

ANNUAL REPORT

Year Ended 30 June 2020

1. Company details

Name of entity:	Total Brain Limited
ABN:	24 094 069 682
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

			\$
Revenues from ordinary activities	up	48.4% to	3,892,257
Loss from ordinary activities after tax attributable to the owners of Total Brain Limited	down	10.8% to	(7,647,544)
Loss for the year attributable to the owners of Total Brain Limited	down	10.8% to	(7,647,544)

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 \$7,647,544 (30 June 2019: \$8,570,754).

AASB 16 'Leases' had no impact on the current year. As at 30 June 2020, there were no right-of-use assets and no lease liabilities.

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 2020 has been financially positive for the Group.

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	<u>10.51</u>	<u>6.84</u>

The number of ordinary shares for the comparative period had been adjusted to give effect to the share consolidation which occurred during the current year.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements 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.

10. Attachments

Details of attachments (if any):

The Annual Report of Total Brain Limited for the year ended 30 June 2020 is attached.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 28 August 2020

Dr Evian Gordon
Chairman
Sydney

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Directors	Dr Evian Gordon (Executive Chairman) Mr Louis Gagnon (Managing Director) Mr Matthew Morgan (Non-Executive Director) Mr David Torrible (Non-Executive Director) Mr David Daglio (Non-Executive Director)
Company secretary	Mr Phillip Hains Mr Nathan Jong
Registered office	15 Belvoir Street Surry Hills NSW 2010 Telephone: +61 2 9213 6666 Email: ir@totalbrain.com
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600 Email: enquiries@boardroomlimited.com.au
Auditor	Grant Thornton Level 18, 145 Ann Street Brisbane QLD 4001
Stock exchange listing	Total Brain Limited shares are listed on the Australian Securities Exchange (ASX code: TTB) and has American Depository Receipts quoted on the OTC market (OTC Code: BRRZY)
Website	http://www.totalbrain.com
Corporate Governance Statement	<p>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 (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>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/</p>

28 August 2020

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 2020 (“FY2020”).

FY2020 was a year of increasing momentum for our business. While the COVID-19 pandemic has not only severely impacted the physical health of people around the world, it has also led to an unprecedented increase in stress, fear, and anxiety for the population at-large making mental health an urgent priority for us all. We have seen this reflected in the increasing volume of inbound enquiry for our product which is further mobilizing us to serve, via our product, as many organizations and individuals as we can in this time of need.

Against this backdrop, we continue to deploy various high-impact sales, product and marketing initiatives such as the recent launch of the Mental Health Index: U.S. Worker Edition, which has already become a powerful validator for us in the marketplace. On the product side, we have just released our largest update since 2018, which includes features such as personalised self-care experience based on one’s strengths and weaknesses, daily programming, and new high-quality content such as articles and podcasts. We are also in the process of developing a ground-breaking Heart-Rate-Variability feature which will help people get out of a “fight-flight” state in a matter of minutes. As a result of all these initiatives, we have grown revenue by 48% annually and signed more than 20 contracts and partnerships representing \$3 million in revenue (\$2.1 million in Annual Recurring Revenue (ARR)).

Additionally, we have continued to thoughtfully add to our team, welcoming high-calibre talent not only in sales, engineering, and product, but also among Senior Management, Senior Advisers and Board of Directors. We are thrilled to grow our ranks with individuals who have significant experience in our target markets and are strong believers in our product and its potential. Furthermore, during the course of this year, we successfully completed a \$14 million capital raise, led by institutional investors from Australia and the U.S., with meaningful participation from our existing shareholders. We are thankful for the continued vote of confidence and have been putting the incremental funds to good use with a focus on growing our sales, marketing, and engineering efforts.

We are encouraged by the momentum we are currently experiencing and for what is ahead of us in FY2021 and beyond.

Yours sincerely,

A handwritten signature in cursive script that reads "Dr. Evian Gordon". The signature is written in dark ink and is positioned above the printed name.

Dr. Evian Gordon, PhD

1. HIGHLIGHTS

- Amidst the global COVID-19 environment, Total Brain achieved a 48% increase in revenue year-over-year, driven by an increasing demand for scalable mental health services across large organizations, employers and individuals.
- During FY2020 TTB was able to complete more than 20 new contracts and partnerships, representing incremental revenue of \$3 million of revenue (\$2.1 million in Annual Recurring Revenue (ARR)). Highlights include:
 - Launch of the [Mental Health Index \(“MHI”\): US Worker Edition](#) in partnership with the HR Policy Association, the lead public policy organization of chief human resource officers representing 390 of the largest enterprises representing more than 20 million employees in the US and globally, [One Mind at Work](#), a coalition of 25 leading employers representing 6M employees, aimed at creating mentally healthy workplaces and the [National Alliance of Healthcare Purchaser Coalitions](#), an organisation representing 12,000 employers and 45 million individuals, spending \$425 billion annually on healthcare;
 - Significant expansion of a large B2C Affinity partnership for a total contract value of \$3.9M over 3 years and an ARR of \$1.3M, representing a 4.7x increase in the size of the relationship;
 - IBM Mental Fitness 360 – a potentially transformative partnership with a Fortune 50 company to address the mental health needs of any population in transition, starting with the 18M US veterans via a unique partnership with the U.S. Department of Veterans Affairs, and continuing with other large government organisations such as the U.S. National Guard; and
 - A number of contracts and renewals with multiple clients globally, including several key Fortune 500 clients, underscoring TTB’s unique value proposition in corporate mental health.
- The Company grew cumulative User Registrations to 940k, representing 31% annual growth and the cumulative number of Brain Profiles to 731k, representing 37% annualized growth.
- Total Brain welcomed 4 new senior members of the team:
 - David Daglio, formerly Chief Investment Officer and Executive Vice President at Mellon, a U.S. Asset Manager with \$500B in assets, who joined as Non-executive Director;
 - Nicole Gartner, former Vice President of Innovation at IBM Global Business Services, who joined as senior adviser and entrepreneur-in-residence. Nicole has recently retired from IBM, where she led the public services health group and was the founder of the IBM Mental Fitness 360 initiative;
 - Noel Obourn, who joined as a senior adviser and commission-based reseller in the payer, healthcare and employer benefits space. Noel brings to Total Brain 25 years of experience formerly as President of National Accounts at Cigna, Chief Sales Officer at Revolution Health (acquired by Towers Watson), and Vice President of Health Plan Segment at Walgreens; and
 - Melissa Frieswick, who joined as Chief Revenue Officer following a 20+ year career in healthcare sales, including as Head of Global Market Sales and Business Development at Virgin Pulse, Vice-President of National Accounts and Consumer Strategy Business Leader at Cigna Insurance, and most recently Chief Revenue Officer at Maven Clinic.
- Total Brain successfully completed a \$14 million capital raise, via a two-tranche placement, consistent with the announcement made to the ASX on 8 November 2019:
 - The fundraise was supported by 10 new and existing institutional investors from the healthcare, technology, and ESG (Environmental, Social, and Governance) sectors. The use of funds included growth in the software and product development, as well as sales and marketing functions of the Company.

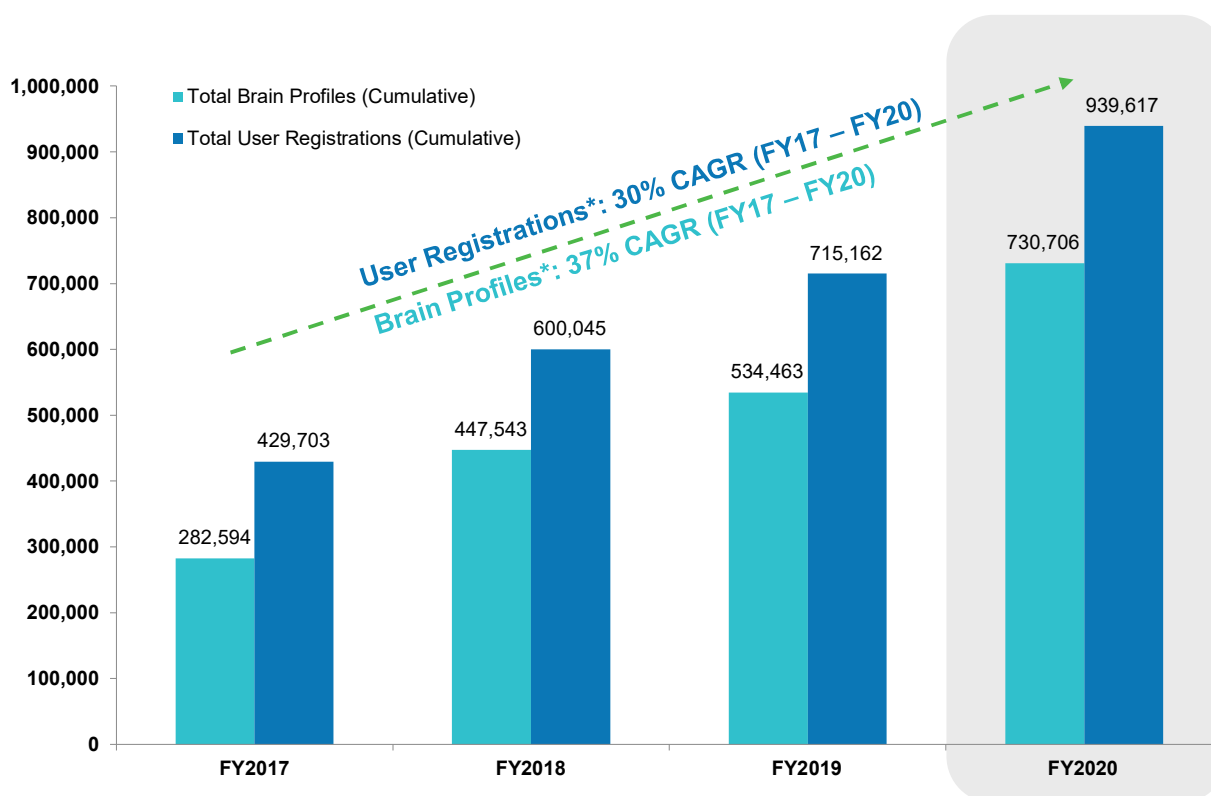
2. BUSINESS OPERATIONS

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 validator of TTB’s product-market-fit assumptions, while also powering the value of the Company’s proprietary database. During Fiscal Year 2020:

- User Registrations increased by 224k, a 31% year-on-year growth in cumulative users; and
- Brain Profiles increased by 196k, a 37% year-on-year growth in cumulative profiles.

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

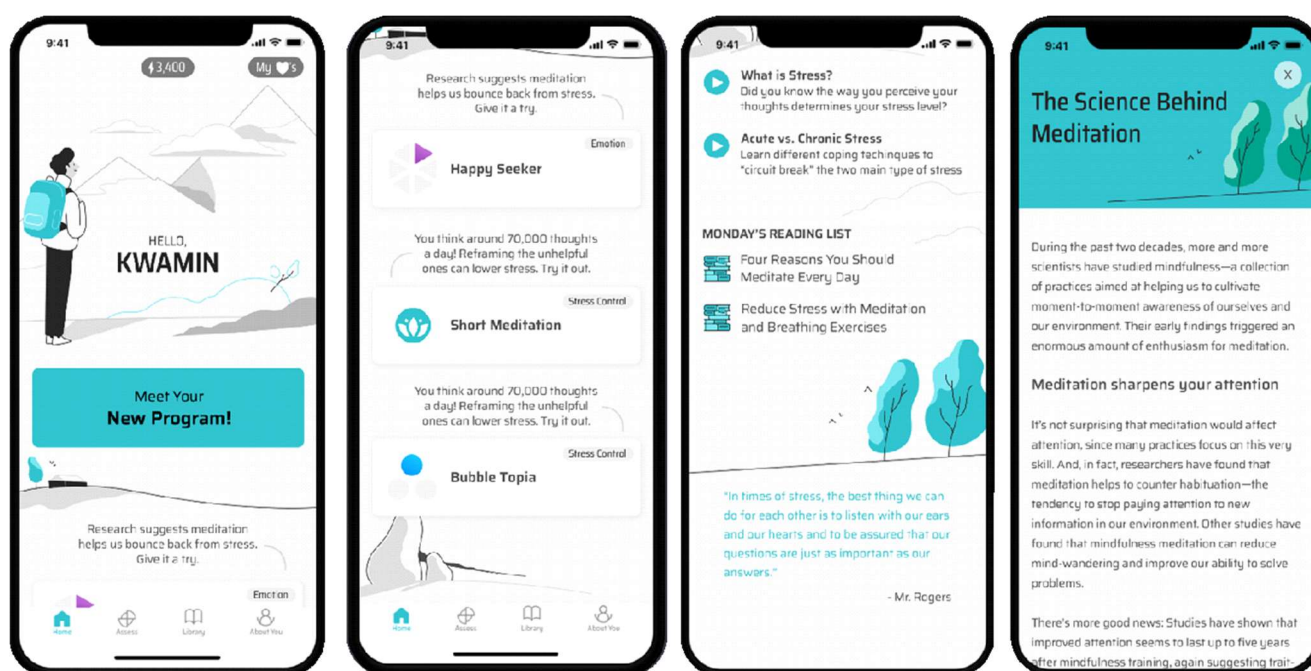


*Represents cumulative actual figures through 30 June 2020. User Registration figures exclude employer-pre-registered users. Brain Profiles figures include multiple assessments taken by same user.

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

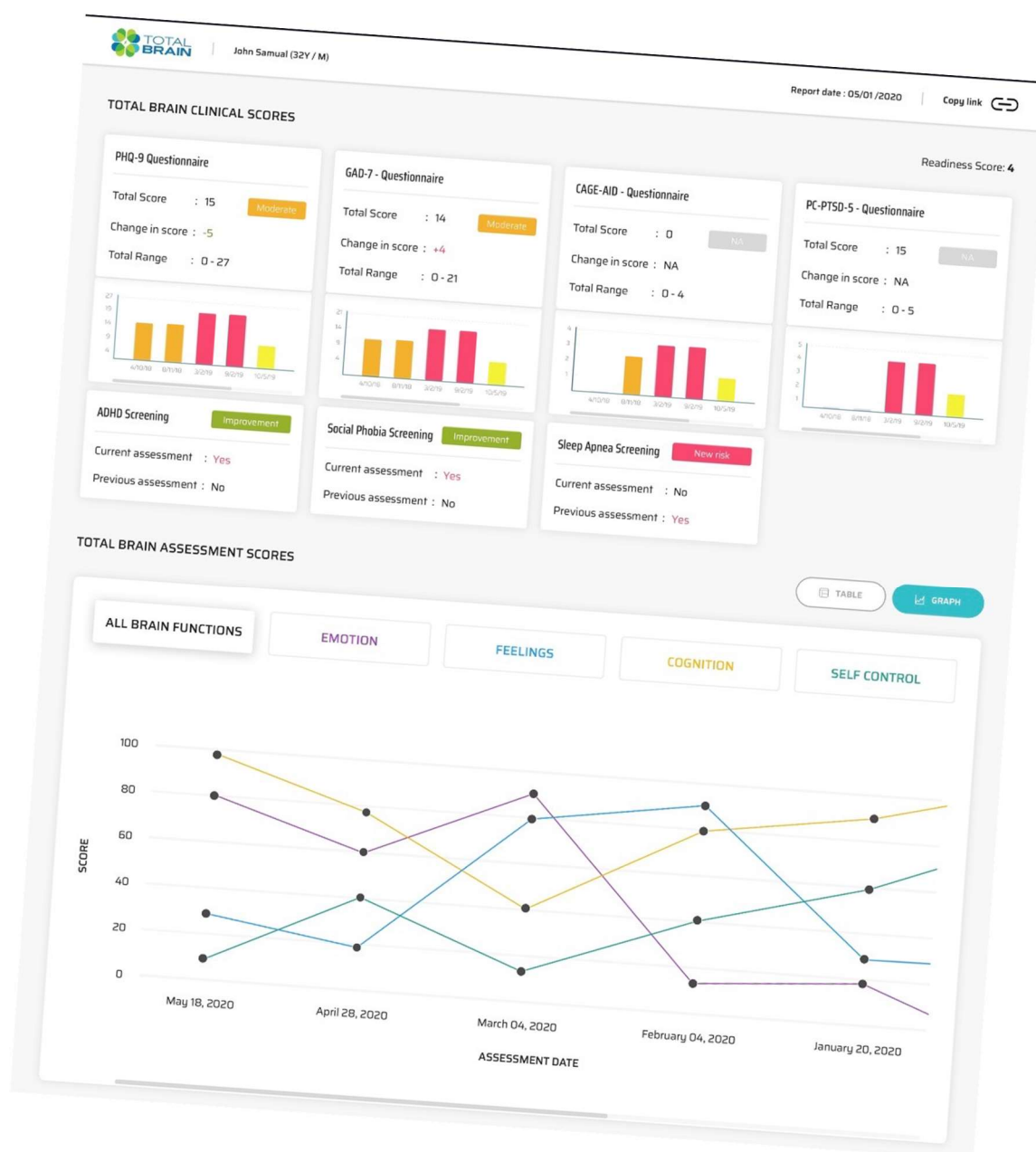
2.2 Product and Technology

- Completed the launch of Total Brain 2.0 in December 2019, including new welcome and onboarding flows, assessment results and dashboard capabilities, and supplemented that with another major launch in May 2020 with a personalised self-care experience that is based on strengths and weaknesses vs. thematic journeys;
 - The new features launched include custom capacity-targeted training recommendations, daily programming, and content type expansion to include articles and podcasts. This functionality has resulted in users consuming 12% more content per visit, according to early analytics. Shareholders are invited to create trial accounts at <https://info.totalbrain.com/covid-19-trial>.



- Expanded the engineering and product teams to increase the ability to deliver product and new functionality across multiple streams of work – clients, infrastructure, and core user platform;
- With the help of a large team, completed several launches of major partnerships and clients, including a field test with IBM Mental Fitness 360 / Veterans Affairs Administration in Q2 FY20, initial implementation with Everyday Health, as well as several Fortune 500 platforms and channel partner integrations during the course of the year;

- Completed the launch of Total Brain Clinical platform MVP, including clinician portal (pictured below), clinician reporting, expanded screening surveys and reporting within TTB application;



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

2.3 Sales and Customer Success

- Amidst the global COVID-19 environment, we have accelerated high-profile partnership discussions and have been receiving increased volumes of inbound requests, reflective of the significant mental health impact of the pandemic;
- As such, during FY2020 TTB was able to complete more than 20 new contracts and partnerships, representing minimum revenue of \$3 million (\$2.1 million in ARR). Highlights include:
 - Launch of the [Mental Health Index \(“MHI”\): US Worker Edition](#) in partnership with the HR Policy Association, [One Mind at Work](#), and the [National Alliance of Healthcare Purchaser Coalitions](#), organisations representing a combined 71 million individual employees;
 - The purpose of the MHI is to create awareness about the impact of life events like COVID-19 on our mental health and about the need to take concrete actions. MHI targets the business and policy-making communities and, as such, has started attracting significant media attention and leads to Total Brain.
 - Significant expansion of a large B2C Affinity partnership for a total contract value of \$3.9M over 3 years and an ARR of \$1.3M, representing a 4.7x increase in the size of the relationship;
 - IBM Mental Fitness 360 – entered a transformative partnership with a Fortune 50 company to address the mental health needs of any population in transition, starting with the 18M US veterans via the GRIT platform, a unique partnership with the US Department of Veterans Affairs. Since the signing of the contract with IBM, TTB has added a number of other sizable opportunities to the pipeline for this product, including large government organisations such as the U.S. National Guard. While COVID-19 has created unplanned process and decision-making headwinds, TTB remains confident that the platform will be implemented in the coming quarters given the unprecedented need for scalable mental health solutions in the current times;
 - A number of contracts and renewals with Fortune 500 clients globally, underscoring TTB’s unique value proposition in corporate mental health;
 - Everyday Health – a contract signed with the top 3 healthcare web portal in the US with 44M monthly unique users to integrate and seamlessly deliver rich content on mental health and fitness to consumers. Initial integration has been completed and is currently in production.
- Launched pilots with several addiction and behavioural health clinics as part of a proof-of-concept exercise for the Clinical market. The clinical space represents a significant revenue opportunity for Total Brain, given the behavioural health and addiction epidemic ongoing in the United States with 4M out of a total of 20M addicts seeking in-patient care every year. With 90% of addiction clinics accepting insurance and clinicians being open to licensing third-party platforms like TTB, there is a strong market need for data-driven objectivity and tech-enabled patient engagement tools. Supported by insurance reimbursement, as well as the scientific validation and inherent scalability of Total Brain’s tools, the Company sees this as a market with major potential.

Employees

- via HR departments
- Price per employee or per user



Consumers

- via B2C Affinity Groups
- Tiered user-based or annual license fee



Populations in transition



Populations over 50 years old



Health seekers



Mental health seekers

Patients

- via Clinics
- Insurance reimbursements



2.4 Marketing

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

2.5 Human Resources

- Welcomed 4 new senior members of the Total Brain team:
 - David Daglio, formerly Chief Investment Officer and Executive Vice President at Mellon, a U.S. Asset Manager with \$500B in assets, who joined as Non-executive Director;
 - Nicole Gartner, former Vice President of Innovation at IBM Global Business Services, who joined as entrepreneur-in-residence;

- Noel Obourn, formerly as President of National Accounts at Cigna, Chief Sales Officer at Revolution Health (acquired by Towers Watson), and Vice President of Health Plan Segment at Walgreens joined as a senior adviser and commission-based reseller in the payer, healthcare and employer benefits space; and
 - Melissa Frieswick, who joined as Chief Revenue Officer following a 20+ year career in healthcare sales, including as Head of Global Market Sales and Business Development at Virgin Pulse, Vice-President of National Accounts and Consumer Strategy Business Leader at Cigna Insurance, and most recently Chief Revenue Officer at Maven Clinic.
- Sourced and filled positions across Engineering and Product, proactively managing high industry-wide turnover



2.6 Data Licensing

Management continued to explore strategic alternatives to maximise shareholder value from the company's scientific assets, including iSPOT. The Company entered into a non-exclusive data licensing agreement with a large U.S. pharmaceutical company in December 2019 and continues to work with a New York-based investment bank on strategically monetizing its scientific assets.

3. FINANCIALS

3.1 Revenues

For the 12 months ended 30 June 2020, Total Brain's revenues increased by \$1.3 million (48%) year-over-year to \$3.9 million. This increase was driven by continued growth in the Company's Corporate, Affinity and Data Licensing business lines with more than 20 new clients and partners signed representing \$2.1 million in ARR.

3.2 Expenses

Total expenses for the period remained in line with those during FY2019, growing by 3% year-over-year. While personnel and operating expenses increased by \$1.5 million, in-line with management's expectations during this growth stage of the Company, Total Brain did not undergo an impairment of its goodwill and intangible assets in the period, which offset the increase. Additional details are available in the notes to the financial statements.

3.3 Cash Flow

Average monthly cash consumption, net of revenue, for the 12 months ended 30 June 2020 was \$0.73 million compared to \$0.68 million in the prior period, reflecting the slight expansion of the business, its team and infrastructure. The Company's closing cash balance as of 30 June 2020 was \$11.1 million.

4. OUTLOOK

Amidst the current global situation, Total Brain is encouraged by an increasing interest by large organisations to deploy mental health solutions to their populations. The more than one dozen partnerships signed and contracts won since the start of the pandemic serve as an important validation of this urgent need for scalable, scientifically-valid, digital mental health tools in both the B2B Corporate and B2C Affinity markets. The ongoing progress of our pilot in the clinical market also continues to be very encouraging. As such, we remain focused on the following priorities for our business:

- Proactively penetrate various verticals of the B2C Affinity market in collaboration with our partners from IBM, AARP and Everyday Health, while seeking new opportunities;
- Accelerate sales cycle of B2B Corporate revenue via continued execution of the Account-based Marketing strategy, launch of a “pull” strategy with the Mental Health Index, and penetration of new and existing channel partners;
- Test product-market-fit and scalability of the clinical market; and
- Retain and upsell of our existing book of business.

We are very excited about the business prospects of Total Brain and we remain committed to creating significant shareholder value in FY2021 and beyond.

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 2020.

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 (appointed on 13 January 2020)
Mr Ajay Arora - Non-Executive Director (resigned on 25 November 2019 and ceased on 13 January 2020)

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 \$7,647,544 (30 June 2019: \$8,570,754).

AASB 16 'Leases' had no impact on the current year.

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 2020 has been financially positive for the Group.

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

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. It was also 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 for both shares and options was 17 January 2020. The number of shares post-consolidation are 95,388,326 (rounded) and the number of options post-consolidation are 129,000 (expiring 14 Apr 2020 with a revised exercise price of \$3.75) and 19,954,534 (various expiry dates and exercise prices).

On 15 and 16 January 2020, the Group issued fully paid shares of 129,152,989 (pre-consolidation) at \$0.046 per share.

On 16 January 2020, the Group issued 2,066,115 options exercisable at \$0.045 and expiring 16 January 2024 (pre-consolidation).

On 20 February 2020, the Group signed the full series of legal agreements with IBM, including complete commercial terms. This represents a major revenue contract for the Group.

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

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

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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, MBChB
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:	1,301,875 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 worth 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: 415,923 ordinary shares

Interests in options: 8,746,593 options over ordinary shares

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 Logicamms Ltd (ASX LCM) and Leaf Resources Ltd (ASX LER).

Former directorships (last 3 years): Sensera Ltd (ASX SE1)

Special responsibilities: Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee

Interests in shares: 444,723 ordinary shares

Interests in options: 425,000 options over ordinary shares

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: 6,055,265 ordinary shares

Interests in options: 206,612 options

Name: Mr David Daglio (appointed on 13 January 2020)
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: 6,950,181 ordinary shares
Interests in options: None

Name: Mr Ajay Arora (resigned on 25 November 2019 and ceased on 13 January 2020)
Title: Former Non-Executive Director
Qualifications: MBA, MSEE, B.Eng
Experience and expertise: Mr Arora is currently a Director of Product Innovation at Netflix, a world-leading internet entertainment service. He has spent the last 20 years in management roles within the most successful digital subscription business in the world, with a primary focus on user acquisition and partnerships.
Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: Not applicable as no longer a director
Interests in options: Not applicable as no longer a director

'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 (CA, MBA) has held the role of Joint Company Secretary since June 2018. He brings almost 30 years of experience in corporate secretarial, accounting and general management through his firm The CFO Solution, a boutique professional services firm for listed companies. Mr Hains is currently a Director and Treasurer of the Australian Outward Bound Foundation.

Mr Nathan Jong (CA) has been appointed as Joint Company Secretary effective on 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.

Mr Harvey Bui (ACCA, B Com) has resigned from the role of Joint Company Secretary on 18 November 2019. He is a qualified chartered accountant with over 10 years of experience in providing accounting finance and corporate compliance advisory services to a wide range of businesses from not-for-profit organisations to multinational ASX/NASDAQ listed companies, along with experience in auditing and assurance, having started his career with Ernst & Young in 2008.

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 2020, 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	2	2	4	4
Mr David Torrible	10	10	2	2	4	4
Mr David Daglio	6	6	2	2	-	-
Mr Ajay Arora	3	3	-	-	-	-

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 2020.

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 2020, 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 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 98.36% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. 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 (appointed on 13 January 2020)
- Mr Ajay Arora - Non-Executive Director (resigned on 25 November 2019 and ceased on 13 January 2020)

And the following persons:

- Mr Matthew Mund - Chief Operating Officer (COO)
- Mr Emil Vasilev - Vice President of Finance

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
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
<i>Executive Directors:</i>								
Dr Evian Gordon	372,479	-	-	-	-	-	103,987	476,466
Mr Louis Gagnon	446,975	-	-	-	-	-	11,898	458,873
<i>Other Key Management Personnel:</i>								
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 current reporting period.

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

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus***	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Mr Matthew Morgan	79,944	-	-	-	-	-	26,125	106,069
Mr Ajay Arora	41,656	-	-	-	-	-	348	42,004
Dr Stephen Koslow *	33,000	-	-	-	-	-	131	33,131
Mr David Torrible**	4,583	-	-	435	-	-	-	5,018
<i>Executive Directors:</i>								
Dr Evian Gordon	349,469	-	-	-	-	-	-	349,469
Mr Louis Gagnon	419,361	256,213	-	-	-	-	32,679	708,253
<i>Other Key Management Personnel:</i>								
Mr Matthew Mund	349,468	120,638	-	-	-	-	12,655	482,761
Mr Emil Vasilev	230,649	50,427	-	-	-	-	2,944	284,020
	1,508,130	427,278	-	435	-	-	74,882	2,010,725

* Represents remuneration from 1 July 2018 to 1 June 2019

** Represents remuneration from 1 June 2019 to 30 June 2019

*** Cash bonuses were paid upon the successful launch of the Total Brain product and brand in September 2018.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Mr Matthew Morgan	88%	75%	-	-	12%	25%
Mr Ajay Arora	102%	99%	-	-	(2%)	1%
Dr Stephen Koslow	-	100%	-	-	-	-
Mr David Torrible	36%	100%	-	-	64%	-
Mr David Daglio	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Dr Evian Gordon	78%	100%	-	-	22%	-
Mr Louis Gagnon	97%	59%	-	36%	3%	5%
<i>Other Key Management Personnel:</i>						
Mr Matthew Mund	99%	72%	-	25%	1%	3%
Mr Emil Vasilev	100%	81%	-	18%	-	1%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2020	2019	2020	2019
<i>Executive Directors:</i>				
Mr Louis Gagnon	-	100%	-	-
<i>Other Key Management Personnel:</i>				
Mr Matthew Mund	-	100%	-	-
Mr Emil Vasilev	-	100%	-	-

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 2020.

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
Mr Louis Gagnon	941,099	14/12/2017	22/05/2020	22/05/2022	\$1.6000	\$0.0400
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	445,549	16/07/2017	16/07/2019	16/07/2022	\$1.6000	\$0.0300
	445,549	16/07/2017	16/07/2020	16/07/2022	\$1.6000	\$0.0300
Mr Emil Vasilev	58,846	01/07/2017	17/05/2020	17/05/2022	\$1.6000	\$0.0500

* Options with an exercise price of \$1.60 were cancelled and re-issued on 5 August 2020 with an exercise price of \$0.80

Options granted carry no dividend or voting rights.

Additional information

The earnings of the Group for the five years to 30 June 2020 are summarised below:

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Sales revenue	3,877,529	2,602,137	2,608,990	2,369,321	2,910,157
Loss after income tax	(7,647,544)	(8,570,754)	(23,101,340)	(9,868,954)	(4,025,097)

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

	2020	2019*	2018*	2017*	2016*
Share price at financial year end (\$)	0.38	0.20	0.40	0.60	1.30
Basic earnings per share (cents per share)	(8.07)	(14.58)	(63.80)	(64.50)	(28.40)
Diluted earnings per share (cents per share)	(8.07)	(14.58)	(63.80)	(64.50)	(28.40)

* The share price, earnings per share and diluted earnings per share have been restated for the effect of the 10:1 share consolidation completed in January 2020.

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	Consolidation	Balance at the end of the year
<i>Ordinary shares</i>					
Dr Evian Gordon	13,018,749	-	-	(11,716,874)	1,301,875
Mr Louis Gagnon	4,159,225	-	-	(3,743,302)	415,923
Mr Matthew Morgan	4,447,231	-	-	(4,002,508)	444,723
Mr David Torrible	31,425,746	-	29,126,903	(54,497,384)	6,055,265
Mr David Daglio	-	-	69,501,809	(62,551,628)	6,950,181
Mr Matthew Mund	9,887,824	-	-	(8,899,042)	988,782
Mr Emil Vasilev	702,188	-	-	(631,968)	70,220
	<u>63,640,963</u>	<u>-</u>	<u>98,628,712</u>	<u>(146,042,706)</u>	<u>16,226,969</u>

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	Consolidation /expired	Balance at the end of the year	Vested and exercisable
<i>Options over ordinary shares</i>					
Mr Louis Gagnon	61,465,912	-	(55,319,319)	6,146,593	6,146,593
Mr Matthew Morgan	4,250,000	-	(3,825,000)	425,000	425,000
Mr David Torrible*	-	2,066,115	(1,859,503)	206,612	206,612
Mr Ajay Arora	1,920,808	-	(1,920,808)	-	-
Mr Matthew Mund	30,732,957	-	(27,659,659)	3,073,298	2,627,748
Mr Emil Vasilev	6,530,754	-	(5,877,678)	653,076	653,076
	<u>104,900,431</u>	<u>2,066,115</u>	<u>(96,461,967)</u>	<u>10,504,579</u>	<u>10,059,029</u>

* The vesting of these options was not dependent on the satisfaction of any service or performance conditions. Instead, the options vested based on Mr David Torrible agreeing to act as a director of the company in the current reporting period.

Loans to key management personnel and their related parties

There were no loans to key management personnel and their related parties.

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
01/07/2017	17/05/2022	0.80	653,075
16/07/2017	16/07/2022	0.80	3,073,296
14/12/2017	22/05/2022	0.80	5,646,591
14/12/2017	10/01/2023	1.00	400,000
15/12/2017	15/12/2022	1.00	5,000,000
19/12/2017	10/01/2021	1.20	400,000
08/01/2018	07/01/2023	0.80	768,324
24/02/2018	23/02/2023	0.80	30,000
28/02/2018	27/02/2023	0.80	30,000
01/04/2018	31/03/2023	0.80	591,766
29/04/2019	28/04/2021	0.45	106,612
31/07/2018	30/07/2023	0.80	82,031
31/12/2018	30/12/2023	0.80	28,125
28/02/2019	27/02/2024	0.80	50,781
31/03/2019	30/03/2024	0.80	25,781
30/04/2019	29/04/2024	0.80	19,922
31/07/2019	30/07/2024	0.80	14,192
31/08/2019	30/08/2024	0.80	217,578
30/09/2019	29/09/2024	0.80	42,500
18/03/2019	18/03/2019	0.45	12,500
18/03/2019	18/03/2020	0.45	12,500
18/03/2019	18/03/2021	0.45	12,500
18/03/2019	18/03/2022	0.45	12,500
17/06/2019	16/06/2024	0.45	50,000
23/10/2019	22/10/2024	0.80	25,000
16/01/2020	16/01/2024	0.45	206,612
06/08/2020	14/12/2022	0.80	845,156
06/08/2020	06/08/2025	0.37	2,314,961
06/08/2020	06/08/2025	0.44	2,314,961
06/08/2020	06/08/2025	0.50	2,314,961
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	10/05/2025	0.44	22,266
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
			26,626,200

Shares issued on the exercise of options

The following ordinary shares of Total Brain Limited were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
29/04/2019	\$0.4500	100,000

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 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.

Auditor

Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

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

A handwritten signature in black ink, appearing to read "Dr Evian Gordon".

Dr Evian Gordon
Chairman

28 August 2020
Sydney

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 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 28 August 2020



FINANCIAL STATEMENTS

Year Ended 30 June 2020

ir@totalbrain.com
totalbrain.com

ASX: TTB ABN 24 094 069 682



Total Brain Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



	Note	Consolidated 2020 \$	2019 \$
Revenue	5	3,877,529	2,602,137
Interest income calculated using the effective interest method		14,728	21,261
Expenses			
Cost of equipment and third-party drug trial expense	6	(644,468)	(318,585)
Employee benefits expense	6	(6,814,911)	(5,534,036)
Corporate and operating costs	7	(3,547,799)	(3,332,336)
Depreciation and amortisation expense	6	(231,235)	(418,489)
Impairment of intangible assets	13	-	(1,380,680)
Impairment of receivables	10	(266)	(13,354)
Share-based payments expense	20	(300,300)	(148,790)
Net foreign exchange losses	6	(822)	(45,562)
Finance costs	6	-	(2,320)
Loss before income tax expense		(7,647,544)	(8,570,754)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Total Brain Limited		(7,647,544)	(8,570,754)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(156,055)	186,793
Other comprehensive income for the year, net of tax		(156,055)	186,793
Total comprehensive income for the year attributable to the owners of Total Brain Limited		(7,803,599)	(8,383,961)
		Cents	Cents
Basic earnings per share	32	(8.07)	(14.58)
Diluted earnings per share	32	(8.07)	(14.58)

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

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	9	11,104,729	5,214,802
Trade and other receivables	10	2,837,267	811,160
Contract assets	11	3,025	89,935
Prepayments		140,419	97,393
Total current assets		<u>14,085,440</u>	<u>6,213,290</u>
Non-current assets			
Plant and equipment	12	310,356	247,349
Intangibles	13	15,000,044	14,900,018
Other		10,560	10,560
Total non-current assets		<u>15,320,960</u>	<u>15,157,927</u>
Total assets		<u>29,406,400</u>	<u>21,371,217</u>
Liabilities			
Current liabilities			
Trade and other payables	14	460,978	457,958
Contract liabilities	15	956,760	209,489
Borrowings	16	1,106,575	-
Employee benefits	17	426,873	385,001
Total current liabilities		<u>2,951,186</u>	<u>1,052,448</u>
Non-current liabilities			
Deferred tax	8	65,165	65,165
Employee benefits	18	2,205	33,704
Total non-current liabilities		<u>67,370</u>	<u>98,869</u>
Total liabilities		<u>3,018,556</u>	<u>1,151,317</u>
Net assets		<u>26,387,844</u>	<u>20,219,900</u>
Equity			
Issued capital	19	78,425,180	64,753,937
Reserves	20	4,377,987	4,233,742
Accumulated losses		<u>(56,415,323)</u>	<u>(48,767,779)</u>
Total equity		<u>26,387,844</u>	<u>20,219,900</u>

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

Total Brain Limited
Statement of changes in equity
For the year ended 30 June 2020



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	58,080,521	3,898,159	(40,197,025)	21,781,655
Loss after income tax expense for the year	-	-	(8,570,754)	(8,570,754)
Other comprehensive income for the year, net of tax	-	186,793	-	186,793
Total comprehensive income for the year	-	186,793	(8,570,754)	(8,383,961)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	6,673,416	-	-	6,673,416
Share-based payments (note 20)	-	148,790	-	148,790
Balance at 30 June 2019	<u>64,753,937</u>	<u>4,233,742</u>	<u>(48,767,779)</u>	<u>20,219,900</u>
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)
<i>Transactions with owners in their capacity as owners:</i>				
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	<u>78,425,180</u>	<u>4,377,987</u>	<u>(56,415,323)</u>	<u>26,387,844</u>

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

	Note	Consolidated	
		2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,885,745	2,727,088
Payments to suppliers and employees (inclusive of GST)		(12,233,400)	(9,362,747)
Research and development tax incentive		1,337,112	967,006
Interest received		14,728	21,261
		<u>14,728</u>	<u>21,261</u>
Net cash used in operating activities	30	<u>(5,995,815)</u>	<u>(5,647,392)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(126,417)	(78,520)
Payments for intangibles	13	(2,610,223)	(2,585,125)
Net proceeds/(repayments) on loans made to related parties		-	102,553
		<u>-</u>	<u>102,553</u>
Net cash used in investing activities		<u>(2,736,640)</u>	<u>(2,561,092)</u>
Cash flows from financing activities			
Proceeds from issue of shares	19	13,671,243	6,673,416
Proceeds from borrowings	31	1,106,575	-
		<u>14,777,818</u>	<u>6,673,416</u>
Net cash from financing activities		<u>14,777,818</u>	<u>6,673,416</u>
Net increase/(decrease) in cash and cash equivalents		6,045,363	(1,535,068)
Cash and cash equivalents at the beginning of the financial year		5,214,802	6,615,972
Effects of exchange rate changes on cash and cash equivalents		(155,436)	133,898
		<u>(155,436)</u>	<u>133,898</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>11,104,729</u></u>	<u><u>5,214,802</u></u>

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

Note 1. General information

The financial statements cover Total Brain Limited as a Group consisting of Total Brain Limited and the entities it controlled at the end of, or during, the 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 28 August 2020. 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:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was nil as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	84,622
Short-term leases not recognised as a right-of-use asset (AASB 16)	(78,291)
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	(6,331)
Right-of-use assets (AASB 16)	-

Note 2. Significant accounting policies (continued)

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 \$7,647,544 (2019: \$8,570,754) and net operating cash outflows of \$5,995,815 (2019: \$5,647,392). Prima facie, these circumstances represent a material uncertainty regarding the Group's ability to continue as a going concern.

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

- the Group's financial position as at 30 June 2020, with net current assets of \$11,134,254 (2019: \$5,160,842) and net assets of \$26,387,844 (2019: \$20,219,900);
- 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;
- 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 28.

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 2020 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 is recognised as interest accrues using the effective interest method

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 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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 Brain Resource International Database and associated analysis tools ('BRID') is treated as a single integrated asset for presentation and impairment testing. Amortisation of components of BRID 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 2. Significant accounting policies (continued)

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements

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 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.

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

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 market capitalisation approach as detailed in note 13.

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.

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 \$1,152,955 should be recognised at 30 June 2020, and an amount of \$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.

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.

Note 4. Operating segments (continued)

Major customers

During the year ended 30 June 2020, the Group derived approximately \$750,000 from one data licensing customer, \$400,000 from one affinity customer and \$850,000 from one corporate customer (2019: approximately \$200,000 from one affinity customer and \$700,000 from one corporate customer).

Geographical information

The majority of revenue is derived in the United States.

Note 5. Revenue

	Consolidated	
	2020	2019
	\$	\$
Total Brain* – Corporate	2,263,916	1,788,391
Total Brain* – Affinity	399,464	194,138
Total Brain* – All other	136,015	85,471
Clinical **	298,378	323,631
Discovery***	34,798	42,762
Data Licensing****	744,958	167,744
	<u>3,877,529</u>	<u>2,602,137</u>
Revenue	<u>3,877,529</u>	<u>2,602,137</u>

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.

Disaggregation of revenue

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

	Consolidated	
	2020	2019
	\$	\$
<i>Major revenue lines</i>		
Software license	3,097,773	2,391,631
Services and access fees	779,756	210,506
	<u>3,877,529</u>	<u>2,602,137</u>
<i>Timing of revenue recognition</i>		
Revenue transferred at a point in time	3,097,773	2,391,631
Revenue transferred over time	779,756	210,506
	<u>3,877,529</u>	<u>2,602,137</u>

Note 6. Expenses

	Consolidated	
	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of equipment and third-party drug trial expense	644,468	318,585
<i>Depreciation</i>		
Plant and equipment	61,969	46,790
<i>Amortisation</i>		
Development	169,266	371,699
Total depreciation and amortisation	231,235	418,489
<i>Impairment</i>		
Development	-	1,380,680
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	-	2,320
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	822	45,562
<i>Leases</i>		
Minimum lease payments	-	146,270
Short-term lease payments	169,091	-
Total leases	169,091	146,270
<i>Research and development tax incentive costs</i>		
Research and development expenditure recognised as an expense	179,096	149,386
<i>Employee benefits expense*</i>		
Employee benefits expense excluding superannuation	6,461,825	5,207,994
Defined contribution superannuation expense	353,086	326,042
Total employee benefits expense	6,814,911	5,534,036
<i>Government grants offset against employee benefit expense</i>		
Government grants**	1,252,411	-
Offset against cost of intangibles	(374,547)	-
Total government grants offset against employee benefit expense*	877,864	-

* Government grants offset against employee benefits expense total to \$877,864.

** During the Coronavirus ('COVID-19') pandemic, the Group has received stimulus support payments of \$116,499 from the Australian Government and \$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	
	2020	2019
	\$	\$
Insurance and professional fees	1,385,855	808,182
Communications expense	417,228	624,276
Marketing and agent support expenses	876,470	827,207
Occupancy expenses	497,459	649,661
Travel expenses	295,104	303,617
Other expenses	75,683	119,393
	<u>3,547,799</u>	<u>3,332,336</u>

Note 8. Income tax

	Consolidated	
	2020	2019
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(7,647,544)	(8,570,754)
Tax at the statutory tax rate of 27.5%	(2,103,075)	(2,356,957)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	82,583	40,917
Permanent differences from research and development refund	1,479,899	94,829
Effect of FX movement on translation	436	213,772
Share issue costs	(323,262)	-
Non-assessable income	(224,510)	-
Sundry items	8,143	12,590
	<u>(1,079,786)</u>	<u>(1,994,849)</u>
Current year tax losses not recognised	1,216,911	1,109,868
Prior year tax losses not recognised now recouped	(70,449)	581,052
Difference in overseas tax rates	1,792	4,538
Prior year (over) / under provisions	(68,468)	299,391
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2020	2019
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	34,389,517	27,100,000
Potential tax benefit @ 27.5%	9,457,117	7,452,500

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.

Note 8. Income tax (continued)

Brain Resource, Inc., incorporated in California USA has carry-forward unused tax losses of \$21,397,531 as at 30 June 2020 (2019: \$15,600,000). The Company recognised deferred tax assets in respect of these tax losses as at 30 June 2020 of \$nil (2019: \$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 \$28,912,928 as of 30 June 2020 (2019: \$25,800,000). The Company concluded that \$4,378,259 (2019: \$3,900,000) of the deferred tax asset relating to carry-forward unused tax losses in Australia of \$15,920,942 (2019: 14,300,000) is recoverable, within the requisite timeframes, based on budget estimates for future taxable income as approved by the Company's Board of Directors.

	Consolidated 2020 \$	2019 \$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Development costs	4,529,022	3,852,561
Losses carried forward	(13,917,512)	(11,839,369)
Tax losses not recognised as DTA	9,539,253	7,936,033
Provisions	(117,996)	(115,144)
Foreign exchange	32,398	233,966
Other	-	(2,882)
Deferred tax liability	<u>65,165</u>	<u>65,165</u>
Movements:		
Opening balance	<u>65,165</u>	<u>65,165</u>
Closing balance	<u>65,165</u>	<u>65,165</u>

Note 9. Current assets - cash and cash equivalents

	Consolidated 2020 \$	2019 \$
Cash at bank	<u>11,104,729</u>	<u>5,214,802</u>

Note 10. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$	\$
Trade receivables	480,675	654,498
Less: Allowance for expected credit losses	(384)	(172)
	<u>480,291</u>	<u>654,326</u>
Other receivables	66,946	6,834
Government grant receivable for research and development tax incentive (R&D)	1,152,955	150,000
Government grant receivable - others	1,137,075	-
	<u>2,356,976</u>	<u>156,834</u>
	<u><u>2,837,267</u></u>	<u><u>811,160</u></u>

Allowance for expected credit losses

The Group has recognised a loss of \$266 (2019: \$13,354) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$
Not overdue	-	-	227,712	516,050	-	-
0 to 3 months overdue	-	-	226,896	135,713	-	-
3 to 6 months overdue	1.47%	6.28%	26,067	2,735	384	172
			<u>480,675</u>	<u>654,498</u>	<u>384</u>	<u>172</u>

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 2020.

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

	Consolidated	
	2020	2019
	\$	\$
Opening balance	172	19,002
Additional provisions recognised	266	13,354
Receivables written off during the year as uncollectable	(54)	(32,724)
Unused amounts reversed	-	540
	<u>384</u>	<u>172</u>
Closing balance	<u><u>384</u></u>	<u><u>172</u></u>

Note 11. Current assets - contract assets

	Consolidated 2020 \$	2019 \$
Contract assets	<u>3,025</u>	<u>89,935</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	89,935	-
Additions	3,105	89,935
Transfer to trade receivables	(91,225)	-
Exchange differences	1,210	-
Closing balance	<u>3,025</u>	<u>89,935</u>

Note 12. Non-current assets - plant and equipment

	Consolidated 2020 \$	2019 \$
Plant and equipment - at cost	1,398,793	1,272,376
Less: Accumulated depreciation	(1,088,437)	(1,025,027)
	<u>310,356</u>	<u>247,349</u>

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 2018	221,636
Additions	78,520
Exchange differences	(6,017)
Depreciation expense	<u>(46,790)</u>
Balance at 30 June 2019	247,349
Additions	126,417
Exchange differences	(1,441)
Depreciation expense	<u>(61,969)</u>
Balance at 30 June 2020	<u>310,356</u>

Note 13. Non-current assets - intangibles

	Consolidated	
	2020	2019
	\$	\$
Development - at cost	27,387,032	27,117,740
Less: Accumulated amortisation	(2,519,165)	(2,349,899)
Less: Accumulated impairment	(9,867,823)	(9,867,823)
	<u>15,000,044</u>	<u>14,900,018</u>

Reconciliations

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

Consolidated	Development \$
Balance at 1 July 2018	14,659,278
Additions	2,585,125
R&D tax incentive	(592,006)
Impairment of assets	(1,380,680)
Amortisation expense	(371,699)
Balance at 30 June 2019	14,900,018
Additions*	2,610,223
R&D tax incentive	(2,340,931)
Amortisation expense	(169,266)
Balance at 30 June 2020	<u>15,000,044</u>

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

At 30 June 2020, the intangible assets balance comprised databases assessed to have indefinite useful lives valued at \$12,901,953 (2019: \$12,393,042) and finite lived assets valued at \$2,098,091 (2019: \$2,506,976).

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 predominantly based on reference to the market capitalisation of the Company at the reporting date and further validated using the revenue multiple valuation approach, utilising a revenue multiple average of 2020: 5.3 (2019: 6.7) times revenue, being a discount of 30% on the internet software industry comparatives for listed companies.

The recoverable amount was higher than the carrying amount and therefore no further impairment expense was required (2019: impairment expense of \$1,380,680). As the valuation was based on a combination of observable market data and unobservable inputs, the valuation was considered to be level 2 in the fair value hierarchy.

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 would not result in an impairment charge.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	148,147	248,493
Accrued expenses	273,076	207,474
Other payables	39,755	1,991
	460,978	457,958
	460,978	457,958

Refer to note 22 for further information on financial instruments.

Note 15. Current liabilities - contract liabilities

	Consolidated	
	2020	2019
	\$	\$
Contract liabilities	956,760	209,489
	956,760	209,489
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	209,489	-
Payments received in advance	982,125	380,348
Transfer to revenue - included in the opening balance	(219,213)	(170,859)
Exchange differences	(15,641)	-
	956,760	209,489
Closing balance	956,760	209,489

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 \$956,760 as at 30 June 2020 (\$209,489 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020	2019
	\$	\$
Within 6 months	662,399	112,741
6 to 12 months	286,899	96,748
12 to 18 months	7,462	-
	956,760	209,489
	956,760	209,489

Note 16. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Bank loan	1,106,575	-

Refer to note 22 for further information on financial instruments.

On 3 May 2020, a bank loan was granted to Brain Resource Inc. 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.

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.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2020	2019
	\$	\$
Annual leave	280,921	281,543
Long service leave	145,952	103,458
	<u>426,873</u>	<u>385,001</u>

Note 18. Non-current liabilities - employee benefits

	Consolidated	
	2020	2019
	\$	\$
Long service leave	2,205	33,704

Note 19. Equity - issued capital

	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	108,303,784	777,688,418	78,425,180	64,753,937

Note 19. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	531,259,868		58,080,521
Issue of shares	22 March 2019	132,814,948	\$0.0280	3,718,818
Issue of shares	11 April 2019	32,027,748	\$0.0280	896,777
Issue of shares	1 May 2019	25,115,107	\$0.0280	703,223
Issue of shares	7 May 2019	55,470,747	\$0.0280	1,553,180
Issue of shares	9 May 2019	1,000,000	\$0.0280	28,000
Share issue transaction costs, net of tax		-	\$0.0000	(226,582)
Balance	30 June 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	<u>108,303,784</u>		<u>78,425,180</u>

Ordinary shares

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

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

Share 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.

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.

Note 19. Equity - issued capital (continued)

The Group is not subject to any financing covenants.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Note 20. Equity - reserves

	Consolidated	
	2020	2019
	\$	\$
Foreign currency reserve	425,791	581,846
Share-based payments reserve	3,952,196	3,651,896
	<u>4,377,987</u>	<u>4,233,742</u>

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 2018	395,053	3,503,106	3,898,159
Foreign currency translation	186,793	-	186,793
Share-based payments	-	148,790	148,790
	<u>581,846</u>	<u>3,651,896</u>	<u>4,233,742</u>
Balance at 30 June 2019	581,846	3,651,896	4,233,742
Foreign currency translation	(156,055)	-	(156,055)
Share-based payments	-	300,300	300,300
	<u>425,791</u>	<u>3,952,196</u>	<u>4,377,987</u>

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.

Note 22. Financial instruments (continued)

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:

Consolidated	Assets		Liabilities	
	2020 \$	2019 \$	2020 \$	2019 \$
US dollars	10,364,309	4,742,510	2,262,017	517,527

The Group had net assets denominated in foreign currencies of \$8,102,292 (assets of \$10,364,309 less liabilities of \$2,262,017) as at 30 June 2020 (2019: \$4,224,983 (assets of \$4,742,510 less liabilities of \$517,527)). Based on this exposure, had the Australian dollars weakened/strengthened by 10% (2019: 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 \$501,740 lower/higher (2019: \$561,003 lower/higher) and equity would have been \$900,985 lower/higher (2019: \$462,106 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 2020 was \$822 (2019: loss of \$45,562).

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 0.1% (2019: 0.4%) 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%] (2019: +/-0%).

Note 22. Financial instruments (continued)

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

Consolidated	2020		2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and short-term deposits	0.01%	11,104,729	0.40%	5,214,802
Net exposure to cash flow interest rate risk		<u>11,104,729</u>		<u>5,214,802</u>

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 three major customers (2019: a major US affinity group), which as at 30 June 2020 owed the Group \$282,436 (59% of trade receivables) (2019: \$355,957 (54% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 30 June 2020. 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 (2019: 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 - 2020	Weighted average	1 year or less	Between 1	Between 2	Over 5 years	Remaining contractual
	interest rate %	\$	and 2 years \$	and 5 years \$	\$	maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	187,902	-	-	-	187,902
<i>Interest-bearing - variable</i>						
Bank loans	1.00%	1,106,575	-	-	-	1,106,575
Total non-derivatives		1,294,477	-	-	-	1,294,477

Consolidated - 2019	Weighted average	1 year or less	Between 1	Between 2	Over 5 years	Remaining contractual
	interest rate %	\$	and 2 years \$	and 5 years \$	\$	maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	250,484	-	-	-	250,484
Total non-derivatives		250,484	-	-	-	250,484

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	
	2020 \$	2019 \$
Short-term employee benefits	1,593,539	1,935,408
Post-employment benefits	4,734	435
Share-based payments	227,733	74,882
	<u>1,826,006</u>	<u>2,010,725</u>

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 2020 \$	2019 \$
<i>Audit services - Grant Thornton</i>		
Audit or review of the financial statements	117,000	113,500
<i>Other services - Grant Thornton</i>		
Transfer pricing review services	21,000	5,000
	<u>138,000</u>	<u>118,500</u>

Note 25. Contingent liabilities

The Group has given bank guarantees as at 30 June 2020 of \$10,500 (2019: \$10,500) to various landlords.

As of 30 June 2019, the Group has a contingent liability in respect of an unresolved legal case regarding a dispute with a former staff member. This was settled in November 2019. There are no contingent liability as of 30 June 2020.

Note 26. Commitments

	Consolidated 2020 \$	2019 \$
<i>Lease commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	29,698	82,709
One to five years	-	1,913
	<u>29,698</u>	<u>84,622</u>

Lease commitments includes contracted amounts for office premises and server hosting under non-cancellable operating leases expiring within two years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

With the application of AASB 16, the Group recognised these leases as short-term leases and low value assets as presented in note 2, thus no right-of-use assets and lease liabilities recognised as of 30 June 2020.

Note 27. Related party transactions

Parent entity

Total Brain Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

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

Note 27. Related party transactions (continued)

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

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

There were no loans to or from related parties at the current and previous reporting date.

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Loss after income tax	(7,803,598)	(8,383,962)
Total comprehensive income	(7,803,598)	(8,383,962)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	31,047	11,248
Total assets	26,579,676	20,414,240
Total current liabilities	-	-
Total liabilities	191,831	194,340
Equity		
Issued capital	78,425,180	64,753,937
Share-based payments reserve	3,952,196	3,651,896
Accumulated losses	(55,989,531)	(48,185,933)
Total equity	<u>26,387,845</u>	<u>20,219,900</u>

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 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Note 28. Parent entity information (continued)

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 29. 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	
		2020 %	2019 %
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 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020 \$	2019 \$
Loss after income tax expense for the year	(7,647,544)	(8,570,754)
Adjustments for:		
Depreciation and amortisation	231,235	418,489
Impairment of intangibles	-	1,380,680
Share-based payments	300,300	148,790
Foreign exchange differences	822	45,562
Impairment of receivables	266	13,526
Research and development tax incentive	1,337,112	960,172
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,023,418)	(38,880)
Decrease/(increase) in contract assets	86,910	(89,935)
Increase in prepayments	(43,026)	-
Increase/(decrease) in trade and other payables	3,884	(31,518)
Increase in contract liabilities	747,271	209,489
Increase/(decrease) in employee benefits	10,373	(93,013)
Net cash used in operating activities	<u>(5,995,815)</u>	<u>(5,647,392)</u>

Note 31. Changes in liabilities arising from financing activities

Consolidated	Bank loan \$
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Net cash from financing activities	1,106,575
Balance at 30 June 2020	<u>1,106,575</u>

Note 32. Earnings per share

	Consolidated 2020 \$	2019 \$
Loss after income tax attributable to the owners of Total Brain Limited	<u>(7,647,544)</u>	<u>(8,570,754)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	94,750,313	58,782,006
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>94,750,313</u>	<u>58,782,006</u>
	Cents	Cents
Basic earnings per share	(8.07)	(14.58)
Diluted earnings per share	(8.07)	(14.58)

The weighted average number of ordinary shares for 2019 has been restated for the effect of the 10:1 share consolidation completed in January 2020, in accordance with AASB 133 'Earnings per share'.

19,809,015 options (2019: 19,548,560 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 2020. These options could potentially dilute basic earnings per share in the future.

Note 33. 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.

Options consolidation

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.

Note 33. Share-based payments (continued)

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

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
			134,654,983	1,210,936	(122,835,701)	541,696	13,571,914

* 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 33. 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
			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

Note 33. Share-based payments (continued)

2019							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/03/2014	26/03/2019	\$0.3600	325,000	-	-	(325,000)	-
14/04/2015	14/04/2020	\$0.3750	500,000	-	-	-	500,000
22/05/2017	22/05/2022	\$0.0800	5,000,000	-	-	-	5,000,000
01/07/2017	17/05/2022	\$0.0800	4,765,377	-	-	-	4,765,377
01/07/2017	17/05/2022	\$0.1200	588,459	-	-	-	588,459
01/07/2017	17/05/2022	\$0.1600	1,176,918	-	-	-	1,176,918
16/07/2017	16/07/2022	\$0.0800	17,366,478	-	-	-	17,366,478
16/07/2017	16/07/2022	\$0.1200	4,455,493	-	-	-	4,455,493
16/07/2017	16/07/2022	\$0.1600	8,910,986	-	-	-	8,910,986
24/07/2017	24/07/2022	\$0.0800	8,951,563	-	-	-	8,951,563
24/07/2017	24/07/2022	\$0.1200	2,650,521	-	-	-	2,650,521
24/07/2017	24/07/2022	\$0.1600	5,301,042	-	-	-	5,301,042
07/08/2017	07/08/2022	\$0.0800	480,202	-	-	-	480,202
07/08/2017	07/08/2022	\$0.1200	480,202	-	-	-	480,202
07/08/2017	07/08/2022	\$0.1600	960,404	-	-	-	960,404
14/12/2017	22/05/2022	\$0.0800	28,232,956	-	-	-	28,232,956
14/12/2017	22/05/2022	\$0.1200	9,410,985	-	-	-	9,410,985
14/12/2017	22/05/2022	\$0.1600	18,821,970	-	-	-	18,821,970
08/01/2018	07/01/2023	\$0.0800	1,920,810	-	-	-	1,920,810
08/01/2018	07/01/2023	\$0.1200	1,920,810	-	-	-	1,920,810
08/01/2018	07/01/2023	\$0.1600	3,841,620	-	-	-	3,841,620
02/02/2018	19/12/2018	\$0.0800	381,901	-	-	(381,901)	-
24/02/2018	23/02/2023	\$0.0800	300,000	-	-	-	300,000
28/02/2018	27/02/2023	\$0.0800	300,000	-	-	-	300,000
01/04/2018	31/03/2023	\$0.0800	2,202,862	-	-	(603,516)	1,599,346
01/04/2018	31/03/2023	\$0.1200	1,905,833	-	-	(464,356)	1,441,477
01/04/2018	31/03/2023	\$0.1600	2,796,916	-	-	(881,837)	1,915,079
01/04/2018	31/03/2023	\$0.2400	1,905,833	-	-	(464,356)	1,441,477
13/06/2018	12/06/2023	\$0.0800	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	\$0.1200	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	\$0.1600	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	\$0.2400	146,484	-	-	(146,484)	-
29/04/2019	28/04/2024	\$0.0800	-	480,202	-	-	480,202
29/04/2019	28/04/2024	\$0.1200	-	480,202	-	-	480,202
29/04/2019	28/04/2024	\$0.1600	-	960,404	-	-	960,404
			136,441,077	1,920,808	-	(3,706,902)	134,654,983
Weighted average exercise price			\$0.1150	\$0.1300	\$0.0000	\$0.1600	\$0.1140

Note 33. Share-based payments (continued)

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

Grant date	Expiry date	2020 Number	2019 Number
21/12/2016	29/11/2021	49,950	-
14/04/2015	14/04/2020	-	500,000
22/05/2017	22/05/2022	500,000	5,000,000
01/07/2017	17/05/2022	653,076	5,942,295
16/07/2017	16/07/2022	2,627,747	21,821,971
24/07/2017	24/07/2022	1,425,260	11,602,084
07/08/2017	07/08/2022	-	960,404
14/12/2017	22/05/2022	6,046,592	47,054,926
08/01/2018	07/01/2023	384,162	1,920,810
24/02/2018	23/02/2023	30,000	120,000
28/02/2018	27/02/2023	30,000	120,000
01/04/2018	31/03/2023	336,210	2,072,948
29/04/2019	28/04/2024	-	480,202
30/04/2018	29/04/2023	9,766	-
30/04/2018	29/04/2023	9,766	-
31/07/2018	30/07/2023	20,508	-
31/12/2018	30/12/2023	7,031	-
28/02/2019	27/02/2024	12,695	-
31/03/2019	30/03/2024	6,445	-
30/04/2019	29/04/2024	4,981	-
18/03/2019	18/03/2019	12,500	-
18/03/2019	18/03/2020	12,500	-
17/06/2019	16/06/2024	12,500	-
17/06/2019	16/06/2024	12,500	-
23/10/2019	22/10/2024	6,250	-
16/01/2020	16/01/2024	206,612	-
		<u>12,417,051</u>	<u>97,595,640</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.14 years (2019: 3.05 years).

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
30/04/2018	30/04/2023	\$0.4300	\$0.8000	80.00%	-	2.43%	\$0.2290
30/04/2018	30/04/2023	\$0.4300	\$1.2000	80.00%	-	2.43%	\$0.1950
30/04/2018	30/04/2023	\$0.4300	\$1.6000	80.00%	-	2.43%	\$0.1700
30/04/2018	30/04/2023	\$0.4300	\$2.4000	80.00%	-	2.43%	\$0.1350
31/07/2018	31/07/2023	\$0.4820	\$0.8000	80.00%	-	2.30%	\$0.2680
31/07/2018	31/07/2023	\$0.4820	\$1.2000	80.00%	-	2.30%	\$0.2290
31/07/2018	31/07/2023	\$0.4820	\$1.6000	80.00%	-	2.30%	\$0.1990
31/07/2018	31/07/2023	\$0.4820	\$2.4000	80.00%	-	2.30%	\$0.1620
31/12/2018	31/12/2023	\$0.3180	\$0.8000	75.00%	-	1.99%	\$0.1360
31/12/2018	31/12/2023	\$0.3180	\$1.2000	75.00%	-	1.99%	\$0.1100
31/12/2018	31/12/2023	\$0.3180	\$1.6000	75.00%	-	1.99%	\$0.0910
31/12/2018	31/12/2023	\$0.3180	\$2.4000	75.00%	-	1.99%	\$0.0680

Note 33. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/02/2019	28/02/2024	\$0.2910	\$0.8000	75.00%	-	1.71%	\$0.1180
28/02/2019	28/02/2024	\$0.2910	\$1.2000	75.00%	-	1.71%	\$0.0950
28/02/2019	28/02/2024	\$0.2910	\$1.6000	75.00%	-	1.71%	\$0.0780
28/02/2019	28/02/2024	\$0.2910	\$2.4000	75.00%	-	1.71%	\$0.0580
31/03/2019	31/03/2024	\$0.2810	\$0.8000	75.00%	-	1.44%	\$0.1110
31/03/2019	31/03/2024	\$0.2810	\$1.2000	75.00%	-	1.44%	\$0.0890
31/03/2019	31/03/2024	\$0.2810	\$1.6000	75.00%	-	1.44%	\$0.0740
31/03/2019	31/03/2024	\$0.2810	\$2.4000	75.00%	-	1.44%	\$0.0540
30/04/2019	30/04/2024	\$0.2850	\$0.8000	75.00%	-	1.38%	\$0.1130
30/04/2019	30/04/2024	\$0.2850	\$1.2000	75.00%	-	1.38%	\$0.0910
30/04/2019	30/04/2024	\$0.2850	\$1.6000	75.00%	-	1.38%	\$0.0750
30/04/2019	30/04/2024	\$0.2850	\$2.4000	75.00%	-	1.38%	\$0.0560
31/07/2019	31/07/2024	\$0.2550	\$0.8000	70.00%	-	0.87%	\$0.0830
31/07/2019	31/07/2024	\$0.2550	\$1.2000	70.00%	-	0.87%	\$0.0630
31/07/2019	31/07/2024	\$0.2550	\$1.6000	70.00%	-	0.87%	\$0.0500
31/07/2019	31/07/2024	\$0.2550	\$2.4000	70.00%	-	0.87%	\$0.0350
31/08/2019	31/08/2024	\$0.3150	\$0.8000	70.00%	-	0.69%	\$0.1160
31/08/2019	31/08/2024	\$0.3150	\$1.2000	70.00%	-	0.69%	\$0.0900
31/08/2019	31/08/2024	\$0.3150	\$1.6000	70.00%	-	0.69%	\$0.0730
31/08/2019	31/08/2024	\$0.3150	\$2.4000	70.00%	-	0.69%	\$0.0520
30/09/2019	30/09/2024	\$0.5880	\$0.8000	75.00%	-	0.78%	\$0.3190
30/09/2019	30/09/2024	\$0.5880	\$1.2000	75.00%	-	0.78%	\$0.2680
30/09/2019	30/09/2024	\$0.5880	\$1.6000	75.00%	-	0.78%	\$0.2350
30/09/2019	30/09/2024	\$0.5880	\$2.4000	75.00%	-	0.78%	\$0.1870
18/03/2019	18/03/2024	\$0.2940	\$0.4500	75.00%	-	1.61%	\$0.1560
18/03/2019	18/03/2024	\$0.2940	\$0.4500	75.00%	-	1.61%	\$0.1560
18/03/2019	18/03/2024	\$0.2940	\$0.4500	75.00%	-	1.61%	\$0.1560
18/03/2019	18/03/2024	\$0.2940	\$0.4500	75.00%	-	1.61%	\$0.1560
17/06/2019	17/06/2024	\$0.2750	\$0.4500	75.00%	-	1.09%	\$0.1400
17/06/2019	17/06/2024	\$0.2750	\$0.4500	75.00%	-	1.09%	\$0.1400
17/06/2019	17/06/2024	\$0.2750	\$0.4500	75.00%	-	1.09%	\$0.1400
17/06/2019	17/06/2024	\$0.2750	\$0.4500	75.00%	-	1.09%	\$0.1400
23/10/2019	23/10/2024	\$0.5230	\$0.8000	75.00%	-	0.83%	\$0.2730
23/10/2019	23/10/2024	\$0.5230	\$0.8000	75.00%	-	0.83%	\$0.2730
23/10/2019	23/10/2024	\$0.5230	\$0.8000	75.00%	-	0.83%	\$0.2730
23/10/2019	23/10/2024	\$0.5230	\$0.8000	75.00%	-	0.83%	\$0.2730
10/01/2020	16/01/2024	\$0.7450	\$0.4500	70.00%	-	0.88%	\$0.4780

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 34. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

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

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, 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 2020 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

A handwritten signature in black ink, appearing to read "Dr Evian Gordon".

Dr Evian Gordon
Chairman

28 August 2020
Sydney

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 2020, 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 2020 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* (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 \$7,647,544 during the year ended 30 June 2020, and net operating cash outflows of \$5,995,815 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 \$3.9 million of revenue during the period.

AASB 15 Revenue from Contracts with Customers requires companies to assess revenue recognition using a five step model focusing on meeting performance obligations.

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:

- Understanding and documenting the key processes and controls used to record revenue;
- Reviewing revenue recognition policies and Management's assessment of the application of the five step model under AASB 15;
- Performing cut-off testing to assess whether revenue has been recorded in the correct period by inspecting supporting documentation;
- Analytically reviewing revenue values and associated ratios, with any items outside of audit expectations investigated further;
- 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
- Evaluating the adequacy of 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 \$15.0 million as at 30 June 2020.

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.

For indefinite life intangibles assets, or for intangible assets that are not yet available for use, an annual impairment test is required.

The Group has both indefinite life intangible assets and finite life intangible assets that have prima facie indicators of impairment, and hence impairment testing is required for all intangible assets.

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:

- Obtaining Management's impairment model and testing the mathematical accuracy;
- Assessing the methodology used by Management against the requirements of AASB 136;
- Assessing Management's determination of the Group's CGUs based on our understanding of the Business and the requirements of AASB 136;
- Evaluating the appropriateness of key assumptions and inputs used in the calculations, by obtaining corroborating evidence;
- Undertaking a sensitivity analysis on key inputs;
- Performing an assessment of replacement cost in relation to key asset groups in considering if the current carrying value is reasonable and supportable; and
- 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 2020, 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: http://www.auasb.gov.au/auditors_responsibilities/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 16 to 23 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Total Brain Limited, for the year ended 30 June 2020 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, 28 August 2020

The shareholder information set out below was applicable as at 3 August 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	149	86,732	1
1,001 to 5,000	273	733,496	3
5,001 to 10,000	138	1,088,499	4
10,001 to 100,000	273	9,609,672	29
100,001 and over	91	96,785,385	15
	<u>924</u>	<u>108,303,784</u>	<u>52</u>
Holding less than a marketable parcel	<u>193</u>	<u>138,876</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
CITICORP NOMINEES PTY LIMITED	32,181,835	29.71
CS THIRD NOMINEES PTY LIMITED < HSBC CUST NOM AU LTD 13 A/C >	10,507,673	9.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,224,416	5.75
HSBC CUSTODY NOMINEES	5,855,282	5.41
STUTTGART PTY LTD	3,900,001	3.60
BNP PARIBAS NOMINEES PTY LTD < IB AU NOMS RETAILCLIENT DRP >	2,886,631	2.67
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED < NO 1 ACCOUNT >	2,723,340	2.51
INVIA CUSTODIAN PTY LIMITED < TERRIBLE SUPER FUND A/C >	2,557,312	2.36
MR GARRETT WALKER	2,040,154	1.88
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,875,337	1.73
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,862,196	1.72
DR EVIAN GORDON	1,124,025	1.04
DBPC GROUP FINANCE PTY LTD < DBPC GROUP FINANCE A/C >	1,025,000	0.95
GLENEAGLE SECURITIES (AUST) PTY LTD	993,687	0.92
C & K BOTHWELL PTY LTD < BOTHWELL INVESTMENT A/C >	908,888	0.84
CEYX HOLDINGS PTY LTD	900,000	0.83
MR TIM YATES	715,441	0.66
COLEMAN FUNG	715,441	0.66
MR DAVID JOHN ACTON & MRS BROOKE ELIZABETH ACTON < THE ACTON FAMILY A/C >	620,000	0.57
MRS DIANE COLMAN	600,000	0.55
	<u>80,216,659</u>	<u>74.06</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	20,223,727	52

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Louis Gagnon	Unlisted options	6,146,593
Robert Dominic Toresco	Unlisted options	5,000,000

Substantial holders

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
CITICORP NOMINEES PTY LIMITED	32,181,835	29.71
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	10,507,673	9.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,224,416	5.75
HSBC CUSTODY NOMINEES	5,855,282	5.41

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.



ANNUAL REPORT

Year Ended 30 June 2020

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