a public announcement about the transaction on the government website Sam.gov indicating that contract award is imminent. As such, management reaffirms its belief and guidance to the market that the contact will be executed shortly.

In the Corporate market, we have focused our efforts on streamlining our sales strategy and process with the addition of 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. In addition, we have continued utilizing the Mental Health Index: U.S. Worker Edition as a way to engage directly with top decision makers of our prospects. 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. With the help of the Index and our other marketing tactics, Monthly Qualified Leads at the top of our funnel have increased by 247% since the beginning of the COVID-19 pandemic. Those leads are also progressing through our pipeline over time, including the recently-signed 3-year contract with Fortune 500 company Eastman Corporation at $250k in Annual Recurring Revenue to Total Brain.

## 2.3 Science, Product and Technology

During the year ended 30 June 2021, 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.

Over the period, we have 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.

In April 2021, Total Brain announced the introduction of heart rate variability ("HRV") functionality to its existing mental health self-monitoring and self-care platform. HRV technology brings users personalised insights that can guide in-the-moment strategies to alleviate stress, support a restful night's sleep, and mentally prepare for the day ahead. Total Brain will offer two versions of the HRV functionality to its customers:

- Discrete HRV: this version enables users to calculate their stress levels in-the-moment via their smartphone camera. The reading takes one to two minutes and has proven 90% accurate relative to the gold-standard measurement– the heart rate sensor chest strap
- Continuous HRV: this version measures stress levels constantly with the help of a Garmin wearable device. It is 4x more accurate than the next-best alternative in the market and offers 30x the resolution of signal processing. Total Brain has secured a license for the continuous HRV technology from Felix, a leading stress and HRV measurement technology company. Felix's core stress measure has been validated at Yale University, is being recommended at Harvard University, and is used in multiple studies at the University of Cambridge. Results of a pilot study reveal significant engagement (6.4x per day) with the wearable wrist functionality, and a 25% decrease in stress levels after employing the technology for three months.

**<u>New Heart Rate Variability "HRV" Functionality</u>**


We have also 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.

During the past year, we have continued to reinforce our infrastructure 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.

**New Population Analytics Dashboard**


## 2.5 Human Resources

While the past year has been challenging with continuing lockdowns across the different geographies our employees are based in, the Total Brain team remains focused and in good spirits. We have rolled out various employee well-being and community-building initiatives to our employees, including virtual retreats, team building, and Friday wind-down sessions featuring tools from the Total Brain app. While recruiting and retention during COVID has been challenging for U.S.-based technology companies, Total Brain's compelling value proposition and mission-driven culture have been a key differentiator for the Company.

## 3. FINANCIALS

### 3.1 Revenues

For the period ended 30 June 2021, Total Brain's revenues decreased by 5% year-over-year to $3.7 million. This decrease was driven by a 11% depreciation of the US dollar relative to Australian dollar, compared on a 12-month average basis year-over-year. On a constant currency basis, revenue increased by 6% year-over-year. The Affinity segment grew by $0.7 million (172%) driven by the renewal and upsell of AARP's contract. The Corporate segment is flat as net new revenue won was offset by the churn of a legacy client during the period. The Clinical segment is down $0.04 million (11%) as legacy client churn offset the more recent revenue wins since the relaunch of the product in CY21. Management expects the growth in its core business lines (Affinity, Corporate, Clinical) to accelerate materially in the coming quarters, driven by the most recent win of Eastman Corporation ($0.25 million of annual revenue), and pending deals with IBM (expected $0.6 million in annual revenue in year 1), and the potential of the Hamptons Life partnership.

### 3.2 Expenses

Total expenses for the period grew by 5% year-over-year, while cash expenses (excluding depreciation, amortization, and share-based payments) were down 1%. 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 $0.4 million. Management does not expect a material increase in the ongoing expense base of the Company.

### 3.3 Cash Flow

Average monthly cash consumption, gross of revenue, for the 12 months ended 30 June 2021 was $0.9 million, reflecting a 1% increase compared to the prior period. The Company's closing cash balance as of 30 June 2021 was $1.4 million, which excludes proceeds from the $6.5 million capital raise undertaken in July 2021. Management expects that based on the current cash balance, proceeds from the capital raise, $6 million in upfront payment expected from the Hamptons Life transaction, and additional collections scheduled, the cash runway for the business to be 12+ months. This amount excludes any additional billings from net new contracts currently in the company's sales pipeline.

## 4. OUTLOOK

Amidst unprecedented public health and political turmoil, the year ended 30 June 2021 was a period of significant change for Total Brain. We are very encouraged by the momentum behind the mental health market, our product, and sales execution and remain focused on finalizing the IBM, Hamptons Life and other pending opportunities across the Affinity, Corporate, and Clinical markets we serve. We believe that a focused execution against those opportunities that have matured throughout FY2021 will set up FY2022 as a breakthrough year for the company.

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 year ended 30 June 2021.

## Directors

The following persons were directors of Total Brain Limited during the whole of the financial 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 year.

## Review of operations

The loss for the Group after providing for income tax amounted to $8,316,773 (30 June 2020: $7,647,544).

As a result of the loss incurred and the operating cash outflows the year ended 30 June 2021 and the liquidity at the reporting date, there is a material uncertainty on whether the Group can continue as a going concern. The directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

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 30 June 2021 has been financially positive for the Group, with revenue from the Group's SaaS recurring revenue from the Corporate and Affinity markets increasing by $682,313 relative to the prior reporting period.

A review of the operations of the Group during the financial 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 year.

## Matters subsequent to the end of the financial year

On 12 July 2021, the bank loan granted to the Group on 12 May 2020 of $1,017,191 was forgiven.

On 21 July 2021, the Group received commitments from eligible investors to raise capital. The capital raising comprised (i) $2,500,000 received from 9,615,378 shares issued on 29 July 2021 at $0.26 per share (Placement), and (ii) $4,022,712 received relating to 15,471,969 share issued pertaining to a 1 for 7 non-renounceable entitlement offer at $0.26 per share which closed on 19 August 2021 (Entitlement Offer). Participant in both the Placement and Entitlement Offer received 1 free attaching option for every 2 new shares issued. The Options have an exercise price of $0.36 and expire 12 months from the date of issue.

During July and August 2021, $669,119 of the shareholders loans owing as at 30 June 2021 were repaid.

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 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.

## Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have been included in the discussion of the 'Operating and financial review' section of this report.

## Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on directors

| | |
|---|---|
| Name: | Dr Evian Gordon |
| Title: | Executive Chairman |
| Qualifications: | BSc (Hons), PhD, MBBCh |
| Experience and expertise: | Dr Gordon has over 30 years of experience in human brain research. He was the director of the Brain Dynamics Centre at Westmead Hospital and a senior lecturer in the Department of Psychological Medicine at the University of Sydney. Dr Gordon edited the book Integrative Neuroscience and has more than 200 publications credited to him. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 1,315,756 ordinary shares |
| Interests in options: | 1,205,156 options over ordinary shares |

| | |
|---|---|
| Name: | Mr Louis Gagnon |
| Title: | Managing Director and Chief Executive Officer |
| Qualifications: | MSC, BBA |
| Experience and expertise: | Mr Gagnon has been the Chief Executive Officer (CEO) of the Company since 23 May 2017. Louis has over 25 years of experience as a high-growth global digital business leader, most notably at Amazon’s subsidiary Audible, where he served as Chief Product and Marketing Officer. Prior to working with the Company, Louis was an Advisor to TPG Capital following a short CEO assignment to turn around portfolio company Ride.com. His other past roles include Chief Product and Marketing Officer at Yodle and Senior VP of Global Products at Monster Worldwide. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 619,718 ordinary shares |
| Interests in options: | 8,848,490 options over ordinary shares |

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|---|---|
| Name: | Mr Matthew Morgan |
| Title: | Non-Executive Director |
| Qualifications: | MBA, B Com, B App Sc |
| Experience and expertise: | Mr Morgan is a former venture capitalist who is the Principal of Millers Point Company, an advisory firm focused on emerging growth companies. He was a co-founder of Diversa Ltd (ASX DVA) which was sold to OneVue (ASX OVH). |
| Other current directorships: | Non-Executive Director and Chairman of the Audit and Risk Committee of Vernbrec Ltd (ASX VBC). |
| Former directorships (last 3 years): | Sensera Ltd (ASX SE1) and Leaf Resources Ltd (ASX LER) |
| Special responsibilities: | Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee |
| Interests in shares: | 513,970 ordinary shares |
| Interests in options: | 457,123 options over ordinary shares |

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|---|---|
| Name: | Mr David Torrible |
| Title: | Non- Executive Director |
| Qualifications: | BA (Hons) |
| Experience and expertise: | Mr Torrible is an active non-executive director and advisor to private companies, financial firms and charities since 2012 when he retired as a partner of Goldman Sachs. Prior to 2012 he worked for 19 years as an equity specialist serving institutional accounts in Asian capital markets. He has worked in Hong Kong, Indonesia, USA and Australia. He is experienced in relationship management, capital market risk and successfully managing geographically diverse teams. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee |
| Interests in shares: | 7,370,793 ordinary shares |
| Interests in options: | 864,375 options |

| | |
|---|---|
| Name: | Mr David Daglio |
| Title: | Non- Executive Director |
| Qualifications: | B.Eng, MBA, CFA |
| Experience and expertise: | David is an accomplished institutional investment manager with Mellon, a US Asset Manager of US$500 billion in assets, where David served as Executive Vice President and Chief Investment Officer. David remains a Non-Executive Director of Mellon. |
| Other current directorships: | Non-Executive Director of Mellon (US) |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of remuneration Committee |
| Interests in shares: | 8,403,529 ordinary shares |
| Interests in options: | 726,674 options |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## Company secretaries

Mr Phillip Hains has held the role of Joint Company Secretary since June 2018. Mr Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Nathan Jong (CA) has held the role of Joint Company Secretary since 18 November 2019. Mr Jong is a qualified chartered accountant with over 10 years of experience in providing finance and corporate compliance advisory services to a range of businesses including multinational ASX/NASDAQ listed companies. Mr Jong is also a member of CFO Solution.

## Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

| | Full Board | | Nomination and Remuneration Committee | | Audit and Risk Committee | |
|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held |
| Dr Evian Gordon | 9 | 10 | - | - | - | - |
| Mr Louis Gagnon | 10 | 10 | - | - | - | - |
| Mr Matthew Morgan | 10 | 10 | 1 | 1 | 5 | 5 |
| Mr David Torrible | 10 | 10 | 1 | 1 | 5 | 5 |
| Mr David Daglio | 10 | 10 | 1 | 1 | - | - |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

## Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### *Principles used to determine the nature and amount of remuneration*

The objective of the Group's employee reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns employee reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that employee reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors, executives and the general remuneration framework for all employees. The performance of the Group depends on the quality of its directors, executives and capability of the entire team. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group. The Committee uses external remuneration reports to benchmark the framework with companies of similar size, market capitalisation and operations in similar geography.

The reward framework is designed to align employee rewards to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth;
- delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance employees' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors' remuneration*
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market but primarily refer to Independently published remuneration reports for ASX listed companies and early stage technology Companies in the USA to benchmark the framework with Companies of similar size, market capitalisation and operations in similar geography.

*Executive remuneration*
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay;
- short-term performance incentives;
- equity-based payments; and
- other remuneration such as superannuation and non-monetary benefits including health insurance for US employees.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives and employees. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue and or profit contribution, customer satisfaction, leadership contribution and product management. Short-term incentives included the provision of cash and or equity-based incentives.

The long-term incentives ('LTI') include long service leave and equity-based payments in the form of options which are exercisable at a premium to the share price at the time they are issued. Options vest annually over a period of three or four years. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

*Group performance and link to remuneration*
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined revenue and earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee based on established KPI’s per employee.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

*Use of remuneration consultants*
During the financial year ended 30 June 2021, the Group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies, including the implementation of the LTI.

*Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')*
At the 19 November 2020 AGM, 97.51% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### *Details of remuneration*

*Amounts of remuneration*
Details of the remuneration of key management personnel of the Group are set out in this section.

The key management personnel of the Group consisted of the following directors of Total Brain Limited:
- 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

And the following persons:
- Mr Matthew Mund - Chief Operating Officer (COO)
- Mr Emil Vasilev - Vice President of Finance

| 2021 | Short-term benefits: Cash salary and fees $ | Short-term benefits: Cash bonus $ | Short-term benefits: Non-monetary $ | Post-employment benefits: Super-annuation $ | Long-term benefits: Long service leave $ | Share-based payments: Equity-settled shares $ | Share-based payments: Equity-settled options $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | | | |
| Mr Matthew Morgan | 55,000 | - | - | - | - | - | - | 55,000 |
| Mr David Torrible | 50,228 | - | - | 4,772 | - | - | - | 55,000 |
| Mr David Daglio | 45,000 | - | - | - | - | - | - | 45,000 |
| *Executive Directors:* | | | | | | | | |
| Dr Evian Gordon | 334,533 | - | - | - | - | - | (42,582) | 291,951 |
| Mr Louis Gagnon | 401,440 | - | - | - | - | - | 137,489 | 538,929 |
| *Other Key Management Personnel:* | | | | | | | | |
| Mr Matthew Mund | 334,533 | - | - | - | - | - | 86,100 | 420,633 |
| Mr Emil Vasilev | 253,911 | - | - | - | - | - | 18,096 | 272,007 |
| | 1,474,645 | - | - | 4,772 | - | - | 199,103 | 1,678,520 |

| 2020 | Short-term benefits: Cash salary and fees $ | Short-term benefits: Cash bonus $ | Short-term benefits: Non-monetary $ | Post-employment benefits: Super-annuation $ | Long-term benefits: Long service leave $ | Share-based payments: Equity-settled shares $ | Share-based payments: Equity-settled options $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | | | |
| Mr Matthew Morgan | 55,000 | - | - | - | - | - | 7,409 | 62,409 |
| Mr David Torrible | 49,831 | - | - | 4,734 | - | - | 98,760 | 153,325 |
| Mr Ajay Arora * | 21,396 | - | - | - | - | - | (348) | 21,048 |
| Mr David Daglio** | 20,323 | - | - | - | - | - | - | 20,323 |
| *Executive Directors:* | | | | | | | | |
| Dr Evian Gordon | 372,479 | - | - | - | - | - | 103,987 | 476,466 |
| Mr Louis Gagnon | 446,975 | - | - | - | - | - | 11,898 | 458,873 |
| *Other Key Management Personnel:* | | | | | | | | |
| Mr Matthew Mund | 372,479 | - | - | - | - | - | 4,990 | 377,469 |
| Mr Emil Vasilev | 255,056 | - | - | - | - | - | 1,037 | 256,093 |
| | 1,593,539 | - | - | 4,734 | - | - | 227,733 | 1,826,006 |

* Represents remuneration from 1 July 2019 to 13 January 2020. Ajay Arora ceased to be a director on 13 January 2020 and his options were forfeited on this date. The share-based expense recognised in prior periods in respect of the forfeited options has been reversed in the prior reporting period.

** Represents remuneration from 13 January 2020 to 30 June 2020.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2021 | Fixed remuneration 2020 | At risk - STI 2021 | At risk - STI 2020 | At risk - LTI 2021 | At risk - LTI 2020 |
|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | |
| Mr Matthew Morgan | 100% | 88% | - | - | - | 12% |
| Mr Ajay Arora | - | 102% | - | - | - | (2%) |
| Mr David Torrible | 100% | 36% | - | - | - | 64% |
| Mr David Daglio | 100% | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| Dr Evian Gordon | 115% | 78% | - | - | (15%) | 22% |
| Mr Louis Gagnon | 74% | 97% | - | - | 26% | 3% |
| *Other Key Management Personnel:* | | | | | | |
| Mr Matthew Mund | 80% | 99% | - | - | 20% | 1% |
| Mr Emil Vasilev | 93% | 100% | - | - | 7% | - |

### *Service agreements*
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Dr Evian Gordon |
| Title: | Executive Chairman |
| Term of agreement: | No fixed term |
| Details: | Written notice to or from the Board required to terminate. Entitled to 9 months of gross salary. |

| | |
|---|---|
| Name: | Mr Louis Gagnon |
| Title: | Managing Director and Chief Executive Officer |
| Term of agreement: | No fixed term |
| Details: | 1 months' notice required to terminate. Entitled to 12 months of gross salary, medical insurances and pro-rata portion of annual bonus. |

| | |
|---|---|
| Name: | Mr Matthew Morgan |
| Title: | Non-Executive Director |
| Term of agreement: | No fixed term |
| Details: | No notice required to terminate. Entitled to 0% of gross fees. |

| | |
|---|---|
| Name: | Mr David Torrible |
| Title: | Non-Executive Director |
| Term of agreement: | No fixed term |
| Details: | No notice required to terminate. Entitled to 0% of gross fees. |

| | |
|---|---|
| Name: | Mr David Daglio |
| Title: | Non-Executive Director |
| Term of agreement: | No fixed term |
| Details: | No notice required to terminate. Entitled to 0% of gross fees. |

| | |
|---|---|
| Name: | Mr Matthew Mund |
| Title: | Chief Operating Officer |
| Term of agreement: | No fixed term |
| Details: | No notice required to terminate. Entitled to 6 months of gross salary, medical insurances and pro-rata portion of annual bonus. |

| | |
|---|---|
| Name: | Mr Emil Vasilev |
| Title: | Vice President of Finance |
| Term of agreement: | No fixed term |
| Details: | No notice required to terminate. Entitled to 6 months of gross salary, medical insurances and pro-rata portion of annual bonus. |

KMP have no entitlement to termination payments in the event of removal for misconduct.

### *Share-based compensation*

*Issue of shares*
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

*Options*
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| Dr Evian Gordon | 845,156 | 06/08/2020 | 06/08/2020 | 14/12/2022 | $0.8000 | $0.0620 |
| | 120,000 | 06/08/2020 | 06/08/2023 | 06/08/2025 | $0.3700 | $0.1800 |
| | 120,000 | 06/08/2020 | 06/08/2024 | 06/08/2025 | $0.4400 | $0.1700 |
| | 120,000 | 06/08/2020 | 06/08/2024 | 06/08/2025 | $0.5000 | $0.1600 |
| Mr Louis Gagnon | 866,667 | 6/08/2020 | 6/08/2023 | 06/08/2025 | $0.3700 | $0.1800 |
| | 866,667 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.4400 | $0.1700 |
| | 866,666 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.5000 | $0.1600 |
| | 941,099 | 6/08/2020 | 22/05/2018 | 22/05/2022 | $0.8000 | $0.0430 |
| | 941,099 | 6/08/2020 | 22/05/2019 | 22/05/2022 | $0.8000 | $0.0430 |
| | 941,099 | 6/08/2020 | 22/05/2020 | 22/05/2022 | $0.8000 | $0.0430 |
| Mr Matthew Morgan | 100,000 | 14/12/2017 | 14/12/2019 | 10/01/2023 | $1.0000 | $0.3300 |
| Mr David Torrible | 206,612 | 10/01/2020 | 16/01/2020 | 16/01/2024 | $0.4500 | $0.4800 |
| Mr Matthew Mund | 654,669 | 6/08/2020 | 6/08/2023 | 06/08/2025 | $0.3700 | $0.1800 |
| | 654,669 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.4400 | $0.1700 |
| | 654,669 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.5000 | $0.1600 |
| | 445,550 | 6/08/2020 | 16/07/2018 | 16/07/2022 | $0.8000 | $0.0480 |
| | 445,550 | 6/08/2020 | 16/07/2019 | 16/07/2022 | $0.8000 | $0.0480 |
| | 445,550 | 6/08/2020 | 16/07/2020 | 16/07/2022 | $0.8000 | $0.0480 |
| Mr Emil Vasilev | 180,000 | 6/08/2020 | 6/08/2023 | 06/08/2025 | $0.3700 | $0.1800 |
| | 180,000 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.4400 | $0.1700 |
| | 180,000 | 6/08/2020 | 6/08/2024 | 06/08/2025 | $0.5000 | $0.1600 |
| | 58,846 | 6/08/2020 | 22/05/2018 | 22/05/2022 | $0.8000 | $0.0430 |
| | 58,846 | 6/08/2020 | 22/05/2018 | 22/05/2022 | $0.8000 | $0.0430 |
| | 58,846 | 6/08/2020 | 22/05/2018 | 22/05/2022 | $0.8000 | $0.0430 |

Options granted carry no dividend or voting rights.

## *Additional information*
The earnings of the Group for the five years to 30 June 2021 are summarised below:

| | 2021 $ | 2020 $ | 2019 $ | 2018 $ | 2017 $ |
|---|---|---|---|---|---|
| Sales revenue | 3,694,268 | 3,877,529 | 2,602,137 | 2,608,990 | 2,369,321 |
| Loss after income tax | (8,316,773) | (7,647,544) | (8,570,754) | (23,101,340) | (9,868,954) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.31 | 0.38 | 0.20 | 0.40 | 0.60 |
| Basic earnings per share (cents per share) | (7.68) | (8.07) | (14.58) | (63.80) | (64.50) |
| Diluted earnings per share (cents per share) | (7.68) | (8.07) | (14.58) | (63.80) | (64.50) |

### *Additional disclosures relating to key management personnel*

*Shareholding*
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Dr Evian Gordon | 1,301,875 | - | 13,881 | - | 1,315,756 |
| Mr Louis Gagnon | 415,923 | - | - | - | 415,923 |
| Mr Matthew Morgan | 444,723 | - | 5,001 | - | 449,724 |
| Mr David Torrible | 6,055,265 | - | - | - | 6,055,265 |
| Mr David Daglio | 6,950,180 | - | - | - | 6,950,180 |
| Mr Matthew Mund | 988,782 | - | - | - | 988,782 |
| Mr Emil Vasilev | 70,220 | - | - | - | 70,220 |
| | 16,226,968 | - | 18,882 | - | 16,245,850 |

*Option holding*
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted as remuneration | Cancelled | Replaced | Balance at the end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| Options over ordinary shares | | | | | | |
| Dr Evian Gordon | - | 1,205,156 | - | - | 1,205,156 | 845,156 |
| Mr Louis Gagnon | 6,146,593 | 2,600,000 | (2,823,297) | 2,823,297 | 8,746,593 | 6,146,593 |
| Mr Matthew Morgan | 425,000 | - | - | - | 425,000 | 425,000 |
| Mr David Torrible* | 206,612 | - | - | - | 206,612 | 206,612 |
| Mr David Daglio | - | - | - | - | - | - |
| Mr Matthew Mund | 3,073,298 | 1,964,006 | (1,336,650) | 1,336,650 | 5,037,304 | 3,073,298 |
| Mr Emil Vasilev | 653,076 | 540,000 | (176,538) | 176,538 | 1,193,076 | 653,076 |
| | 10,504,579 | 6,309,162 | (4,336,485) | 4,336,485 | 16,813,741 | 11,349,735 |

*Loans from key management personnel and their related parties*
The following were loans from key management personnel and their related parties:

| | Consolidated 2021 $ |
|---|---|
| David Daglio | 133,815 |
| David Torrible | 334,538 |
| Louis Gagnon | 66,907 |
| Matthew Mund | 133,859 |
| | 669,119 |

The loans are being provided on an unsecured basis over 5 months at an interest rate of 12% per annum. The loans and accrued interest are repayable in cash during the term at the discretion of the Company with no prepayment penalty, or otherwise is due at the end of the term. In the event of a capital raise during the term of the loans, and subject to applicable shareholder approvals required under the ASX listing rules and/or the Corporations Act 2001, the lenders have the option to convert amounts owed into fully paid ordinary shares in the Company at the price of the capital raise.

There were no other transactions with key management personnel and their related parties.

***This concludes the remuneration report, which has been audited.***

## Shares under option

The following options over ordinary shares of Total Brain Limited were outstanding at the date of this report.

| Grant date | Expiry date | Exercise price $ | Number under option |
|---|---|---|---|
| 21/12/2016 | 29/11/2021 | 2.00 | 49,950 |
| 22/05/2017 | 22/05/2022 | 0.80 | 500,000 |
| 17/05/2017 | 17/05/2022 | 0.80 | 653,076 |
| 16/07/2017 | 16/07/2022 | 0.80 | 3,073,295 |
| 22/05/2017 | 22/05/2022 | 0.80 | 5,646,592 |
| 14/12/2017 | 10/01/2023 | 1.00 | 400,000 |
| 15/12/2017 | 15/12/2022 | 1.00 | 5,000,000 |
| 08/01/2018 | 08/01/2023 | 0.80 | 768,324 |
| 24/02/2018 | 24/02/2023 | 0.80 | 30,000 |
| 28/02/2018 | 28/02/2023 | 0.80 | 30,000 |
| 01/04/2018 | 01/04/2023 | 0.80 | 525,363 |
| 29/04/2019 | 28/04/2021 | 0.45 | 106,612 |
| 31/07/2018 | 31/07/2023 | 0.80 | 52,734 |
| 28/02/2019 | 28/02/2024 | 0.80 | 50,781 |
| 31/03/2019 | 31/03/2024 | 0.80 | 25,781 |
| 31/07/2019 | 31/07/2024 | 0.80 | 14,192 |
| 31/08/2019 | 31/08/2024 | 0.80 | 217,578 |
| 30/09/2019 | 30/09/2024 | 0.80 | 42,500 |
| 18/03/2019 | 18/03/2024 | 0.45 | 50,000 |
| 17/06/2019 | 17/06/2024 | 0.45 | 50,000 |
| 23/10/2019 | 23/10/2024 | 0.80 | 25,000 |
| 16/01/2020 | 16/01/2024 | 0.45 | 206,612 |
| 06/08/2020 | 06/08/2025 | 0.37 | 2,267,042 |
| 06/08/2020 | 06/08/2025 | 0.44 | 2,267,042 |
| 06/08/2020 | 06/08/2025 | 0.50 | 2,267,034 |
| 06/08/2020 | 14/12/2022 | 0.80 | 845,156 |
| 06/08/2020 | 21/11/2024 | 0.44 | 55,664 |
| 06/08/2020 | 26/11/2024 | 0.44 | 25,781 |
| 06/08/2020 | 03/12/2024 | 0.44 | 54,688 |
| 06/08/2020 | 01/01/2025 | 0.44 | 25,781 |
| 06/08/2020 | 25/05/2025 | 0.44 | 42,969 |
| 06/08/2020 | 09/06/2025 | 0.44 | 31,641 |
| 06/08/2020 | 11/06/2025 | 0.44 | 55,078 |
| 06/08/2020 | 30/06/2025 | 0.44 | 70,703 |
| 06/08/2020 | 01/07/2025 | 0.44 | 117,188 |
| 06/08/2020 | 06/07/2025 | 0.44 | 25,781 |
| 06/08/2020 | 20/07/2025 | 0.44 | 22,266 |
| 06/08/2020 | 26/08/2025 | 0.44 | 19,922 |
| 06/08/2020 | 22/09/2025 | 0.44 | 29,297 |
| 06/08/2020 | 13/10/2025 | 0.44 | 175,000 |
| 17/12/2019 | 17/12/2024 | 1.00 | 24,000 |
| 15/11/2019 | 15/11/2024 | 0.80 | 50,000 |
| 10/02/2020 | 10/02/2025 | 1.00 | 50,000 |
| 17/08/2020 | 17/08/2025 | 0.37 | 951,672 |
| 17/08/2020 | 17/08/2025 | 0.44 | 951,672 |
| 17/08/2020 | 17/08/2025 | 0.50 | 951,672 |
| 09/10/2020 | 09/01/2026 | 0.44 | 35,156 |
| 17/11/2020 | 17/11/2025 | 0.44 | 15,234 |
| 26/12/2020 | 26/12/2025 | 0.44 | 18,750 |
| 01/01/2021 | 01/01/2026 | 0.44 | 4,883 |

| Grant date | Expiry date | Exercise price (cents) | Number under option |
|---|---|---|---|
| 13/01/2021 | 13/01/2026 | 0.44 | 37,500 |
| 26/01/2021 | 26/01/2026 | 0.44 | 28,125 |
| 09/02/2021 | 09/02/2026 | 0.44 | 32,813 |
| 16/02/2021 | 16/02/2026 | 0.44 | 33,984 |
| 25/04/2021 | 25/04/2026 | 0.44 | 14,531 |
| 22/06/2021 | 22/06/2026 | 0.44 | 51,563 |
| 29/06/2021 | 29/06/2026 | 0.44 | 22,266 |
| 19/08/2021 | 19/08/2022 | 0.36 | 12,543,626 |
| | | 3.44 | 41,733,870 |

## Shares issued on the exercise of options
There were no ordinary shares of Total Brain Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

## Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Officers of the Company who are former partners of Grant Thornton
There are no officers of the Company who are former partners of Grant Thornton.

## 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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Evian Gordon
Chairman

27 August 2021

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# 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 audit of Total Brain Limited for the year ended 30 June 2021, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 27 August 2021

TOTAL BRAIN

# FINANCIAL STATEMENTS

Year Ended 30 June 2021

ir@totalbrain.com
totalbrain.com

ASX: TTB ABN 24 094 069 682

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| **Revenue** | 5 | 3,694,268 | 3,877,529 |
| Interest income calculated using the effective interest method | | 816 | 14,728 |
| **Expenses** | | | |
| Cost of equipment and third-party drug trial expense | 6 | (264,802) | (573,168) |
| Employee benefits expense | 6 | (7,225,012) | (6,814,911) |
| Corporate and operating costs | 7 | (3,397,549) | (3,619,099) |
| Depreciation and amortisation expense | 6 | (669,175) | (231,235) |
| Impairment of receivables | 10 | (860) | (266) |
| Share-based payments expense | 20 | (489,543) | (300,300) |
| Net foreign exchange losses | 6 | (25,017) | (822) |
| Finance costs | 6 | (5,064) | - |
| **Loss before income tax benefit** | | (8,381,938) | (7,647,544) |
| Income tax benefit | 8 | 65,165 | - |
| **Loss after income tax benefit for the year attributable to the owners of Total Brain Limited** | | (8,316,773) | (7,647,544) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (578,563) | (156,055) |
| Other comprehensive income for the year, net of tax | | (578,563) | (156,055) |
| **Total comprehensive income for the year attributable to the owners of Total Brain Limited** | | (8,895,336) | (7,803,599) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 31 | (7.68) | (8.07) |
| Diluted earnings per share | 31 | (7.68) | (8.07) |

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

| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 1,427,349 | 11,104,729 |
| Trade and other receivables | 10 | 5,102,392 | 2,837,267 |
| Contract assets | 11 | 2,774 | 3,025 |
| Prepayments | | 218,353 | 140,419 |
| Total current assets | | 6,750,868 | 14,085,440 |
| **Non-current assets** | | | |
| Plant and equipment | 12 | 283,185 | 310,356 |
| Intangibles | 13 | 17,043,682 | 15,000,044 |
| Other | | 10,560 | 10,560 |
| Total non-current assets | | 17,337,427 | 15,320,960 |
| **Total assets** | | 24,088,295 | 29,406,400 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 513,744 | 460,978 |
| Contract liabilities | 15 | 934,181 | 956,760 |
| Borrowings | 16 | 4,266,720 | 1,106,575 |
| Employee benefits | 17 | 391,599 | 426,873 |
| Total current liabilities | | 6,106,244 | 2,951,186 |
| **Non-current liabilities** | | | |
| Deferred tax | 8 | - | 65,165 |
| Employee benefits | 18 | - | 2,205 |
| Total non-current liabilities | | - | 67,370 |
| **Total liabilities** | | 6,106,244 | 3,018,556 |
| **Net assets** | | 17,982,051 | 26,387,844 |
| **Equity** | | | |
| Issued capital | 19 | 78,425,180 | 78,425,180 |
| Reserves | 20 | 4,288,967 | 4,377,987 |
| Accumulated losses | | (64,732,096) | (56,415,323) |
| **Total equity** | | 17,982,051 | 26,387,844 |

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

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | 64,753,937 | 4,233,742 | (48,767,779) | 20,219,900 |
| Loss after income tax expense for the year | - | - | (7,647,544) | (7,647,544) |
| Other comprehensive income for the year, net of tax | - | (156,055) | - | (156,055) |
| Total comprehensive income for the year | - | (156,055) | (7,647,544) | (7,803,599) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 19) | 13,671,243 | - | - | 13,671,243 |
| Share-based payments (note 20) | - | 300,300 | - | 300,300 |
| Balance at 30 June 2020 | 78,425,180 | 4,377,987 | (56,415,323) | 26,387,844 |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2020 | 78,425,180 | 4,377,987 | (56,415,323) | 26,387,844 |
| Loss after income tax benefit for the year | - | - | (8,316,773) | (8,316,773) |
| Other comprehensive income for the year, net of tax | - | (578,563) | - | (578,563) |
| Total comprehensive income for the year | - | (578,563) | (8,316,773) | (8,895,336) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments (note 20) | - | 489,543 | - | 489,543 |
| Balance at 30 June 2021 | 78,425,180 | 4,288,967 | (64,732,096) | 17,982,051 |

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

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 3,867,348 | 4,885,745 |
| Payments to suppliers and employees (inclusive of GST) | | (12,170,226) | (12,233,400) |
| Research and development tax incentive | | 1,139,349 | 1,337,112 |
| Interest received | | 816 | 14,728 |
| Net cash used in operating activities | 29 | (7,162,713) | (5,995,815) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 12 | (75,785) | (126,417) |
| Payments for intangibles | 13 | (5,008,261) | (2,610,223) |
| Net cash used in investing activities | | (5,084,046) | (2,736,640) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 19 | - | 13,671,243 |
| Proceeds from borrowings | 30 | 3,155,081 | 1,106,575 |
| Net cash from financing activities | | 3,155,081 | 14,777,818 |
| Net increase/(decrease) in cash and cash equivalents | | (9,091,678) | 6,045,363 |
| Cash and cash equivalents at the beginning of the financial year | | 11,104,729 | 5,214,802 |
| Effects of exchange rate changes on cash and cash equivalents | | (585,702) | (155,436) |
| Cash and cash equivalents at the end of the financial year | 9 | 1,427,349 | 11,104,729 |

*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 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 27 August 2021. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*
The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Going concern

During the year, the Group incurred a net loss after tax of $8,316,773 (2020: $7,647,544) and net operating cash outflows of $7,162,713 (2020: $5,995,815). Prima facie, these circumstances represent a material uncertainty regarding the Group’s ability to continue as a going concern.

## Note 2. Significant accounting policies (continued)

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

- the Group's financial position as at 30 June 2021, with net current assets of $644,624 (2020: $11,134,254) and net assets of $17,982,051 (2020: $26,387,844);
- the Group's external debt is a forgivable loan;
- the cash flow forecast for the Group for the period of 12 months from the approval of the financial statements which takes into account expected cashflows from the Hamptons Life deal announced to the ASX on 3 May 2021;
- 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.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Total Brain Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Total Brain Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Note 2. Significant accounting policies (continued)

### Foreign currency translation
The presentation currency of the Group's financial statements is Australian dollars.

The functional currency of Brain Resource Inc., a subsidiary of the ultimate parent company, Total Brain Limited, is US dollars.

*Foreign currency transactions*
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition
The Group recognises revenue as follows:

*Revenue from contracts with customers*
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of software licenses*
Software revenue comprises fees from subscribers to access the Group's software platform during the license period. Subscription-based arrangements generally have annual contractual terms.

In some customer contracts, software and other deliverables (such as services or support) are bundled together. The goods and services provided under these arrangements are highly interrelated and are therefore accounted for as a single performance obligation. The Group recognises revenue rateably as the services are performed, commencing with the date the service is made available to customers and all other revenue recognition criteria have been satisfied. If, at the outset of an arrangement, revenue cannot be measured reliably, revenue recognition is deferred until the relating fees become due and payable by the customer. Additionally, if at the outset of an arrangement it is determined that collectability is not probable, revenue recognition is deferred until the earlier of when collectability becomes probable or payment is received.

## Note 2. Significant accounting policies (continued)

*Rendering of services*
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

### Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### Government grants
Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. A forgivable loan is recognised as a government grant when there is a reasonable assurance that the Group will meet the terms of the forgiveness of the loan. Grants related to assets are deducted from the carrying amount of the assets presented in the statement of financial position. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

## Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Government grant receivable for research and development tax incentive ('R&D') is recognised to the degree that the Group can reliably estimate that R&D expenditure for the full year will fall within the eligibility requirements. Advances in other receivables are provided as an advance contractual payment generally covering the payable expected to accrue over a 60-90 day period.

### Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

### Plant and equipment
Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 3-10 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Leases
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 as incurred.

## Note 2. Significant accounting policies (continued)

### Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. The Group's databases are considered to be indefinite life assets because there is no foreseeable limit to the cash flows generated by them.

*Database*
Costs relating to the Group’s database are capitalised as an asset and are not subsequently amortised. The Group's databases are considered to be indefinite life assets because there is no foreseeable limit to the cash flows generated by them.

*Software*
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

*Research and development*
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

The Total Brain International Database and associated analysis tools (‘TBID’) is treated as a single integrated asset for presentation and impairment testing. Amortisation of components of TBID that are ready for use are calculated on a straight line basis over 5 years.

### Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Fair value less costs of disposal is determined by the directors based on an assessment of the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

### Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## Note 2. Significant accounting policies (continued)

### Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Employee benefits

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*
Equity-settled share-based compensation benefits are provided to employees and contractors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and contractors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

## Note 2. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Total Brain Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 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 Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Coronavirus (COVID-19) pandemic*
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Share-based payment transactions*
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Determination of variable consideration*
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to goods or services that have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

*Allowance for expected credit losses*
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

*Estimation of useful lives of assets*
The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other intangible assets*
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. Management have assessed the entire business as one cash-generating unit ('CGU'). The recoverable amount of this CGU has been determined based on fair value less costs of disposal, using a replacement cost approach as detailed in note 13.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Research and development costs*
Research and development costs are only capitalised by the Group when the feasibility of completing the intangible asset is valid and likely to result in a saleable asset.

*Income tax*
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Lease term*
Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Government grants for research and development tax incentive (R&D)*
The Group recognises government grants related to the research and development tax incentive (R&D) as a deduction from the carrying amount of the relevant qualifying assets, in accordance with the accounting policy disclosed in Note 2. A government grant receivable in respect of the incentive is recognised when there is reasonable certainty that the grant will be received upon meeting the terms and conditions associated with the grant.

Significant judgement is required in determining the value of the government grant claim and associated receivable, and the amounts to be deducted from the carrying value of the relevant qualifying assets. The Group determines these amounts based on Advance / Overseas Findings received from AusIndustry in previous periods. In the current period, management determined (in conjunction with assistance from external consultants) that a receivable of $2,389,484 (2020: $1,152,955) should be recognised at 30 June 2021, and an amount of $2,375,878 (2020: $2,340,931) should be deducted from the carrying amount of its qualifying intangible assets in respect of eligible expenditure incurred, based on the Advance / Overseas Findings obtained in previous periods and the application of those findings and consideration of other applicable R&D Incentive interpretations to the facts and circumstances at Total Brain Limited. In circumstances where different judgements are made in respect of these matters, such differences will impact the government grant receivable and the amount deducted from the carrying value of the qualifying intangible asset.

## Note 4. 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.

## Note 4. Operating segments (continued)

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.

*Major customers*
During the year ended 30 June 2021, the Group derived $1,078,000 from one affinity customer and $1,114,000 from two corporate customers (2020: approximately $750,000 from one data licensing customer, $400,000 from one affinity customer and $850,000 from one corporate customer)

*Geographical information*

| | Geographical non-current assets | |
|---|---|---|
| | 2021 $ | 2020 $ |
| United States | 682,326 | 75,967 |
| Australia | 16,655,101 | 15,244,993 |
| | 17,337,427 | 15,320,960 |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

The majority of revenue is derived in the United States.

## Note 5. Revenue

| | Consolidated | |
|---|---|---|
| | 2021 $ | 2020 $ |
| Total Brain* – Corporate | 2,260,496 | 2,263,916 |
| Total Brain* – Affinity | 1,085,197 | 399,464 |
| Total Brain* – All other | 62,289 | 136,015 |
| Clinical ** | 264,501 | 298,378 |
| Discovery*** | 21,785 | 34,798 |
| Data Licensing**** | - | 744,958 |
| Revenue | 3,694,268 | 3,877,529 |

Revenue from contracts with customers is derived from the Group's combined database which includes both BRID 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.

## Note 5. Revenue (continued)

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

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| *Major revenue lines* | | |
| Software license | 3,672,483 | 3,097,773 |
| Services and access fees | 21,785 | 779,756 |
| | 3,694,268 | 3,877,529 |
| *Timing of revenue recognition* | | |
| Revenue transferred at a point in time | 3,672,483 | 3,097,773 |
| Revenue transferred over time | 21,785 | 779,756 |
| | 3,694,268 | 3,877,529 |

## Note 6. Expenses

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Cost of sales* | | |
| Cost of equipment and third-party drug trial expense | 264,802 | 573,168 |
| *Depreciation* | | |
| Plant and equipment | 80,342 | 61,969 |
| *Amortisation* | | |
| Development | 588,833 | 169,266 |
| Total depreciation and amortisation | 669,175 | 231,235 |
| *Finance costs* | | |
| Interest and finance charges paid/payable on borrowings | 5,064 | - |
| *Net foreign exchange loss* | | |
| Net foreign exchange loss | 25,017 | 822 |
| *Leases* | | |
| Short-term lease payments* | 167,787 | 169,091 |
| *Research and development tax incentive costs* | | |
| Research and development expenditure recognised as an expense | 139,745 | 179,096 |
| *Employee benefits expense*** | | |
| Employee benefits expense excluding superannuation | 6,761,612 | 6,461,825 |
| Defined contribution superannuation expense | 463,400 | 353,086 |
| Total employee benefits expense | 7,225,012 | 6,814,911 |
| *Government grants offset against employee benefit expense* | | |
| Government grants*** | 1,507,814 | 1,252,411 |
| Offset against cost of intangibles | (608,539) | (374,547) |
| Total government grants offset against employee benefit expense* | 899,275 | 877,864 |

* 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.

** Government grants offset against employee benefits expense total to $899,275 (2020; $877,864).

*** During the Coronavirus ('COVID-19') pandemic, the Group has received stimulus support payments of $100,500 (2020: $116,499) from the Australian Government and $1,407,314 (US$1,051,700) (2020: $1,135,912 (US$762,400)) from the US Government (refer to note 16 for more information). These have been recognised as government grants in the financial statements and recorded as 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 7. Corporate and operating costs

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Insurance and professional fees | 1,359,526 | 1,385,855 |
| Communications expense | 423,380 | 417,228 |
| Marketing and agent support expenses | 1,096,086 | 876,470 |
| Occupancy expenses | 454,204 | 568,759 |
| Travel expenses | 589 | 295,104 |
| Other expenses | 59,116 | 75,683 |
| Loss on disposal of plant and equipment | 4,648 | - |
| | 3,397,549 | 3,619,099 |

## Note 8. Income tax

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Income tax benefit* | | |
| Deferred tax - origination and reversal of temporary differences | (65,165) | - |
| Aggregate income tax benefit | (65,165) | - |
| Deferred tax included in income tax benefit comprises: | | |
| Decrease in deferred tax liabilities | (65,165) | - |
| *Numerical reconciliation of income tax benefit and tax at the statutory rate* | | |
| Loss before income tax benefit | (8,381,938) | (7,647,544) |
| Tax at the statutory tax rate of 26% (2020: 27.5%) | (2,179,304) | (2,103,075) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 127,281 | 82,583 |
| Permanent differences from research and development refund | 1,428,197 | 1,479,899 |
| Effect of FX movement on translation | (545,868) | 436 |
| Share issue costs | - | (323,262) |
| Non-assessable income | (375,652) | (224,510) |
| Sundry items | 173,282 | 8,143 |
| | (1,372,064) | (1,079,786) |
| Current year tax losses not recognised | 2,423,275 | 1,216,911 |
| Prior year tax losses not recognised now recouped | (1,267,285) | (70,449) |
| Difference in overseas tax rates | - | 1,792 |
| Adjustment to deferred tax balances as a result of change in statutory tax rate | 5,058 | - |
| Prior year (over) / under provisions | 145,851 | (68,468) |
| Income tax benefit | (65,165) | - |

## Note 8. Income tax (continued)

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 35,075,683 | 34,389,517 |
| Potential tax benefit at statutory tax rates | 9,119,678 | 9,457,117 |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Brain Resource, Inc., incorporated in California USA has carry-forward unused tax losses of $30,828,698 as at 30 June 2021 (2020: $21,397,531). The Company recognised deferred tax assets in respect of these tax losses as at 30 June 2021 of $nil (2020: $nil). The losses remain available to offset future income tax, but the directors have chosen not to recognise a deferred tax asset in respect of them, until it is demonstrated that the realisation of the deferred tax is more likely than not.

The Australian based companies have carry-forward unused tax losses of $27,308,124 as of 30 June 2021 (2020: $28,912,928). The Company concluded that $5,995,896 (2020: $4,378,259) of the deferred tax asset relating to carry-forward unused tax losses in Australia of $15,115,574 (2020: $15,920,942) is recoverable, within the requisite timeframes, based on budget estimates for future taxable income as approved by the Company's Board of Directors.

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Deferred tax liability* | | |
| Deferred tax liability comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Development costs | 5,571,167 | 4,529,022 |
| Losses carried forward | (15,115,574) | (13,917,512) |
| Tax losses not recognised as DTA | 9,119,678 | 9,539,253 |
| Provisions | (101,815) | (117,996) |
| Foreign exchange | 526,544 | 32,398 |
| Deferred tax liability | - | 65,165 |
| Movements: | | |
| Opening balance | 65,165 | 65,165 |
| Credited to profit or loss | (65,165) | - |
| Closing balance | - | 65,165 |

## Note 9. Current assets - cash and cash equivalents

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Cash at bank | 1,427,349 | 11,104,729 |

## Note 10. Current assets - trade and other receivables

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Trade receivables | 286,124 | 480,675 |
| Less: Allowance for expected credit losses | (1,241) | (384) |
| | 284,883 | 480,291 |
| | | |
| Other receivables | 7,660 | 66,946 |
| Government grant receivable for research and development tax incentive (R&D) | 2,389,484 | 1,152,955 |
| Government grant receivable - others* | 2,420,365 | 1,137,075 |
| | 4,817,509 | 2,356,976 |
| | | |
| | 5,102,392 | 2,837,267 |

* 1,017,191 was received on 12 July 2021. Also, the related loan was forgiven - refer note 16.

*Allowance for expected credit losses*
The Group has recognised a loss of $860 (2020: $266 ) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| Consolidated | Expected credit loss rate 2021 % | Expected credit loss rate 2020 % | Carrying amount 2021 $ | Carrying amount 2020 $ | Allowance for expected credit losses 2021 $ | Allowance for expected credit losses 2020 $ |
|---|---|---|---|---|---|---|
| Not overdue | 0.09% | - | 165,257 | 227,712 | 149 | - |
| 0 to 3 months overdue | 0.74% | - | 101,745 | 226,896 | 756 | - |
| 3 to 6 months overdue | 1.76% | 1.47% | 19,121 | 26,067 | 336 | 384 |
| | | | 286,123 | 480,675 | 1,241 | 384 |

The Group is not affected by Coronavirus (COVID-19) pandemic, thus no revisions on the calculation of expected credit losses has been applied as at 30 June 2021.

Movements in the allowance for expected credit losses are as follows:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Opening balance | 384 | 172 |
| Additional provisions recognised | 860 | 266 |
| Receivables written off during the year as uncollectable | (3) | (54) |
| | | |
| Closing balance | 1,241 | 384 |

## Note 11. Current assets - contract assets

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Contract assets | 2,774 | 3,025 |

*Reconciliation*
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | 2021 $ | 2020 $ |
|---|---|---|
| Opening balance | 3,025 | 89,935 |
| Additions | 2,774 | 3,105 |
| Transfer to trade receivables | (2,780) | (91,225) |
| Exchange differences | (245) | 1,210 |
| Closing balance | 2,774 | 3,025 |

*Allowance for expected credit losses*
The Group has recognised a loss of $nil (2020: $nil) in profit or loss in respect of the expected credit losses on contract assets for the year ended 30 June 2021.

## Note 12. Non-current assets - plant and equipment

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Plant and equipment - at cost | 1,232,904 | 1,398,793 |
| Less: Accumulated depreciation | (949,719) | (1,088,437) |
| | 283,185 | 310,356 |

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

| Consolidated | Plant and equipment $ |
|---|---|
| Balance at 1 July 2019 | 247,349 |
| Additions | 126,417 |
| Exchange differences | (1,441) |
| Depreciation expense | (61,969) |
| Balance at 30 June 2020 | 310,356 |
| Additions | 75,785 |
| Disposals | (4,648) |
| Exchange differences | (17,966) |
| Depreciation expense | (80,342) |
| Balance at 30 June 2021 | 283,185 |

## Note 13. Non-current assets - intangibles

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Database - at cost | 22,226,145 | 22,224,995 |
| Less: Accumulated impairment | (9,323,043) | (9,323,043) |
| | 12,903,102 | 12,901,952 |
| | | |
| Development - at cost | 7,793,270 | 5,162,037 |
| Less: Accumulated amortisation | (3,107,910) | (2,519,165) |
| Less: Accumulated impairment | (544,780) | (544,780) |
| | 4,140,580 | 2,098,092 |
| | | |
| | 17,043,682 | 15,000,044 |

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

| Consolidated | Database $ | Development $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2019 | 12,874,129 | 2,025,889 | 14,900,018 |
| Additions* | 27,823 | 2,582,400 | 2,610,223 |
| R&D tax incentive | - | (2,340,931) | (2,340,931) |
| Amortisation expense | - | (169,266) | (169,266) |
| | | | |
| Balance at 30 June 2020 | 12,901,952 | 2,098,092 | 15,000,044 |
| Additions* | 1,150 | 5,007,111 | 5,008,261 |
| R&D tax incentive | - | (2,375,878) | (2,375,878) |
| Exchange differences | - | 88 | 88 |
| Amortisation expense | - | (588,833) | (588,833) |
| | | | |
| Balance at 30 June 2021 | 12,903,102 | 4,140,580 | 17,043,682 |

*Government grants offset against additions is $608,539 (2020: $374,547) (refer note 6 for more information).

*Impairment testing*
The intangible assets are tested for impairment as a single Cash Generating Unit ('CGU'), as the individual assets do not currently generate largely independent cash flows.

As at the reporting date, the intangible assets were tested for impairment, where the recoverable amount was based on fair value less costs of disposal. Fair value is determined by the Directors and management based on an assessment of the price that would be received to sell the intangibles of the Group, including the Total Brain International Database ('TBID') and iSPOT in an orderly transaction between market participants at the measurement date.

The approach and key assumptions used in the assessment of fair value was based on the replacement cost valuation methodology. The key assumptions on which management based its determination of fair value were to consider all of the direct and indirect costs that would be required in order to create assets of equivalent utility—that is, to create an asset that provides similar function and equivalent utility. Reference was made to past experience and external sources of information.

The recoverable amount was higher than the carrying amount and therefore no further impairment expense was required.

## Note 13. Non-current assets - intangibles (continued)

*Sensitivity*
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of intangible assets. Any reasonable change in the key assumptions (including clinical trial per patient cost) would not result in an impairment charge.

## Note 14. Current liabilities - trade and other payables

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Trade payables | 204,778 | 148,147 |
| Accrued expenses | 257,539 | 273,076 |
| Other payables | 51,427 | 39,755 |
| | 513,744 | 460,978 |

Refer to note 22 for further information on financial instruments.

## Note 15. Current liabilities - contract liabilities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Contract liabilities | 934,181 | 956,760 |

*Reconciliation*
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | 2021 $ | 2020 $ |
|---|---|---|
| Opening balance | 956,760 | 209,489 |
| Payments received in advance | 936,937 | 982,125 |
| Transfer to revenue | (882,073) | (219,213) |
| Exchange differences | (77,443) | (15,641) |
| Closing balance | 934,181 | 956,760 |

*Unsatisfied performance obligations*
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $934,181 as at 30 June 2021 ($956,760 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Within 6 months | 664,103 | 662,399 |
| 6 to 12 months | 257,697 | 286,899 |
| 12 to 18 months | 12,381 | 7,462 |
| | 934,181 | 956,760 |

## Note 16. Current liabilities - borrowings

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Bank loan | 2,420,365 | 1,106,575 |
| Other loans | 1,846,355 | - |
| | 4,266,720 | 1,106,575 |

Refer to note 22 for further information on financial instruments.

*Bank loans*
On 3 May 2020, a bank loan of $1,017,191 was granted. The loan matures 1 May 2022. Interest is 1% per annum paid monthly in arrears. No repayments are due within six months from the date of disbursements of the bank loan. This loan has been forgiven subsequent to 30 June 2021 on 12 July 2021.

On 2 April 2021, a bank loan of $1,403,174 was granted. The loan matures on 2 April 2026. Interest is 1% per annum paid monthly in arrears. No repayments are due within six months from the date of disbursements of the bank loan.

A loan forgiveness maybe applied to the bank loan in an amount equal to the following cost incurred in relation to the loan during the 8-week period beginning on the date of first disbursement of the loan:
(a) payroll costs
(b) any payment of interest on a covered mortgage obligation
(c) any payment on a covered rent obligation
(d) any covered utility payment

The loan forgiveness is subject to the eligibility requirements of the Coronavirus Aid, Relief and Economic Security Act ('CARES Act') Section 1106 in the United States. Funds provided in the form of loans will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities. The program provides small business with funds to pay up to 8 weeks of payroll costs including benefits. The Company covenants to use the proceeds from the loan for the purposes authorised by the CARES Act. The Company expects to be eligible for loan forgiveness.

*Other loans*
On 18 June 2021, shareholder loans of US$1,000,000 and an unrelated third-party loan of US$380,000 were granted to Total Brain Ltd. The loans are being provided on an unsecured basis over 5 months at an interest rate of 12% per annum. The loans and accrued interest are repayable in cash during the term at the discretion of the Company with no prepayment penalty, or otherwise is due at the end of the term. In the event of a capital raise during the term of the loans, and subject to applicable shareholder approvals required under the ASX listing rules and/or the Corporations Act 2001, the lenders have the option to convert amounts owed into fully paid ordinary shares in the Company at the price of the capital raise.

## Note 17. Current liabilities - employee benefits

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Annual leave | 245,746 | 280,921 |
| Long service leave | 145,853 | 145,952 |
| | 391,599 | 426,873 |

## Note 18. Non-current liabilities - employee benefits

| | Consolidated 2021 $ | 2020 $ |
|---|---|---|
| Long service leave | - | 2,205 |

## Note 19. Equity - issued capital

| | Consolidated 2021 Shares | 2020 Shares | 2021 $ | 2020 $ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 108,303,784 | 108,303,784 | 78,425,180 | 78,425,180 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2019 | 777,688,418 | | 64,753,937 |
| Issue of shares | 14 November 2019 | 175,194,836 | $0.0460 | 8,058,962 |
| Issue of shares upon exercise of options | 22 November 2019 | 1,000,000 | $0.0450 | 45,000 |
| Issue of shares | 15 January 2020 | 66,826,086 | $0.0460 | 3,074,000 |
| Issue of shares | 16 January 2020 | 62,326,903 | $0.0460 | 2,867,038 |
| Consolidation of shares at 10:1 | 17 January 2020 | (974,732,459) | $0.0000 | - |
| Share issue transaction costs, net of tax | | - | $0.0000 | (373,757) |
| Balance | 30 June 2020 | 108,303,784 | | 78,425,180 |
| Balance | 30 June 2021 | 108,303,784 | | 78,425,180 |

*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 consolidation*
Following shareholder approval at an Extraordinary General Meeting ('EGM') held on 10 January 2020, it was resolved that all shares in the Company be consolidated on the basis that every ten shares be consolidated into one share. The effective date of consolidation was 17 January 2020.

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

*Capital risk management*
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

## Note 19. Equity - issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is not subject to any financing covenants.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

## Note 20. Equity - reserves

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Foreign currency reserve | (152,772) | 425,791 |
| Share-based payments reserve | 4,441,739 | 3,952,196 |
| | 4,288,967 | 4,377,987 |

*Foreign currency reserve*
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operation to Australian dollars.

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*
Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated | Foreign currency $ | Share-based payments $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2019 | 581,846 | 3,651,896 | 4,233,742 |
| Foreign currency translation | (156,055) | - | (156,055) |
| Share-based payments | - | 300,300 | 300,300 |
| Balance at 30 June 2020 | 425,791 | 3,952,196 | 4,377,987 |
| Foreign currency translation | (578,563) | - | (578,563) |
| Share-based payments | - | 489,543 | 489,543 |
| Balance at 30 June 2021 | (152,772) | 4,441,739 | 4,288,967 |

## Note 21. Equity - dividends

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

## Note 22. Financial instruments

### *Financial risk management objectives*
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

### *Market risk*

*Foreign currency risk*
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| **Consolidated** | **2021**<br>**$** | **2020**<br>**$** | **2021**<br>**$** | **2020**<br>**$** |
| US dollars | 3,970,863 | 10,364,309 | 5,463,484 | 2,262,017 |

The Group had net liabilities denominated in foreign currencies of $1,465,600 (assets of $3,970,863 less liabilities of $5,463,484) as at 30 June 2021 (2020: $8,102,292 (assets of $10,364,309 less liabilities of $2,262,017)). Based on this exposure, had the Australian dollars weakened/strengthened by 10% (2020: weakened/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $997,839 lower/higher (2020: $501,740 lower/higher) and equity would have been $106,061 lower/higher (2020: $900,985 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2021 was $25,017 (2020: loss of $822).

*Price risk*
The Group is not exposed to any significant price risk.

*Interest rate risk*
The Group's main interest rate risk arises from short-term deposits. Interest rates applicable to cash financial assets were 0.01% (2020: 0.1%) with maturities of less than 1 year. All other balances are non-interest-bearing.

The Group's exposure to market interest rates relates primarily to the short term deposits. The Board has formed the view that these funds be held in either bank deposits or AAA short term bonds. Currently holdings are in cash deposits with the National Australia Bank and Citibank. Based on an average cash balance, constant currency weightings and an average interest rate, a +/-10% increase in interest rates would have equated to a change in the after tax result of around [+/-0%] (2020: +/-0%).

## Note 22. Financial instruments (continued)

As at the reporting date, the Group had the following variable rate short-term deposits outstanding:

| Consolidated | 2021 Weighted average interest rate % | 2021 Balance $ | 2020 Weighted average interest rate % | 2020 Balance $ |
|---|---|---|---|---|
| Cash and short-term deposits | 0.01% | 1,427,349 | 0.01% | 11,104,729 |
| Net exposure to cash flow interest rate risk | | 1,427,349 | | 11,104,729 |

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

### *Credit risk*
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10,no revisions were required to the calculation of expected credit losses as a result of Coronavirus (COVID-19) pandemic.

The Group has a credit risk exposure with two major customers (2020: three major customer), which as at 30 June 2021 owed the Group $143,529 (50% of trade receivables) (2020: $282,436 (59% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 30 June 2021. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### *Liquidity risk*
The Group's objective is to maintain a balance between continuity of funding and flexibility, including through accessing new equity funding. All trade creditors and other payables and interest-bearing loans have a maturity profile of being repayable within six months (2020: within six months).

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

## Note 22. Financial instruments (continued)

*Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2021 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | - | 256,205 | - | - | - | 256,205 |
| *Interest-bearing - variable* | | | | | | |
| Bank loans | - | 2,420,365 | - | - | - | 2,420,365 |
| Other loans | - | 1,846,355 | - | - | - | 1,846,355 |
| Total non-derivatives | | 4,522,925 | - | - | - | 4,522,925 |

| Consolidated - 2020 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | - | 187,902 | - | - | - | 187,902 |
| *Interest-bearing - variable* | | | | | | |
| Bank loans | 1.00% | 1,106,575 | - | - | - | 1,106,575 |
| Total non-derivatives | | 1,294,477 | - | - | - | 1,294,477 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 23. Key management personnel disclosures

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Short-term employee benefits | 1,474,645 | 1,593,539 |
| Post-employment benefits | 4,772 | 4,734 |
| Share-based payments | 199,103 | 227,733 |
| | 1,678,520 | 1,826,006 |

## Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| *Audit services - Grant Thornton* | | |
| Audit or review of the financial statements | 121,000 | 117,000 |
| *Other services - Grant Thornton* | | |
| Transfer pricing review services | 23,000 | 21,000 |
| | 144,000 | 138,000 |

## Note 25. Contingent liabilities

The Group has given bank guarantees as at 30 June 2021 of $10,560 (2020: $10,500) to various landlords.

## Note 26. Related party transactions

*Parent entity*
Total Brain Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 28.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

*Transactions with related parties*
The following transactions occurred with related parties:

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Payment for other expenses: | | |
| Interest paid to key management personnel | 1,981 | - |

*Receivable from and payable to related parties*
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*
The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Other loans from key management personnel: | | |
| David Daglio | 133,815 | - |
| David Torrible | 334,538 | - |
| Louis Gagnon | 66,907 | - |
| Matthew Mund | 133,859 | - |

## Note 26. Related party transactions (continued)

*Terms and conditions*
Refer to note 16 for the terms and conditions of other loans.

## Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Loss after income tax | (9,117,005) | (7,803,598) |
| Total comprehensive income | (9,117,005) | (7,803,598) |

*Statement of financial position*

| | Parent | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Total current assets | 24,669 | 31,047 |
| Total assets | 19,606,739 | 26,579,676 |
| Total current liabilities | 1,846,355 | - |
| Total liabilities | 1,846,355 | 191,831 |
| Equity | | |
| Issued capital | 78,425,180 | 78,425,180 |
| Share-based payments reserve | 4,441,739 | 3,952,196 |
| Accumulated losses | (65,106,535) | (55,989,531) |
| Total equity | 17,760,384 | 26,387,845 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020..

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 2021 % | Ownership interest 2020 % |
|---|---|---|---|
| BRC Operations Pty Ltd | Australia | 100.00% | 100.00% |
| BRC IP Pty Ltd | Australia | 100.00% | 100.00% |
| BRC Distribution Pty Ltd | Australia | 100.00% | 100.00% |
| BRC International Pty Ltd | Australia | 100.00% | 100.00% |
| BRC Development Pty Ltd | Australia | 100.00% | 100.00% |
| PoweringUpMBS Pty Ltd | Australia | 100.00% | 100.00% |
| Brain Resource, Inc. | United States | 100.00% | 100.00% |
| MyBrainSolutions, Inc | United States | 100.00% | 100.00% |
| Brain Resource Europe Limited | Ireland | 100.00% | 100.00% |

## Note 29. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss after income tax benefit for the year | (8,316,773) | (7,647,544) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 669,175 | 231,235 |
| Net loss on disposal of property, plant and equipment | 4,648 | - |
| Share-based payments | 489,543 | 300,300 |
| Foreign exchange differences | 25,017 | 822 |
| Impairment of receivables | 860 | 266 |
| Research and development tax incentive | 1,139,349 | 1,337,112 |
| Finance costs - non-cash | 5,064 | - |
| | | |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (1,029,456) | (1,023,418) |
| Decrease in contract assets | 251 | 86,910 |
| Increase in prepayments | (77,934) | (43,026) |
| Increase in trade and other payables | 30,187 | 3,884 |
| Increase/(decrease) in contract liabilities | (65,165) | 747,271 |
| Increase/(decrease) in employee benefits | (37,479) | 10,373 |
| | | |
| Net cash used in operating activities | (7,162,713) | (5,995,815) |

## Note 30. Changes in liabilities arising from financing activities

| Consolidated | Bank loan $ | Other loans $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2019 | - | - | - |
| Net cash from financing activities | 1,106,575 | - | 1,106,575 |
| Balance at 30 June 2020 | 1,106,575 | - | 1,106,575 |
| Net cash from financing activities | 1,313,790 | 1,841,291 | 3,155,081 |
| Other changes | - | 5,064 | 5,064 |
| Balance at 30 June 2021 | 2,420,365 | 1,846,355 | 4,266,720 |

## Note 31. Earnings per share

| | Consolidated 2021 $ | 2020 $ |
|---|---|---|
| Loss after income tax attributable to the owners of Total Brain Limited | (8,316,773) | (7,647,544) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 108,303,784 | 94,750,313 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 108,303,784 | 94,750,313 |
| | Cents | Cents |
| Basic earnings per share | (7.68) | (8.07) |
| Diluted earnings per share | (7.68) | (8.07) |

29,190,244 options (2020: 19,809,015 options) over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2021. These options could potentially dilute basic earnings per share in the future.

## Note 32. 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.

*Options consolidation*
During the 30 June 2020 financial year, following shareholder approval at an Extraordinary General Meeting ('EGM') held on 10 January 2020, it was resolved that all options in the Company be consolidated on the basis that every ten options be consolidated into one option. The effective date of consolidation was 13 January 2020.

*Options modification*
As per resolution 4 and 5 of the Notice of Meeting issued to the ASX on 6 Jul 2020, which were subsequently approved at an extraordinary general meeting of shareholders on 5 August 2020, several of the options on issue at that point were significantly 'out of the money'. In order to re-align the relevant director's and employee's remuneration packages based on the prevailing share price to ensure that the options suitably incentivised them to build shareholder value, those options, which had exercise prices ranging from $1.20 to $2.40 were cancelled and re-issued at an exercise price of $0.80.

The incremental fair value granted was $163,980.

The incremental fair value granted was measured by comparing the fair value on the grant date of the cancelled options to the fair value on the grant date of the re-issued options.

## Note 32. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2021

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Replaced/ (cancelled) | Expired/ forfeited/ other* | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 21/12/2016 | 29/11/2021 | $2.0000 | 49,950 | - | - | - | 49,950 |
| 22/05/2017 | 22/05/2022 | $0.8000 | 500,000 | - | - | - | 500,000 |
| 01/07/2017 | 17/05/2022 | $0.8000 | 150,000 | - | - | - | 150,000 |
| 01/07/2017 | 17/05/2022 | $0.8000 | 326,538 | - | - | - | 326,538 |
| 01/07/2017 | 17/05/2022 | $1.2000 | 58,846 | - | (58,846) | - | - |
| 01/07/2017 | 17/05/2022 | $1.6000 | 58,846 | - | (58,846) | - | - |
| 01/07/2017 | 17/05/2022 | $1.6000 | 58,846 | - | (58,846) | - | - |
| 16/07/2017 | 16/07/2022 | $0.8000 | 200,000 | - | - | - | 200,000 |
| 16/07/2017 | 16/07/2022 | $0.8000 | 1,536,648 | - | - | - | 1,536,648 |
| 16/07/2017 | 16/07/2022 | $1.2000 | 445,549 | - | (445,549) | - | - |
| 16/07/2017 | 16/07/2022 | $1.6000 | 445,549 | - | (445,549) | - | - |
| 16/07/2017 | 16/07/2022 | $1.6000 | 445,549 | - | (445,549) | - | - |
| 24/07/2017 | 24/07/2022 | $0.8000 | 50,000 | - | - | (50,000) | - |
| 24/07/2017 | 24/07/2022 | $0.8000 | 845,156 | - | - | (845,156) | - |
| 24/07/2017 | 24/07/2022 | $1.2000 | 265,052 | - | - | (265,052) | - |
| 24/07/2017 | 24/07/2022 | $1.6000 | 265,052 | - | - | (265,052) | - |
| 24/07/2017 | 24/07/2022 | $1.6000 | 265,052 | - | - | (265,052) | - |
| 14/12/2017 | 22/05/2022 | $0.8000 | 2,823,296 | - | - | - | 2,823,296 |
| 14/12/2017 | 22/05/2022 | $1.2000 | 941,099 | - | (941,099) | - | - |
| 14/12/2017 | 22/05/2022 | $1.6000 | 941,099 | - | (941,099) | - | - |
| 14/12/2017 | 22/05/2022 | $1.6000 | 941,099 | - | (941,099) | - | - |
| 14/12/2017 | 10/01/2023 | $1.0000 | 400,000 | - | - | - | 400,000 |
| 08/01/2018 | 07/01/2023 | $0.8000 | 192,081 | - | - | - | 192,081 |
| 08/01/2018 | 07/01/2023 | $1.2000 | 192,081 | - | (192,081) | - | - |
| 08/01/2018 | 07/01/2023 | $1.6000 | 384,162 | - | (384,162) | - | - |
| 24/02/2018 | 23/02/2023 | $0.8000 | 30,000 | - | - | - | 30,000 |
| 28/02/2018 | 27/02/2023 | $0.8000 | 30,000 | - | - | - | 30,000 |
| 01/04/2018 | 31/03/2023 | $0.8000 | 63,147 | - | - | (4,375) | 58,772 |
| 01/04/2018 | 31/03/2023 | $1.2000 | 47,360 | - | (44,079) | (3,281) | - |
| 01/04/2018 | 31/03/2023 | $1.6000 | 47,360 | - | (44,079) | (3,281) | - |
| 01/04/2018 | 31/03/2023 | $1.6000 | 136,530 | - | (133,249) | (3,281) | - |
| 01/04/2018 | 31/03/2023 | $2.4000 | 136,530 | - | (133,249) | (3,281) | - |
| 01/04/2018 | 31/03/2023 | $0.8000 | 89,171 | - | - | (16,602) | 72,569 |
| 01/04/2018 | 31/03/2023 | $1.2000 | 89,170 | - | (89,170) | - | - |
| 30/04/2018 | 29/04/2023 | $0.8000 | 9,766 | - | - | (9,766) | - |
| 30/04/2018 | 29/04/2023 | $1.2000 | 9,766 | - | - | (9,766) | - |
| 30/04/2018 | 29/04/2023 | $1.6000 | 9,766 | - | - | (9,766) | - |
| 30/04/2018 | 29/04/2023 | $2.4000 | 9,766 | - | - | (9,766) | - |
| 31/07/2018 | 30/07/2023 | $0.8000 | 20,508 | - | - | (7,324) | 13,184 |
| 31/07/2018 | 30/07/2023 | $1.2000 | 20,508 | - | (20,508) | - | - |
| Subtotal | | | 13,530,898 | - | (5,377,059) | (1,770,801) | 6,383,038 |

## Note 32. Share-based payments (continued)

| 2021 (continued) Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Replaced/ (cancelled) | Expired/ forfeited/ other* | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 31/07/2018 | 30/07/2023 | $1.6000 | 20,508 | - | (20,508) | - | - |
| 31/07/2018 | 30/07/2023 | $2.4000 | 20,508 | - | (20,508) | - | - |
| 31/12/2018 | 30/12/2023 | $0.8000 | 7,031 | - | - | (7,031) | - |
| 31/12/2018 | 30/12/2023 | $1.2000 | 7,031 | - | (7,031) | - | - |
| 31/12/2018 | 30/12/2023 | $1.6000 | 7,031 | - | (7,031) | - | - |
| 31/12/2018 | 30/12/2023 | $2.4000 | 7,031 | - | (7,031) | - | - |
| 28/02/2019 | 27/02/2024 | $0.8000 | 12,695 | - | - | - | 12,695 |
| 28/02/2019 | 27/02/2024 | $1.2000 | 12,695 | - | (12,695) | - | - |
| 28/02/2019 | 27/02/2024 | $1.6000 | 12,695 | - | (12,695) | - | - |
| 28/02/2019 | 27/02/2024 | $2.4000 | 12,695 | - | (12,695) | - | - |
| 31/03/2019 | 30/03/2024 | $0.8000 | 6,445 | - | - | - | 6,445 |
| 31/03/2019 | 30/03/2024 | $1.2000 | 6,445 | - | (6,445) | - | - |
| 31/03/2019 | 30/03/2024 | $1.6000 | 6,445 | - | (6,445) | - | - |
| 31/03/2019 | 30/03/2024 | $2.4000 | 6,445 | - | (6,445) | - | - |
| 30/04/2019 | 29/04/2024 | $0.8000 | 4,981 | - | - | (4,981) | - |
| 30/04/2019 | 29/04/2024 | $1.2000 | 4,981 | - | (4,981) | - | - |
| 30/04/2019 | 29/04/2024 | $1.6000 | 4,981 | - | (4,981) | - | - |
| 30/04/2019 | 29/04/2024 | $2.4000 | 4,981 | - | (4,981) | - | - |
| 31/07/2019 | 30/07/2024 | $0.8000 | 3,548 | - | - | - | 3,548 |
| 31/07/2019 | 30/07/2024 | $1.2000 | 3,548 | - | (3,548) | - | - |
| 31/07/2019 | 30/07/2024 | $1.6000 | 3,548 | - | (3,548) | - | - |
| 31/07/2019 | 30/07/2024 | $2.4000 | 3,548 | - | (3,548) | - | - |
| 31/08/2019 | 30/08/2024 | $0.8000 | 54,395 | - | - | - | 54,395 |
| 31/08/2019 | 30/08/2024 | $1.2000 | 54,395 | - | (54,395) | - | - |
| 31/08/2019 | 30/08/2024 | $1.6000 | 54,395 | - | (54,395) | - | - |
| 31/08/2019 | 30/08/2024 | $2.4000 | 54,395 | - | (54,395) | - | - |
| 30/09/2019 | 29/09/2024 | $0.8000 | 33,125 | - | - | - | 33,125 |
| 30/09/2019 | 29/09/2024 | $1.2000 | 3,125 | - | (3,125) | - | - |
| 30/09/2019 | 29/09/2024 | $1.6000 | 3,125 | - | (3,125) | - | - |
| 30/09/2019 | 29/09/2024 | $2.4000 | 3,125 | - | (3,125) | - | - |
| 18/03/2019 | 18/03/2019 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 18/03/2019 | 18/03/2020 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 18/03/2019 | 18/03/2021 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 18/03/2019 | 18/03/2022 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | 12,500 | - | - | - | 12,500 |
| 23/10/2019 | 22/10/2024 | $0.8000 | 6,250 | - | - | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | 6,250 | - | - | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | 6,250 | - | - | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | 6,250 | - | - | - | 6,250 |
| 16/01/2020 | 16/01/2024 | $0.4500 | 206,612 | - | - | - | 206,612 |
| 01/07/2017 | 17/05/2022 | $0.8000 | - | - | 176,538 | - | 176,538 |
| 16/07/2017 | 16/07/2022 | $0.8000 | - | - | 1,336,648 | - | 1,336,648 |
| 14/12/2017 | 22/05/2022 | $0.8000 | - | - | 2,823,296 | - | 2,823,296 |
| 08/01/2018 | 07/01/2023 | $0.8000 | - | - | 576,243 | - | 576,243 |
| 01/04/2018 | 31/03/2023 | $0.8000 | - | - | 443,826 | (49,805) | 394,021 |
| 31/07/2018 | 30/07/2023 | $0.8000 | - | - | 61,523 | (21,973) | 39,550 |
| 31/12/2018 | 30/12/2023 | $0.8000 | - | - | 21,094 | (21,094) | - |
| Subtotal | | | 771,508 | - | 5,121,492 | (104,884) | 5,788,116 |

## Note 32. Share-based payments (continued)

| 2021 (continued) Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Replaced/ (cancelled) | Expired/ forfeited/ other* | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 28/02/2019 | 27/02/2024 | $0.8000 | - | - | 38,086 | - | 38,086 |
| 31/03/2019 | 30/03/2024 | $0.8000 | - | - | 19,336 | - | 19,336 |
| 30/04/2019 | 29/04/2024 | $0.8000 | - | - | 14,942 | (14,942) | - |
| 31/07/2019 | 30/07/2024 | $0.8000 | - | - | 10,644 | - | 10,644 |
| 31/08/2019 | 30/08/2024 | $0.8000 | - | - | 163,184 | - | 163,184 |
| 30/09/2019 | 29/09/2024 | $0.8000 | - | - | 9,375 | - | 9,375 |
| 06/08/2020 | 06/08/2025 | $0.3700 | - | 2,314,963 | - | (47,921) | 2,267,042 |
| 06/08/2020 | 06/08/2025 | $0.4400 | - | 2,314,963 | - | (47,921) | 2,267,042 |
| 06/08/2020 | 06/08/2025 | $0.5000 | - | 2,314,955 | - | (47,920) | 2,267,035 |
| 06/08/2020 | 14/12/2022 | $0.8000 | - | 845,156 | - | - | 845,156 |
| 06/08/2020 | 21/11/2024 | $0.4400 | - | 55,664 | - | - | 55,664 |
| 06/08/2020 | 26/11/2024 | $0.4400 | - | 25,781 | - | - | 25,781 |
| 06/08/2020 | 03/12/2024 | $0.4400 | - | 54,688 | - | - | 54,688 |
| 06/08/2020 | 01/01/2025 | $0.4400 | - | 25,781 | - | - | 25,781 |
| 06/08/2020 | 25/05/2025 | $0.4400 | - | 42,969 | - | - | 42,969 |
| 06/08/2020 | 10/05/2025 | $0.4400 | - | 22,266 | - | (22,266) | - |
| 06/08/2020 | 09/06/2025 | $0.4400 | - | 31,641 | - | - | 31,641 |
| 06/08/2020 | 11/06/2025 | $0.4400 | - | 55,078 | - | - | 55,078 |
| 06/08/2020 | 30/06/2025 | $0.4400 | - | 70,703 | - | - | 70,703 |
| 06/08/2020 | 01/07/2025 | $0.4400 | - | 117,188 | - | - | 117,188 |
| 06/08/2020 | 06/07/2025 | $0.4400 | - | 25,781 | - | - | 25,781 |
| 06/08/2020 | 20/07/2025 | $0.4400 | - | 22,266 | - | - | 22,266 |
| 06/08/2020 | 26/08/2025 | $0.4400 | - | 19,922 | - | - | 19,922 |
| 06/08/2020 | 22/09/2025 | $0.4400 | - | 29,297 | - | - | 29,297 |
| 06/08/2020 | 13/10/2025 | $0.4400 | - | 175,000 | - | - | 175,000 |
| 17/12/2019 | 17/12/2024 | $1.0000 | - | 24,000 | - | - | 24,000 |
| 15/11/2019 | 15/11/2024 | $0.8000 | - | 50,000 | - | - | 50,000 |
| 10/02/2020 | 10/02/2025 | $1.0000 | - | 50,000 | - | - | 50,000 |
| 17/08/2020 | 17/08/2025 | $0.3700 | - | 951,672 | - | - | 951,672 |
| 17/08/2020 | 17/08/2025 | $0.4400 | - | 951,672 | - | - | 951,672 |
| 17/08/2020 | 17/08/2025 | $0.5000 | - | 951,672 | - | - | 951,672 |
| 09/10/2020 | 09/01/2026 | $0.4400 | - | 35,156 | - | - | 35,156 |
| 17/11/2020 | 17/11/2025 | $0.4400 | - | 15,234 | - | - | 15,234 |
| 26/12/2020 | 26/12/2025 | $0.4400 | - | 18,750 | - | - | 18,750 |
| 01/01/2021 | 01/01/2026 | $0.4400 | - | 4,883 | - | - | 4,883 |
| 13/01/2021 | 13/01/2026 | $0.4400 | - | 37,500 | - | - | 37,500 |
| 26/01/2021 | 26/01/2026 | $0.4400 | - | 28,125 | - | - | 28,125 |
| 09/02/2021 | 09/02/2026 | $0.4400 | - | 32,813 | - | - | 32,813 |
| 16/02/2021 | 16/02/2026 | $0.4400 | - | 33,984 | - | - | 33,984 |
| 25/04/2021 | 25/04/2026 | $0.4400 | - | 14,531 | - | - | 14,531 |
| 22/06/2021 | 22/06/2026 | $0.4400 | - | 51,564 | - | - | 51,564 |
| 29/06/2021 | 29/06/2026 | $0.4400 | - | 22,266 | - | - | 22,266 |
| Grand total | | | 14,302,403 | 11,837,884 | - | (2,056,655) | 24,083,632 |
| Weighted average exercise price | | | $1.1220 | $0.4680 | $2.3020 | $1.0470 | $0.6410 |

## Note 32. Share-based payments (continued)

2020

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Consolidation | Expired/ forfeited/ other* | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 14/04/2015 | 14/04/2020 | $3.7500 | 500,000 | - | (688,500) | 188,500 | - |
| 21/12/2016 | 29/11/2021 | $2.0000 | - | - | (449,550) | 499,500 | 49,950 |
| 22/05/2017 | 22/05/2022 | $0.8000 | 5,000,000 | - | (4,500,000) | - | 500,000 |
| 01/07/2017 | 17/05/2022 | $0.8000 | 4,765,377 | - | (4,288,839) | - | 476,538 |
| 01/07/2017 | 17/05/2022 | $1.2000 | 588,459 | - | (529,613) | - | 58,846 |
| 01/07/2017 | 17/05/2022 | $1.6000 | 1,176,918 | - | (1,059,226) | - | 117,692 |
| 16/07/2017 | 16/07/2022 | $0.8000 | 17,366,478 | - | (15,629,830) | - | 1,736,648 |
| 16/07/2017 | 16/07/2022 | $1.2000 | 4,455,493 | - | (4,009,944) | - | 445,549 |
| 16/07/2017 | 16/07/2022 | $1.6000 | 8,910,986 | - | (8,019,887) | - | 891,099 |
| 24/07/2017 | 24/07/2022 | $0.8000 | 8,951,563 | - | (8,056,407) | - | 895,156 |
| 24/07/2017 | 24/07/2022 | $1.2000 | 2,650,521 | - | (2,385,469) | - | 265,052 |
| 24/07/2017 | 24/07/2022 | $1.6000 | 5,301,042 | - | (4,770,938) | - | 530,104 |
| 07/08/2017 | 07/08/2022 | $0.8000 | 480,202 | - | - | (480,202) | - |
| 07/08/2017 | 07/08/2022 | $1.2000 | 480,202 | - | - | (480,202) | - |
| 07/08/2017 | 07/08/2022 | $1.6000 | 960,404 | - | - | (960,404) | - |
| 14/12/2017 | 22/05/2022 | $0.8000 | 28,232,956 | - | (25,409,660) | - | 2,823,296 |
| 14/12/2017 | 22/05/2022 | $1.2000 | 9,410,985 | - | (8,469,887) | - | 941,098 |
| 14/12/2017 | 22/05/2022 | $1.6000 | 18,821,970 | - | (16,939,773) | - | 1,882,197 |
| 14/12/2017 | 10/01/2023 | $1.0000 | - | - | (3,600,000) | 4,000,000 | 400,000 |
| 08/01/2018 | 07/01/2023 | $0.8000 | 1,920,810 | - | (1,728,729) | - | 192,081 |
| 08/01/2018 | 07/01/2023 | $1.2000 | 1,920,810 | - | (1,728,729) | - | 192,081 |
| 08/01/2018 | 07/01/2023 | $1.6000 | 3,841,620 | - | (3,457,458) | - | 384,162 |
| 24/02/2018 | 23/02/2023 | $0.8000 | 300,000 | - | (270,000) | - | 30,000 |
| 28/02/2018 | 27/02/2023 | $0.8000 | 300,000 | - | (270,000) | - | 30,000 |
| 01/04/2018 | 31/03/2023 | $0.8000 | 1,599,346 | - | (1,370,857) | (76,172) | 152,317 |
| 01/04/2018 | 31/03/2023 | $1.2000 | 1,441,477 | - | (1,228,775) | (76,172) | 136,530 |
| 01/04/2018 | 31/03/2023 | $1.6000 | 1,915,079 | - | (1,655,015) | (76,172) | 183,892 |
| 01/04/2018 | 31/03/2023 | $2.4000 | 1,441,477 | - | (1,228,775) | (76,172) | 136,530 |
| 29/04/2019 | 28/04/2024 | $0.8000 | 480,202 | - | - | (480,202) | - |
| 29/04/2019 | 28/04/2024 | $1.2000 | 480,202 | - | - | (480,202) | - |
| 29/04/2019 | 28/04/2024 | $1.6000 | 960,404 | - | - | (960,404) | - |
| 30/04/2018 | 29/04/2023 | $0.8000 | - | 97,656 | (87,890) | - | 9,766 |
| 30/04/2018 | 29/04/2023 | $1.2000 | - | 97,656 | (87,890) | - | 9,766 |
| 30/04/2018 | 29/04/2023 | $1.6000 | - | 97,656 | (87,890) | - | 9,766 |
| 30/04/2018 | 29/04/2023 | $2.4000 | - | 97,656 | (87,890) | - | 9,766 |
| 31/07/2018 | 30/07/2023 | $0.8000 | - | 205,078 | (184,570) | - | 20,508 |
| 31/07/2018 | 30/07/2023 | $1.2000 | - | 205,078 | (184,570) | - | 20,508 |
| 31/07/2018 | 30/07/2023 | $1.6000 | - | 205,078 | (184,570) | - | 20,508 |
| 31/07/2018 | 30/07/2023 | $2.4000 | - | 205,078 | (184,570) | - | 20,508 |
| Subtotal | | | 134,654,983 | 1,210,936 | (122,835,701) | 541,696 | 13,571,914 |

## Note 32. Share-based payments (continued)

| 2020 (continued) Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Consolidation | Expired/ forfeited/ other* | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 31/12/2018 | 30/12/2023 | $0.8000 | - | 70,313 | (63,282) | - | 7,031 |
| 31/12/2018 | 30/12/2023 | $1.2000 | - | 70,313 | (63,282) | - | 7,031 |
| 31/12/2018 | 30/12/2023 | $1.6000 | - | 70,313 | (63,282) | - | 7,031 |
| 31/12/2018 | 30/12/2023 | $2.4000 | - | 70,313 | (63,282) | - | 7,031 |
| 28/02/2019 | 27/02/2024 | $0.8000 | - | 126,953 | (114,258) | - | 12,695 |
| 28/02/2019 | 27/02/2024 | $1.2000 | - | 126,953 | (114,258) | - | 12,695 |
| 28/02/2019 | 27/02/2024 | $1.6000 | - | 126,953 | (114,258) | - | 12,695 |
| 28/02/2019 | 27/02/2024 | $2.4000 | - | 126,953 | (114,258) | - | 12,695 |
| 31/03/2019 | 30/03/2024 | $0.8000 | - | 64,453 | (58,008) | - | 6,445 |
| 31/03/2019 | 30/03/2024 | $1.2000 | - | 64,453 | (58,008) | - | 6,445 |
| 31/03/2019 | 30/03/2024 | $1.6000 | - | 64,453 | (58,008) | - | 6,445 |
| 31/03/2019 | 30/03/2024 | $2.4000 | - | 64,453 | (58,008) | - | 6,445 |
| 30/04/2019 | 29/04/2024 | $0.8000 | - | 49,805 | (44,825) | - | 4,980 |
| 30/04/2019 | 29/04/2024 | $1.2000 | - | 49,805 | (44,825) | - | 4,980 |
| 30/04/2019 | 29/04/2024 | $1.6000 | - | 49,805 | (44,825) | - | 4,980 |
| 30/04/2019 | 29/04/2024 | $2.4000 | - | 49,805 | (44,825) | - | 4,980 |
| 31/07/2019 | 30/07/2024 | $0.8000 | - | 35,481 | (31,933) | - | 3,548 |
| 31/07/2019 | 30/07/2024 | $1.2000 | - | 35,481 | (31,933) | - | 3,548 |
| 31/07/2019 | 30/07/2024 | $1.6000 | - | 35,481 | (31,933) | - | 3,548 |
| 31/07/2019 | 30/07/2024 | $2.4000 | - | 35,481 | (31,933) | - | 3,548 |
| 31/08/2019 | 30/08/2024 | $0.8000 | - | 543,945 | (489,551) | - | 54,394 |
| 31/08/2019 | 30/08/2024 | $1.2000 | - | 543,945 | (489,551) | - | 54,394 |
| 31/08/2019 | 30/08/2024 | $1.6000 | - | 543,945 | (489,551) | - | 54,394 |
| 31/08/2019 | 30/08/2024 | $2.4000 | - | 543,945 | (489,551) | - | 54,394 |
| 30/09/2019 | 29/09/2024 | $0.8000 | - | 331,250 | (298,125) | - | 33,125 |
| 30/09/2019 | 29/09/2024 | $1.2000 | - | 31,250 | (28,125) | - | 3,125 |
| 30/09/2019 | 29/09/2024 | $1.6000 | - | 31,250 | (28,125) | - | 3,125 |
| 30/09/2019 | 29/09/2024 | $2.4000 | - | 31,250 | (28,125) | - | 3,125 |
| 18/03/2019 | 18/03/2019 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 18/03/2019 | 18/03/2020 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 18/03/2019 | 18/03/2021 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 18/03/2019 | 18/03/2022 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 17/06/2019 | 16/06/2024 | $0.4500 | - | 125,000 | (112,500) | - | 12,500 |
| 23/10/2019 | 22/10/2024 | $0.8000 | - | 62,500 | (56,250) | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | - | 62,500 | (56,250) | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | - | 62,500 | (56,250) | - | 6,250 |
| 23/10/2019 | 22/10/2024 | $0.8000 | - | 62,500 | (56,250) | - | 6,250 |
| 16/01/2020 | 16/01/2024 | $0.4500 | - | 2,066,115 | - | (1,859,503) | 206,612 |
| Grand total | | | 134,654,983 | 8,515,851 | (127,550,629) | (1,317,807) | 14,302,398 |
| | | | | | | | |
| Weighted average exercise price | | | $1.1410 | $1.0770 | $1.1360 | $2.1260 | $1.1220 |

* Represents a correction for options which were issued under the share option plan in prior periods but which were not included in the above table in prior periods.

## Note 32. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

| Grant Date | Expiry Date | 2021 Number | 2020 Number |
|---|---|---|---|
| 21/12/2016 | 29/11/2021 | 49,950 | 49,950 |
| 22/05/2017 | 22/05/2022 | 500,000 | 500,000 |
| 01/07/2017 | 17/05/2022 | 476,538 | 653,076 |
| 16/07/2017 | 16/07/2022 | 1,736,648 | 2,627,747 |
| 24/07/2017 | 24/07/2022 | - | 1,425,260 |
| 14/12/2017 | 22/05/2022 | 3,223,296 | 6,046,592 |
| 08/01/2018 | 07/01/2023 | 192,081 | 384,162 |
| 24/02/2018 | 23/02/2023 | 30,000 | 30,000 |
| 28/02/2018 | 27/02/2023 | 30,000 | 30,000 |
| 01/04/2018 | 31/03/2023 | 131,341 | 336,210 |
| 31/08/2019 | 30/08/2024 | 54,395 | - |
| 30/04/2018 | 29/04/2023 | - | 9,766 |
| 30/04/2018 | 29/04/2023 | - | 9,766 |
| 31/07/2018 | 30/07/2023 | 13,184 | 20,508 |
| 31/12/2018 | 30/12/2023 | - | 7,031 |
| 28/02/2019 | 27/02/2024 | 12,695 | 12,695 |
| 31/03/2019 | 30/03/2024 | 6,445 | 6,445 |
| 30/04/2019 | 29/04/2024 | 3,548 | 4,981 |
| 18/03/2019 | 18/03/2019 | 12,500 | 12,500 |
| 18/03/2019 | 18/03/2020 | 12,500 | 12,500 |
| 17/06/2019 | 16/06/2024 | 37,500 | 25,000 |
| 23/10/2019 | 22/10/2024 | 12,500 | 6,250 |
| 16/01/2020 | 16/01/2024 | 206,612 | 206,612 |
| 30/09/2019 | 29/09/2024 | 33,125 | - |
| 18/03/2019 | 18/03/2021 | 12,500 | - |
| 01/07/2017 | 17/05/2022 | 176,538 | - |
| 16/07/2017 | 16/07/2022 | 1,336,648 | - |
| 14/12/2017 | 22/05/2022 | 2,823,296 | - |
| 08/01/2018 | 07/01/2023 | 576,243 | - |
| 01/04/2018 | 31/03/2023 | 277,374 | - |
| 31/07/2018 | 30/07/2023 | 13,184 | - |
| 28/02/2019 | 27/02/2024 | 12,695 | - |
| 31/03/2019 | 30/03/2024 | 6,445 | - |
| 06/08/2020 | 14/12/2022 | 845,156 | - |
| 06/08/2020 | 21/11/2024 | 13,916 | - |
| 06/08/2020 | 26/11/2024 | 6,445 | - |
| 06/08/2020 | 03/12/2024 | 13,672 | - |
| 06/08/2020 | 01/01/2025 | 6,445 | - |
| 06/08/2020 | 25/05/2025 | 10,742 | - |
| 06/08/2020 | 09/06/2025 | 7,910 | - |
| 06/08/2020 | 11/06/2025 | 13,769 | - |
| 06/08/2020 | 30/06/2025 | 17,675 | - |
| 17/12/2019 | 17/12/2024 | 12,000 | - |
| 15/11/2019 | 15/11/2024 | 25,000 | - |
| 10/02/2020 | 10/02/2025 | 25,000 | - |
| | | 13,007,511 | 12,417,051 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.49 years (2020: 2.14 years).

## Note 32. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 06/08/2020 | 06/08/2025 | $0.3120 | $0.3700 | 75.00% | - | 0.3900% | $0.1760 |
| 06/08/2020 | 06/08/2025 | $0.3120 | $0.4400 | 75.00% | - | 0.3900% | $0.1670 |
| 06/08/2020 | 06/08/2025 | $0.3120 | $0.5000 | 75.00% | - | 0.3900% | $0.1580 |
| 17/08/2020 | 17/08/2025 | $0.3420 | $0.3700 | 75.00% | - | 0.4400% | $0.2010 |
| 17/08/2020 | 17/08/2025 | $0.3420 | $0.4400 | 75.00% | - | 0.4400% | $0.1880 |
| 17/08/2020 | 17/08/2025 | $0.3420 | $0.5000 | 75.00% | - | 0.4400% | $0.1800 |
| 06/08/2020 | 14/12/2022 | $0.3120 | $0.8000 | 75.00% | - | 0.3900% | $0.0620 |
| 06/08/2020 | 21/11/2024 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1540 |
| 06/08/2020 | 26/11/2024 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1540 |
| 06/08/2020 | 03/12/2024 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1540 |
| 06/08/2020 | 01/01/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1560 |
| 06/08/2020 | 10/05/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1620 |
| 06/08/2020 | 25/05/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1630 |
| 06/08/2020 | 09/06/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1640 |
| 06/08/2020 | 11/06/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1640 |
| 06/08/2020 | 30/06/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1650 |
| 06/08/2020 | 01/07/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1650 |
| 06/08/2020 | 06/07/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1650 |
| 06/08/2020 | 20/07/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1660 |
| 06/08/2020 | 26/08/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1670 |
| 06/08/2020 | 22/09/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1690 |
| 06/08/2020 | 13/10/2025 | $0.3120 | $0.4368 | 75.00% | - | 0.3900% | $0.1700 |
| 09/10/2020 | 09/01/2026 | $0.4050 | $0.4400 | 75.00% | - | 0.2950% | $0.2420 |
| 17/11/2020 | 17/11/2025 | $0.3360 | $0.4400 | 75.00% | - | 0.3200% | $0.1830 |
| 26/12/2020 | 26/12/2025 | $0.3250 | $0.4400 | 75.00% | - | 0.3500% | $0.1750 |
| 01/01/2021 | 01/01/2026 | $0.3170 | $0.4400 | 75.00% | - | 0.3350% | $0.1690 |
| 26/01/2021 | 26/01/2026 | $0.3850 | $0.4400 | 75.00% | - | 0.3800% | $0.2220 |
| 13/01/2021 | 13/01/2026 | $0.3290 | $0.4400 | 75.00% | - | 0.3950% | $0.1790 |
| 09/02/2021 | 09/02/2026 | $0.3860 | $0.4400 | 75.00% | - | 0.4050% | $0.2230 |
| 16/02/2021 | 16/02/2026 | $0.3860 | $0.4400 | 75.00% | - | 0.4500% | $0.2230 |
| 25/04/2021 | 25/04/2026 | $0.2790 | $0.4400 | 75.00% | - | 0.7150% | $0.1430 |
| 17/12/2019 | 17/12/2024 | $0.9260 | $1.0000 | 75.00% | - | 0.8200% | $0.5480 |
| 15/11/2019 | 15/11/2024 | $0.7580 | $0.8000 | 75.00% | - | 0.8500% | $0.4520 |
| 10/02/2020 | 10/02/2025 | $0.7060 | $1.0000 | 75.00% | - | 0.7650% | $0.3780 |
| 06/08/2020 | 22/05/2022 | $0.3120 | $0.8000 | 75.00% | - | 0.2550% | $0.0520 |
| 06/08/2020 | 17/05/2022 | $0.3120 | $0.8000 | 75.00% | - | 0.2550% | $0.0430 |
| 06/08/2020 | 16/07/2022 | $0.3120 | $0.8000 | 75.00% | - | 0.2550% | $0.0480 |
| 06/08/2020 | 08/01/2023 | $0.3120 | $0.8000 | 75.00% | - | 0.2550% | $0.0480 |
| 06/08/2020 | 01/04/2023 | $0.3120 | $0.8000 | 75.00% | - | 0.2650% | $0.0700 |
| 06/08/2020 | 31/07/2023 | $0.3120 | $0.8000 | 75.00% | - | 0.2650% | $0.0790 |
| 06/08/2020 | 31/12/2023 | $0.3120 | $0.8000 | 75.00% | - | 0.2650% | $0.0890 |
| 06/08/2020 | 31/03/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.0960 |
| 06/08/2020 | 28/02/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.0930 |
| 06/08/2020 | 30/04/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.0980 |
| 06/08/2020 | 31/07/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.1040 |
| 06/08/2020 | 31/08/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.1060 |
| 06/08/2020 | 30/09/2024 | $0.3120 | $0.8000 | 75.00% | - | 0.3280% | $0.1080 |

## Note 32. Share-based payments (continued)

It is noted that some of the options in the above table have Grant dates that relate to prior reporting periods. The relating share-based payment expense in relation to these options has been recognised in the current reporting period only.

Any effect on prior period share-based payment expense has been considered immaterial by management.

## Note 33. Events after the reporting period

On 12 July 2021, the bank loan granted to the Group on 12 May 2020 of $1,017,191 was forgiven.

On 21 July 2021, the Group received commitments from eligible investors to raise capital. The capital raising comprised (i) $2,500,000 received from 9,615,378 shares issued on 29 July 2021 at $0.26 per share (Placement), and (ii) $4,022,712 received relating to 15,471,969 share issued pertaining to a 1 for 7 non-renounceable entitlement offer at $0.26 per share which closed on 19 August 2021 (Entitlement Offer). Participant in both the Placement and Entitlement Offer received 1 free attaching option for every 2 new shares issued. The Options have an exercise price of $0.36 and expire 12 months from the date of issue.

During July and August 2021, $669,119 of the shareholders loans owing as at 30 June 2021 were repaid.

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Evian Gordon
Chairman

27 August 2021

Grant Thornton

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# Independent Auditor's Report

## To the Members of Total Brain Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Total Brain Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $8,316,773 during the year ended 30 June 2021, and net operating cash outflows of $7,162,713 for the year. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition (Note 5)** | |
| The Group has recognised $3.7 million of revenue during the period<br><br>*AASB 15 Revenue from Contracts with Customers* requires companies to assess revenue recognition using a five step model focusing on meeting performance obligations.<br><br>This area is a key audit matter due to the judgement required in assessing revenue recognition and the presumed increased level of risk in relation to revenue recognition, particularly for Total Brain Limited given the focus by stakeholders on revenue growth. | Our procedures included, amongst others:<br>• Understanding and documenting the key processes and controls relied upon to record revenue;<br>• Reviewing revenue recognition policies and Management's assessment of the application of the five step model under AASB 15;<br>• Performing cut-off testing to assess whether revenue has been recorded in the correct period by inspecting supporting documentation;<br>• Analytically reviewing revenue values and associated ratios, with any items outside of the audit expectations investigated further;<br>• Sampling revenue transactions statistically from the general ledger and testing whether revenue recognition is appropriate by agreeing through to a sales contract, assessing the identification of performance obligations and variable considerations, and evaluating the timing of revenue recognition; and<br>• Evaluating the adequacy of the related disclosures in the financial report. |
| **Intangibles Impairment (Note 13)** | |
| The Group has internally generated intangible assets primarily consisting of research databases and technology platforms, totalling $17 million as at 30 June 2021.<br><br>*AASB 136 Impairment of Assets* requires that an entity shall assess (at least annually) whether there is any indication that its finite life assets may be impaired. If impairment indicators are present, the entity is required to undertake impairment testing to determine whether the relevant carrying amount is in excess of the recoverable amount.<br><br>For indefinite life intangible assets or for intangible assets that are not yet available for use, an annual impairment test is required.<br><br>The Group has both indefinite and finite life intangible assets that have prima facie indicators of impairment, and hence impairment testing is required for all intangible assets<br><br>This area is a key audit matter due to the inherent subjectivity involved in Management's judgements in estimating the recoverable amount as part of evaluating potential impairment. | Our procedures included, amongst others:<br>• Obtaining Management's impairment model and testing the mathematical accuracy;<br>• Assessing the methodology used by Management against the requirements of AASB 136;<br>• Assessing Management's determination of the Group's CGUs based on our understanding of the business and the requirements of AASB 136;<br>• Evaluating the appropriateness of key assumptions and inputs used in the calculations, by obtaining corroborating evidence;<br>• Undertaking a sensitivity analysis on key inputs;<br>• Performing an assessment of replacement cost in relation to key asset groups in considering if the current carrying value is reasonable and supportable; and<br>• Evaluating the adequacy of the disclosures relating to intangible assets in the financial report. |

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 21 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Total Brain Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

## Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

CDJ Smith
Partner – Audit & Assurance

Brisbane, 27 August 2021

The shareholder information set out below was applicable as at 19 August 2021.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares Number of holders | Ordinary shares number of shares issued | Options over ordinary shares Number of holders |
|---|---|---|---|
| 1 to 1,000 | 135 | 72,988 | 93 |
| 1,001 to 5,000 | 368 | 1,004,482 | 29 |
| 5,001 to 10,000 | 180 | 1,419,023 | 14 |
| 10,001 to 100,000 | 362 | 13,156,044 | 104 |
| 100,001 and over | 115 | 117,738,594 | 39 |
| | 1,160 | 133,391,131 | 279 |
| Holding less than a marketable parcel | 284 | - | - |

## Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares Number held | Ordinary shares % of total shares issued |
|---|---|---|
| CITICORP NOMINEES PTY LIMITED | 33,786,452 | 25.33 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 17,399,012 | 13.04 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA | 6,985,006 | 5.24 |
| STUTTGART PTY LTD | 4,978,562 | 3.73 |
| CS THIRD NOMINEES PTY LIMITED | 4,227,283 | 3.17 |
| BNP PARIBAS NOMINEES PTY LTD | 4,159,065 | 3.12 |
| INVIA CUSTODIAN PTY LIMITED | 2,922,642 | 2.19 |
| ZOLTAN VARGA | 2,564,103 | 1.92 |
| MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LTD | 2,294,450 | 1.72 |
| MR DAVID A DAGLIO | 1,453,349 | 1.09 |
| LIMITLESS VENTURES | 1,442,307 | 1.08 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,154,910 | 0.87 |
| DR EVIAN GORDON | 1,124,025 | 0.84 |
| BAXTER MANOR PTY LTD | 1,107,692 | 0.83 |
| C & K BOTHWELL PTY LTD | 1,054,109 | 0.79 |
| DBPC GROUP FINANCE PTY LTD | 1,025,000 | 0.77 |
| CEYX HOLDINGS PTY LTD | 1,000,000 | 0.75 |
| MR SRI SHANKAR KUMARASIRI | 985,714 | 0.74 |
| MRS DIANE COLMAN | 900,000 | 0.67 |
| CEYX INVESTMENTS PTY LTD | 800,000 | 0.60 |
| | 91,363,681 | 68.49 |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Options over ordinary shares issued | 41,733,919 | 279 |

The following person holds 20% or more of unquoted equity securities:

| Name | Class | Number held |
|---|---|---|
| Louis Gagnon | Unlisted options | 8,848,490 |

## Substantial holders
Substantial holders in the Company are set out below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| MR DAVID TORRIBLE | 7,370,793 | 5.53 |
| ZOLTAN VARGA | 21,842,679 | 18.52 |
| MR DAVID A DAGLIO | 8,403,529 | 6.30 |

## Voting rights
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
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.

There are no other classes of equity securities.

TOTAL BRAIN

# ANNUAL REPORT

Year Ended 30 June 2021

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