

**Neurotech International Limited**  
**Appendix 4E**  
**Preliminary final report**

**Company details**

Name of entity: Neurotech International Limited  
ACN: 610 205 402  
Reporting period: For the year ended 30 June 2021  
Previous period: For the year ended 30 June 2020

**Results for announcement to the market**

|   |    |      |    | <b>\$000</b> |
|---|----|------|----|--------------|
| Revenues from ordinary activities   | up | 167% | to | 206          |
| Loss from ordinary activities after tax attributable to the owners of Neurotech International Limited | up | 333% | to | (7,430)      |
| Loss for the year attributable to the owners of Neurotech International Limited                       | up | 333% | to | (7,430)      |

*Dividends*

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

*Comments*

The operating loss for the Company after providing for income tax amounted to \$7,430,628 (30 June 2020: loss of \$1,713,439). The loss for year includes \$5,357,814 of Dolce Cann licence acquisition and research expenses.

**Net tangible assets**

|  | <b>Reporting<br/>period<br/>Cents</b> | <b>Previous<br/>period<br/>Cents</b> |
|--|---------------------------------------|--------------------------------------|
| Net tangible assets/(deficiency) per ordinary security (cents) | <u>0.55</u>                           | <u>(0.30)</u>                        |

**Attachments**

Additional Appendix 4E disclosure requirements can be found in the director's report and the 30 June 2021 financial statements and accompanying notes.

This report is based on the financial statements which have been audited by BDO Audit (WA).

**Signed**



**Winton Willesee**  
**Director**  
**27 August 2021**

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**NEUROTECH INTERNATIONAL LIMITED**

**ACN 610 205 402**

**ANNUAL REPORT - 30 JUNE 2021**

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## CORPORATE DIRECTORY

### DIRECTORS

Brian Leedman (Chairman)  
Mark Davies (Non-Executive Director)  
Winton Willesee (Non-Executive Director)  
Krista Bates (Non-Executive Director)  
Allan Cripps (Non-Executive Director)

### COMPANY SECRETARY

Erlyn Dale

### REGISTERED AND PRINCIPAL OFFICE

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### AUDITORS

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SUBIACO WA 6008

### SHARE REGISTRY

Automic Registry Services  
Level 2, 267 St Georges Terrace  
PERTH WA 6000  
Telephone: (08) 9324 2099

### HOME EXCHANGE

Australian Securities Exchange Ltd  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
ASX Code: NTI

### SOLICITORS

Jackson McDonald  
Level 17  
225 St Georges Terrace  
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## DIRECTORS' REPORT

The Directors present their report together with the financial report of Neurotech International Limited and its controlled entities (**Group**) for the financial year ended 30 June 2021 and the Auditor's Report thereon.

### BOARD OF DIRECTORS

The names and details of the Directors in office during the financial period and until the date of this report are set out below.

- Brian Leedman Chairman (appointed 19 October 2020)
- Mark Davies Non-Executive Director
- Winton Willesee Non-Executive Director
- Krista Bates Non-Executive Director (appointed 5 April 2021)
- Allan Cripps Non-Executive Director (appointed 19 May 2021)
- Peter Griffiths Chief Executive Officer and Managing Director (resigned 19 October 2020)
- David Cantor Non-Executive Director (resigned 19 October 2020)

### PRINCIPAL ACTIVITIES

Neurotech International Limited is a medical device and solutions company conducting clinical studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of its proprietary cannabis strains. Neurotech is also commercialising Mente, the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity.

### DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2021 (2020: Nil).

### OPERATING RESULTS

The consolidated Group's net loss after providing for income tax for the year ended 30 June 2021 amounted to \$7,430,628 (30 June 2020: \$1,713,439). Refer Note 1(c) on the preparation of the financial statements on a going concern basis.

### REVIEW OF OPERATIONS

During the financial year, to complement its Mente produce program, Neurotech focused on researching the use of cannabis to treat neurological conditions such as autism, MS, epilepsy and attention deficit hyperactivity disorder (ADHD), building on its existing work in the field of autism.

In July 2020, the Group announced that it had secured an option to acquire an exclusive worldwide licence to use proprietary cannabis strains from Australian cannabis grower Dolce Cann Global Pty Ltd ("Dolce") for medicinal use in treating autism, epilepsy and ADHD.

In August 2020, Neurotech reported encouraging early results from the first 40 samples tested as part of cannabinoid genetic profiling and analysis by ACS Laboratories ("ACS") as its first step in Neurotech's research into the potential of cannabinoids for medicinal use in treating neurological disorders.

## DIRECTORS' REPORT

Dolce has proprietary genetics sourced from 13 rare chemovars, bolstered over 20 years by selective breeding targeted for distinct purposes such as cultivation method, climate, yield, phytochemical content and harvested products including flower, seed, fibre or biomass. ACS, a leader in medicinal cannabis analytical methods, analysed samples using well-established and published High Performance Liquid Chromatography Ultraviolet (HPLC/UV) and Mass Spectrometry (MS) methods. An analytical screen was carried out on 10 major cannabinoids. ACS reported the first 40 samples returned a "wide cannabinoid profile".

In September 2020, Neurotech reported that it would proceed to in vitro trials after further positive results from analysis on the full 80 cannabis samples from Dolce supported Neurotech's plans.

ACS found all 80 samples submitted by Neurotech contained varying amounts of all major cannabinoids, including CBDV, CBDA, CBGA, CBG, CBD, THCV, CBN, THC, d8-THC, CBC and THCA. However, analysis found Neurotech's lead samples contained levels of cannabinoid CBDA of up to approx. 12%, which is promising for the Company's planned research. CBDA has been reported as a powerful active with neuromodulation, anti-anxiety and anti-inflammatory properties, showing potential for treating disorders such as ADD and seizures.

ACS' analysis allowed Neurotech to identify the top leads from the 80 samples provided by Dolce.

Following this, NTI announced it had commenced independent in vitro cell studies using human derived cell lines to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of key cannabis strains. Neurotech is believed to be one of the first groups in the world to undertake cell line studies on newly discovered cannabinoid varieties such as CBDA, CBDP and CBDB.

The in vitro studies assessed the activities of the lead Dolce strains, determined by the earlier genetic profiling, in human neuroblast cells as well as microglial cells and assays, with trials completed across three independent scientific laboratories, Monash University, University of Wollongong and RMIT in Melbourne. All three facilities are internationally recognised for their work in cannabinoid research and development.

In November and December, Neurotech announced results from its in vitro human neuronal cell studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of the proprietary NTI/Dolce cannabis strains.

These studies demonstrated that the NTI/Dolce full spectrum strains:

- Reduced inflammation within the brain cells;
- Were able to improve mitochondrial viability in the presence of an external toxic insult (glutamate);
- Increased cell health and viability in the presence of an external insult;
- Were more potent than CBD isolate alone in all tests – between 30% and 80% more potent;
- Increased the number of mitochondrial cells without any toxic insult;
- Did not have any negative effects on cell health and maintain cell viability;
- Demonstrated neuroprotective activity in the presence of insult.

NTI/Dolce full spectrum plants exhibited properties that are much more powerful and novel when compared to CBD alone. CBD alone products are currently the market leaders and considered to be the 'gold standard' in the medicinal cannabis field.

When compared to drug market leader, Aricept, which is currently used in the early management of Alzheimer's Disease ("AD"), the NTI/Dolce strains demonstrated 30% more potency (and 80% more potency than CBD alone). Aricept currently has annual sales of over \$1 billion USD and is the leading therapy in the early treatment of AD<sup>1</sup>.

Unlike CBD, these novel strains modulate various pathways which are involved in cell health, cell survival and cell maintenance. These are vital processes which are involved in the development and progression of various neurological diseases (including autism, ADHD, multiple sclerosis, Alzheimer's Disease and others).

The neuronal cell studies also demonstrated that Dolce/NTI strains regulate inflammation via Arginase 1 pathway, B-tubulin pathway and iNOS pathways. NTI strains were able to suppress and modulate the activity of iNOS – which is

<sup>1</sup> *Researchgate.net database December 2012-2019*

## DIRECTORS' REPORT

directly involved in the complex cytokine pathways relating to immunity and natural defence mechanisms. iNOS is a naturally occurring enzyme that is vital in the regulation of immunity and overall body's natural defence.

However, aberrant iNOS induction has detrimental consequences and is involved in the pathophysiology of human diseases such as Asthma, Arthritis, Multiple Sclerosis, Colitis, Psoriasis, Stroke, Alzheimer's disease and others. NTI/Dolce strains have clearly been shown to modulate iNOS regulation and allow levels to return to normal "healthy" status.

Studies were undertaken to formulate the most appropriate clinical product, with prototype development at Monash University, RMIT and Victorian College of Pharmacy. Formulation studies focused on the determination of the optimum delivery system (metered spray system) and the optimum dosage regime.

In February, Neurotech provided an update on its clinical study program, having successfully completed a series of in vitro studies that demonstrated that the NTI/Dolce strains, with the newly discovered rarer cannabinoids CBDP and CBDB, have powerful, unique properties that extend beyond CBD.

The neuro-modulatory activity of CBD has been well characterised and documented over recent years, with studies and discoveries confirming the rarer cannabinoids (CBDP and CBDB) have wider novel neuro-modulatory and neuro-protective modes of action when compared to CBD alone<sup>2</sup>. The discovery and research into these new cannabinoids offers an exciting new chapter in the field of medicinal cannabis, with the potential of offering a wider range therapeutic options to patients.

Following its successful in vitro findings, the Company engaged with clinical experts in the field of translational medicinal cannabis to design a Phase I/II study to evaluate the safety and efficacy of orally administered NTI/Dolce full spectrum medicinal cannabis plant extract in children with autism spectrum disorder ("ASD"), together with the efficacy of the Mente device.

Neurotech designed the study to assess full spectrum (multiple cannabinoid) plant with naturally less than 0.3% THC for children (aged 5 to 17) with ASD. If successful, this combination of the cannabis strains and the Mente device has the potential to be a "world-first" in the management of neurological diseases.

The Company completed several key steps including:

- Completing trial design and protocols.
- Development of a final formulation for treatment delivery to patients.
- Development of several electronic data collection systems that will be used throughout the study to capture real-time data, including electronic psychologist assessments and electronic auditing and patient compliance systems to ensure patient compliance is achieved and patient feedback is continuously received.

The Study commenced under the guidance and supervision of A/Professor Michael Fahey, Head of Paediatric Neurology Monash Children's Hospital assessing the efficacy of NTI/Dolce lead strain (FEN 164) on key behaviours primarily relating to irritability and aggression over a 16-week period (including a four-week wash out period).

NTI commenced discussions with the TGA and relevant regulatory agencies for the therapeutic expansion and registration of these novel full spectrum plants. Studies were designed to assess dose escalation, efficacy and four-week wash out period (no treatment).

Neurotech commenced a Phase I/II open label clinical study in 20 children aged between 5-17 years with autism spectrum disorder (ASD) in May 2021, marking the first time that full spectrum natural <0.3% THC medicinal cannabis strains is being assessed in people with ASD.

The study involves daily administration of NTI/Dolce FEN 164 delivered in a neutral tasting oil system and will measure standardised outcomes relating to behaviour, agitation, irritability and quality of life over 16 weeks including a four-week washout period (no treatment).

<sup>2</sup> *Nature.com: A novel phytocannabinoid isolated from Cannabis sativa L. with an in vivo cannabimimetic activity higher than Δ9-tetrahydrocannabinol: Δ9-Tetrahydrocannabiphora*

## DIRECTORS' REPORT

In July 2021, the Company announced that the clinical study was progressing as planned with extensive medical data being collected and psychological assessments carried out throughout the program. The strong rigour and robustness of the study resulted in substantial support and interest from the hospital and clinical community. The Company is in discussions with various clinical and development groups to pave the way forward with respect to Phase III clinical trials and product registration program.

Given the unique profile of the NTI/Dolce strains (naturally having less than 0.3% THC) and subject to successful clinical trials, the Company is assessing near-term cashflows opportunities via an over-the-counter (OTC) neuro anti-inflammatory product (sold via pharmacy) which will target general health and well-being categories. Inflammation is now commonly accepted as the foundation or cause of many neurological illnesses. NTI/Dolce strains have demonstrated the ability to suppress and regulate neuro-inflammation in a range of pre-clinical studies and have been shown to be more effective than CBD alone.

### *Potential benefits for MS disease management*

Multiple Sclerosis (MS) is a progressive inflammatory disease characterised by the loss of myelin sheath within the central nervous system. Typical symptoms include; fatigue, walking difficulties, impaired speech and vision. Cyclooxygenase-2 (COX-2) is considered the main enzyme responsible for causing inflammation, the common mechanism of disease involved in MS. COX-2 is a powerful clinical biomarker in the assessment of disease progression and overall therapeutic management.

Therapies that can inhibit COX-2 provide potential in the overall management of MS. Studies published by various international groups confirm that COX-2 plays an important role in the progression of MS and adjunct therapies such as Non-Steroidal Anti-inflammatory Drugs (NSAIDs) can reduce fatigue and improve cognitive abilities.

Neurotech's initial in vitro studies conducted in collaboration with the internationally recognised Neurodevelopment in Health & Disease Laboratory at RMIT University (Melbourne) demonstrated that NTI/Dolce Strains were significantly more potent than CBD alone in suppressing the production of two key inflammatory neuro-markers.

These results, summarised in the table below, reconfirm the powerful neuro-modulatory, neuro-regulatory and neuro anti-inflammatory properties of the novel NTI/Dolce Strains (which comprise rich extract of CBDA, CBGA, CBD, CBDP and <0.3% THC) compared to CBD alone, which is limited in its cellular activity. These preclinical studies will pave the way for further expansion and analysis of other neuro- markers involved in MS.

| Treatment   | Neuro-Markers  |   |
|---|--|---|
|   | <b>GM-CSF</b><br>NTI/Dolce Strain:<br>Mean +/- SEM: 59.2 +/- 7.3 (p<0.001)           | <b>TNF-alpha</b><br>NTI/Dolce Strain:<br>Mean +/- SEM: 70.1 +/- 1.75 (p<0.001)          |
| <b>NTI/Dolce Strain</b>   | Significant suppression on the activity of neuro-marker: GM-CSF N=8<br>40% reduction | Significant suppression on the activity of neuro-marker: TNF-alpha N=8<br>30% reduction |
| <b>CBD alone</b>  | N=8<br>No significant effect   | N=8<br>No significant effect  |
| <ul style="list-style-type: none"> <li>Studies were carried out using Multiplex Quantitation System. The system allows for the accurate measurement of these neuro-markers levels. Measurements are done via fluorescence and expressed as F1 values.</li> <li>Positive controls: Interleukin and Interferon activity at 100%.</li> <li>All results are compared to positive control expressed as 100% activation.</li> </ul> |  |   |

Key neuro-markers involved in the onset and progression of MS include:

- Granulocyte Granulocyte-macrophage colony-stimulating factor (GM-CSF)
- Tumour Necrosis Factor (TNF-alpha)

## DIRECTORS' REPORT

- Interferon (IFN)
- Interleukins (IL-2).

NTI is committed to the development of a solid scientific portfolio for the expansion of application and use of the NTI/Dolce Strains beyond autism. Further preclinical studies will determine mode of action and safety to design and undertake a Phase I/II clinical study in MS. There are several very powerful neuro-markers that are currently being used to assess disease onset and progression. The ability to suppress or regulate these markers may be very beneficial in the overall disease management.

Neurotech had further success on its in-vitro studies using human brain cells to assess and validate the anti-inflammatory and neuro-modulatory properties of its proprietary NTI/Dolce cannabis leads.

Preclinical studies targeting potential MS treatments has demonstrated that NTI/Dolce cannabis strains can suppress and inhibit the expression of COX-2 in human derived microglial cells. When compared to CBD alone, NTI/Dolce strains were up to three times more powerful in suppressing COX-2 both pre and post inflammatory insult (refer table below).

| N   | Control Avg            | DOLCE/NTI            | CBD Avg              | Positive control vs DOLCE/NTI treatment | Positive control vs CBD alone treatment |
|---|------------------------|----------------------|----------------------|---|---|
| <i>Pre-Inflammatory Exposure (exposure 1 hour prior to inflammatory insult)</i>   |                        |                      |                      |   |   |
| 9   | 94.47 +/- 5.90 (SEM)   | 53.67 +/- 6.41 (SEM) | 84.82 +/- 7.65 (SEM) | P = 0.0003                              | P = 0.3237                              |
| <i>Pre-Inflammatory Exposure (exposure 1 hour after inflammatory insult)</i>  |                        |                      |                      |   |   |
| 9   | 104.26 +/- 11.08 (SEM) | 21.10 +/- 6.82 (SEM) | 76.32 +/- 7.95 (SEM) | P < 0.0001                              | P = 0.0566                              |
| <ul style="list-style-type: none"> <li>• NTI/Dolce is more potent than CBD alone in suppressing COX-2 expression in human microglial cells.</li> <li>• DAPI cell viability stain: No cell death was detected and assessed as per the DAPI cell staining method.</li> <li>• Cells were viable throughout these in vitro studies.</li> <li>• Positive control/ Inflammatory activation: Interleukin and Interferon gamma</li> </ul> |                        |                      |                      |   |   |

Next stage pre-clinical studies will compare NTI/Dolce strains against current pharmaceutical treatment options which have multiple long term use side effect implications.

### *Agreement with CannaPacific*

In March, Neurotech announced a strategic cultivation partnership with CannaPacific Limited ("CannaPacific") to grow and maintain genetic stock and assist in the development of elite varietal strains developed by NTI and Dolce Cann through their exclusive licencing agreement. The partnership enables NTI to prepare for expanded clinical studies in larger patient groups. Neurotech designed the trial parameters to form the basis for larger future studies to assess the efficacy of these strains in a broader patient population in respect of autism and related neurological disorders.

CannaPacific will store the genetic stock and assist in the development of NTI's exclusively licensed Dolce varietal strains within CannaPacific's Northern NSW cultivation facility.

CannaPacific is licenced and permitted by the Australian Government (Office of Drug Control) to cultivate and research medicinal cannabis which is a requirement to commence sales under the TGA Special Access Scheme.

### *Mente device*

Neurotech has continued the development, and commercialisation of Mente, pursuing its business model including engaging with partners on sales and distribution, whilst also using Mente as part of its cannabis research to discover if a complimentary therapeutic benefit occurs when used in conjunction with the cannabis strains. It may also be used to monitor the progress of certain subjects.

### **Corporate**

#### *Board Changes*

In October 2020, NTI appointed experienced biotechnology entrepreneur Brian Leedman as Non-executive Chairman.

## DIRECTORS' REPORT

Mr Leedman has more than 15 years' experience in the biotechnology sector and is the founder and former director of several ASX-listed biotechnology companies that have achieved large returns for shareholders. Neurotech appointed Mr Leedman following its completion of an acquisition for an exclusive worldwide licence to use proprietary cannabis strains for medicinal use in treating autism, epilepsy and ADHD.

Mr Leedman is the Co-founder of Oncosil Medical and Biolife Sciences Limited (acquired by Imugene Limited) and formerly non-executive Director of Alcidion Corporation, Chairman of NeuroScientific Biopharmaceuticals and Chairman (WA) of Ausbiotech. He is currently the Chairman of Nutritional Growth Solutions and Executive Director and Co-founder of ResApp Health.

Mr Peter Griffiths transitioned from his role as a Director and Chief Executive Officer of the Company to Chief Executive Officer of the Company's Maltese subsidiary AAT Research Ltd, overseeing the Company's Mente program, and Dr David Cantor retired from the Board of the Company.

Neurotech appointed Krista Bates as a Non-executive Director, effective 5 April 2021.

Ms Bates is an experienced non-executive and executive director of listed companies and various private companies in multiple jurisdictions. She is commercially experienced, particularly talented in turnarounds, structuring, risk mitigation and strategic rollout of commercial initiatives. She has an exceptional legal background with over 23 years' experience in the legal market, with extensive experience working in emerging markets in both a commercial and legal capacity.

Ms Bates is currently a Non-executive Director of AusCann Holdings (ASX:AC8), Australian Cannabis Ventures and Australia-Africa Minerals & Energy Group. She is formerly a Corporate Partner at Lavan law firm, where she was Head of the Mining & Resources Group and the Medical Cannabis Group. She is the founder of KB Corporate Advisors which provides legal and corporate advisory services.

Formerly, she has held both Executive and Non-executive Directorship roles at Credit Intelligence (ASX:CI1) and Fastjet, London, Nairobi, Harare and Dar es Salaam (LSE:FJET), and Corporate Partner roles at Anjarwalla & Khanna (Nairobi, Kenya) and Clyde & Co (London and Dar es Salaam, Tanzania).

In May 2021, Neurotech appointed Professor Allan Cripps AO as a Non-Executive Director.

Professor Cripps is a Professor Emeritus in the School of Medicine and Dentistry and the Menzies Health Institute Queensland at Griffith University, Australia. He is a member of the Infection and Immunity Research Team at the Menzies Health Institute Queensland at Griffith University, Australia. He is recognised nationally and internationally as a distinguished academic, clinical scientist and health services leader and has made significant contributions in immunology, vaccine development, diagnostics health services delivery and professional health education. The focus of Professor Cripps' research activities over the last five decades have been in the field of immunology and inflammation. In 2015 he was awarded an Officer of the Order of Australia (AO) in recognition of his contributions to mucosal immunization, public health and higher education.

Professor Cripps has experience in the development of immunity in children and mucosal immune mechanisms, in recent years he has made a significant contribution to the field of immunology through translational research and human clinical studies. Professor Cripps is also a co-inventor on several patents in the fields of diagnostic technology and vaccine protein antigens for respiratory infection. He has published more than 325 peer reviewed scientific papers and presented at many national and international scientific conference.

In 2012, he launched the first international peer-reviewed journal exclusively focused on pneumonia as a means for bringing together knowledge related to pathogenesis, treatment and prevention of this disease and remains the Journal's Founding Editor. Pneumonia is the single largest cause of death in children globally.

Professor Cripps is a member of journal VACCINE Council of 100. This Council is made up of 100 of the world's leading vaccine researchers and clinicians and provides advice on vaccine development to both the Journal and other organisations globally. He is also a member of the Immunisation Coalition and a member of the Coalition's Scientific Advisory Committee and is currently appointed to industry advisory boards for advice on strategies related to the development of vaccines for respiratory infections in children and adults including those with chronic lung conditions.

## DIRECTORS' REPORT

### *Biotechnology Licence Deed with Dolce Cann Global Pty Ltd ("Licence Deed")*

Key terms of Neurotech's agreement with Dolce were announced on 3 July 2020. Under these terms, NTI has the right to acquire an exclusive worldwide licence to utilise Dolce's proprietary cannabis strains (both existing and new variations as developed) for medicinal use in treating autism, epilepsy and ADHD ('Licence') on the following basis:

- (a) Consideration of a non-refundable deposit of \$50,000 to Dolce's nominated bank account on or before 10 July 2020;
- (b) expending \$200,000 in accordance with an agreed budget;
- (c) NTI to have standard rights of pre-emption and first rights of refusal in respect of Dolce's Cannabis Strains and all Intellectual Property Rights associated with the Cannabis Strains.
- (d) In consideration of NTI acquiring the licence:
  - a. Dolce or its nominees were issued the following securities by NTI:
    - i. 33,000,000 fully paid ordinary shares in NTI and 33,000,000 unlisted options (exercisable at \$0.01 each and expiring 31 Jan 2023); and
    - ii. 33,000,000 fully paid ordinary shares in NTI upon successful stage 1 in-vitro assay assessments being completed.
  - b. Dolce or its nominee will be issued a further 33,000,000 fully paid ordinary shares in NTI upon successful stage 1 clinical trials being completed.
- (e) Dolce (or nominees) will also be entitled to a 2.5% net sales royalty in respect of all sales which utilise the cannabis strains for neuro disorders.

If at any time after spending the \$200,000 and issuing any of the shares as per clause (d) above, NTI elects not to pursue the project with continued funding and support, Dolce will have the right to buy back 100% of the project and all associated intellectual property by providing NTI with the royalty set out in clause (d) (iv) above. The royalty will be capped at \$5,000,000 if NTI has not spent more than \$1,000,000 in cash on the project before Dolce elects to buy back in accordance with this clause.

On 30 September 2020, Neurotech advised that it had executed a Biotechnology Licence Deed for the exclusive worldwide licence to use proprietary cannabis strains for medicinal use in treating autism, epilepsy and ADHD. This represented the last condition precedent for completion of the acquisition by NTI of its rights to the cannabis strains, completing the acquisition.

In March 2021, Neurotech announced an expansion of its licence with Dolce Cann Global. The exclusive licence was expanded to include all neurological disorders, specifically - autism, epilepsy, ADHD, Alzheimer's disease, Huntington's disease, Multiple Sclerosis, Transverse Myelitis, inflammatory brain disease, fibromyalgia, chronic fatigue, migraine and any other disorder, disease or affliction affecting the human brain function.

In consideration for the licensors agreeing to vary the licence deed, the Company as licensee issued 15,000,000 shares to Dolce on 15 March 2021. A further 15,000,000 performance rights was issued to the nominees of Dolce and will vest upon the Company successfully completing a small-scale clinical trial based on a neurological disorder (excluding Autism, Epilepsy or ADHD) by 1 March 2023.

### *Commercial agreement with Brain Therapeutics*

In September 2020, Neurotech announced it had secured Brain Therapeutics as its Mente autism distributor in Greece. With many years of experience bringing premium products, services and support to the healthcare market in Greece and 12 more countries (66 million population), Brain Therapeutics is a central nervous system specialty company focused on three therapeutic areas: psychiatry, neurology and pain. Brain Therapeutics is focused on the high unmet need in the sophisticated area of CNS and the team has collectively more than 100 years' experience within brain disorders, along with commercial capabilities acquired through years of experience in multinational pharma. In addition, the team has a strong network among CNS key opinion leaders.

An autism breakthrough, clinically proven Mente helps ASD children to learn to engage positively with their

## DIRECTORS' REPORT

environment. Mente is the world's only personalised neurofeedback therapy clinically proven to help children with ASD self-regulate attention and mood.

### *Capital raising and capital structure*

In July 2020, the Group received commitments to raise a total of \$500,000 before expenses through the issue of 100,000,000 ordinary shares at an issue price of \$0.005 per share, with 32,250,000 of these ordinary shares issued on 22 July 2020, raising \$161,250 before expenses and with the issue of the remaining 67,750,000 ordinary shares on 7 September 2020, raising \$338,750 before expenses.

On 31 August 2020 shareholders approved a series of resolutions for the issue of equity in relation to the Dolce transaction, debt to equity conversions, and a capital raising. The issues of the securities, being:

- 67,750,000 Shares at an issue price of \$0.005 per share to Placement Participants, which were issued on 7 September 2020 (as mentioned above);
- 33,000,000 Shares and 33,000,000 Options pursuant to the Licence Deed between the Company and Dolce (as mentioned above);
- 5,000,000 ordinary shares and 5,000,000 free options were issued to an unrelated party for arranging the acquisition of the Licence between Dolce and its associates, and the Company; and
- 35,349,127 ordinary shares to Directors in lieu of outstanding Director fees.

On 6 November 2020, 15,096,786 NTIOPT7 Options (\$0.005, 31 Jan 2023) were exercised into 15,096,786 shares, raising \$75,484.

In November, the Company received commitment for a Placement for a total of 113,636,364 new ordinary fully paid shares at an issue price of \$0.022 per share to raise a total of \$2,500,000 before costs ("November 2020 Placement").

The November 2020 Placement was undertaken in two tranches. The first tranche of 97,000,000 shares (\$2.13m) was issued under the Company's Listing Rule 7.1 and 7.1A capacity and the second tranche of 16,636,364 shares (\$0.37m) was issued following shareholder approval at a General Meeting on 22 December 2020. Shareholders also approved Chairman Brian Leedman subscribing for \$50,000 worth of shares in the Placement. Neurotech allocated the funds to its Mente project, the further development of its proprietary cannabis strains through initial clinical trials, the costs of the Placement and working capital purposes.

On 11 December 2020, the Company issued the following securities:

- 8,987,832 Shares upon the exercise of 5,000,000 NTIOPT8 Options (\$0.01, 31 Jan 2023) and 3,987,832 NTIOPT6 Options (\$0.0084, 31 Jan 2023), raising a total of \$83,498.
- 1,750,000 Shares issued in lieu of cash fees payable to a supplier of the Company at a deemed issue price of \$0.05 per share.

On 17 December 2020, the Company issued 4,000,000 NTIOPT9 Options (\$0.038, 30 Nov 2023), 10,000,000 NTIOPT10 Options (\$0.015, 31 Oct 2023) and 10,000,000 NTIOPT11 Options (\$0.02, 31 Oct 2023), pursuant to resolutions 5, 6(a) and 6(b) respectively of the Notice of Meeting dated 20 October 2020.

On 21 December 2020, the Dolce milestone 1 was successfully met and resulted in the Company issuing an additional 33,000,000 shares on 22 December 2020. Further on 22 December 2020, the Company issued 10,000,000 options (\$0.03, 22 Dec 2022) to Max Capital Pty Ltd in consideration for various corporate advisory and other services to the Company.

On 4 March 2021, 2,500,000 NTIOPT12 Options (\$0.03, 22 Dec 2022) were exercised into 2,500,000 shares, raising \$75,000. On 15 March 2021, 23,796,786 NTIOPT7 Options (\$0.005, 31 Jan 2023) were exercised into 23,796,786 shares, raising \$118,983.

## DIRECTORS' REPORT

In consideration for the licensors agreeing to vary the licence deed, the Company as licensee issued 15,000,000 shares to Dolce on 15 March 2021. A further 15,000,000 performance rights was issued to the nominees of Dolce and will vest upon the Company successfully completing a small-scale clinical trial based on a neurological disorder (excluding Autism, Epilepsy or ADHD) by 1 March 2023.

In March 2021, Neurotech announced it had reached an agreement with the Merchant Opportunities Fund to underwrite the shortfall from the exercise of 26,122,966 listed Options which were due to expire on 31 March 2021. Neurotech received a total of \$1.56 million from the exercise of the Options and the underwritten shortfall at \$0.06 (6 cents).

The Company also received binding commitments for a placement to raise \$2.0 million (before costs) via the issue of 36,363,637 fully paid ordinary shares at \$0.055 (5.5 cents) per share to sophisticated and professional investors. The placement shares were issued under the Company's remaining placement capacity pursuant to ASX Listing Rule 7.1A. Merchant Group Pty Ltd was Lead Manager to the placement.

The funds raised by the option exercise and placement allowed the Company flexibility to increase patient numbers in its Phase I/II human clinical trial focussed on paediatric patients who suffer from autism and related disorders. Funds were also allocated for marketing of the Mente device, for working capital and pay costs of the offer. Placement shares were settled and allotted on 15 March 2021 and Shortfall shares were settled and allotted on 16 April 2021 ("2021 March Placement").

The Company issued a further 11,942,048 shares on 16 April 2021, 10,000,000 NTIOPT13 Options and 10,000,000 NTIOPT14 Options on 12 May 2021 to Merchant Group Pty Ltd as fees in part for the underwriting of the expired NTIO Listed Options and for being lead manager of the 2021 March Placement.

On 16 April 2021, 20,000,000 NTIOPT7 Options (\$0.005, 31 Jan 2023) were exercised into 20,000,000 shares, raising \$100,000.

On 12 May 2021, 2,000,000 shares were issued to the nominees of CannaPacific Pty Ltd as consideration for services provided under an agreement.

On 19 May 2021, 10,000,000 NTIOPT13 Options (\$0.06, 31 Dec 2021) were exercised into 10,000,000 shares, raising \$600,000.

### *Meeting Results*

At a General Meeting of shareholders held on 31 August 2020, all resolutions put to the meeting passed via a poll. Resolutions were as follows:

1. Ratification of issue of Tranche 1 Placement Shares to Placement Participants
2. Approval to issue Tranche 2 Placement Shares to Placement Participants
3. Approval to issue Shares and Options to Dolce Cann Global Pty Ltd
4. Approval to issue Shares and Options to Crown Luggers Pty Ltd
5. (a) Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Mark Davies  
(b) Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Winton Willesee  
(c) Approval to issue Shares to Directors to pay outstanding Directors fees – Mr Peter Griffiths  
(d) Approval to issue Shares to Directors to pay outstanding Directors fees – Dr David Cantor

At its Annual General Meeting on 30 November 2020, all resolutions put to the meeting passed via a poll. Resolutions were as follows:

1. Adoption of the Remuneration Report
2. Re-election of Mr Winton Willesee as a Director
3. Re-election of Mr Brian Leedman as a Director

## DIRECTORS' REPORT

4. Approval to issue Shares to Dolce Cann Global Pty Ltd
5. (a) Approval to issue Options to Directors – Mr Winton Willesee  
(b) Approval to issue Options to Directors – Mr Mark Davies
6. (a) Approval to Issue Options to Director – Brian Leedman  
(b) Approval to Issue Options to Director – Brian Leedman
7. Approval of Additional 10% Placement Facility

On 22 December 2020, Neurotech held a General Meeting of Members in Perth. All resolutions passed via a poll. Resolutions were as follows:

1. Ratification of issue of Tranche 1 Placement Shares to Placement Participants
2. Approval to issue Tranche 2 Placement Shares to Placement Participants
3. Approval for Director to participate in the Placement
4. Approval to issue Options to Max Capital Pty Ltd

On 7 May 2021, Neurotech held a General Meeting of Members in Perth. All resolutions passed via a poll. Resolutions were as follows:

1. Ratification of issue of Placement Shares to Placement Participants
2. Approval to issue Underwriting Options to Merchant Group Pty Ltd
3. Approval to issue Fee Options to Merchant Group Pty Ltd
4. Ratification of issue of Licensee Shares to Dolce Cann Pty Ltd
5. Approval to issue Performance Rights to Dolce Cann Pty Ltd for the Expanded Licence
6. Approval to issue Shares to CannPacific Pty Ltd

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than detailed in the Review of Operations, there were no significant changes in the state of affairs of the Group during the financial year.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### IMPACT OF COVID-19 GLOBAL PANDEMIC

The impact of the Coronavirus (COVID-19) pandemic is ongoing and is causing delay to business development activities and meetings. Whilst it has had limited financial impact for the consolidated entity up to 30 June 2021, 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.

### OUTLOOK

In addition to the Dolce Cann licence agreement detailed above, the Group remains committed to the development of Mente. The Board is reviewing the options for it to continue the development of Mente which includes accessing sufficient funding in a suitably attractive form to shareholders to fund the continued development.

The overarching consideration of the Board is to maximise the value of its assets for the benefit of its shareholders.

## DIRECTORS' REPORT

### AGM

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on or before 24 November 2021.

In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 6 October 2021.

Any nominations must be received in writing no later than 5.00pm (WST) on 6 October 2021 at the Company's registered office.

### ENVIRONMENTAL REGULATION

#### *National Greenhouse and Energy Reporting Act 2007*

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Entity is not subject to the *National Greenhouse and Energy Reporting Act 2007*.

### BOARD OF DIRECTORS

#### Brian Leedman – Chairman

**Experience and Expertise** Mr Leedman is formerly the Chairman (WA) of Ausbiotech, Founder and Executive Director of ResApp Health, Founder of Oncosil Medical and Biolife Sciences Limited (acquired by Imugene Limited) and Non-executive Director of Alcidion Corporation and former Chairman of NeuroScientific Biopharmaceuticals.

He is presently the Chairman of NeuroScientific Biopharmaceuticals and Chairman of Nutritional Growth Solutions. He holds a BEc and an MBA from the University of Western Australia and has over 15 years' experience in the biotechnology sector.

**Other Current Directorships** None

**Former Directorships in last 3 years** None

**Special Responsibilities** Chairman of the Board

**Interests in Shares and Options** 3,206,316 ordinary shares  
10,000,000 unlisted \$0.015 options expiring 31 October 2023  
10,000,000 unlisted \$0.02 options expiring 31 October 2023

## DIRECTORS' REPORT

### Mark Davies – Non-Executive Director

**Experience and Expertise** Mark Davies graduated from the University of Western Australia with a Bachelor of Commerce. He has over 20 years' experience in trading, investment banking and providing corporate advice. He worked at Montagu Stockbrokers before co-founding investment banking firm Cygnet Capital and more recently 1861 Capital. Mark specialises in providing corporate advice and capital raising services to emerging companies seeking business development opportunities and funding from the Australian market.

**Other Current Directorships** None

**Former Directorships in last 3 years** None

**Interests in Shares and Options** 7,793,017 ordinary shares  
2,000,000 unlisted \$0.0189 options expiring 18 November 2022  
2,000,000 unlisted \$0.038 options expiring 30 November 2023

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## DIRECTORS' REPORT

### Winton Willesee – Non-Executive Director

**Experience and Expertise** Mr Willesee is an experienced company director and secretary with over 20 years' experience in various roles within the Australian capital markets.

Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

He has a core expertise in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.

Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.

**Other Current Directorships** Non-Executive Chairman of New Zealand Coastal Seafoods Limited (ASX:NZS)  
Chairman of UUV Aquabotix Ltd (ASX:UUV)  
Non-Executive Director of MMJ Group Holdings Limited (ASX:MMJ)  
Non-Executive Director of Nanollose Limited (ASX:NC6)

**Former Directorships in last 3 years** Non-Executive Director of eSense Lab Ltd (ASX:ESE) (Delisted from ASX on 10 August 2021)

**Interests in Shares and Options** 5,132,436 ordinary shares  
2,000,000 unlisted \$0.0189 options expiring 18 November 2022  
2,000,000 unlisted \$0.038 options expiring 30 November 2023

### Krista Bates – Non-Executive Director (appointed 5 April 2021)

**Experience and Expertise** Ms Bates is an experienced non-executive and executive director of listed companies (Australian Stock Exchange and London Stock Exchange) and various private companies in multiple jurisdictions. She is commercially experienced, particularly talented in turnarounds, structuring, risk mitigation and strategic roll-out of commercial initiatives. She has an exceptional legal background with over 23 years' experience in the legal market, with extensive experience working in emerging markets in both a commercial and legal capacity.

Ms Bates is currently a Non-executive Director of AusCann Holdings (ASX:AC8), Australian Cannabis Ventures and Australia-Africa Minerals & Energy Group. She was also a Corporate Partner at Lavan law firm, where she is Head of Mining & Resources Group and Head of Medical Cannabis Group. She is the founder of KB Corporate Advisors which provides legal and corporate advisory services.

**Other Current Directorships** Non-executive Director of AusCann Holdings (ASX:AC8)

**Former Directorships in last 3 years** None

**Interests in Shares and Options** 450,000 ordinary shares  
500,000 unlisted \$0.09 options expiring 30 April 2023 (to be approved at the Annual General Meeting)

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## DIRECTORS' REPORT

### Allan Cripps – Non-Executive Director (Appointed 19 May 2021)

**Experience and Expertise** Professor Cripps is currently a Professor Emeritus in the School of Medicine and Dentistry and the Menzies Health Institute Queensland at Griffith University, Australia. He is a member of the Infection and Immunity Research Team at the Menzies Health Institute Queensland at Griffith University, Australia.

He is recognised nationally and internationally as a distinguished academic, clinical scientist and health services leader and has made significant contributions in immunology, vaccine development, diagnostics health services delivery and professional health education. The focus of Professor Cripps' research activities over the last 5 decades have been in the field of immunology and inflammation. In 2015 he was awarded an Officer of the Order of Australia (AO) in recognition of his contributions to mucosal immunization, public health and higher education.

Professor Cripps has experience in the development of immunity in children and mucosal immune mechanisms, in recent years he has made a significant contribution to the field of immunology through translational research and human clinical studies. Professor Cripps is also a co-inventor on several patents in the fields of diagnostic technology and vaccine protein antigens for respiratory infection. He has published over 325 peer reviewed scientific papers and presented at many national and international scientific conferences.

**Other Current Directorships** Non-executive Director of BARD1 Life Sciences Limited

**Former Directorships in last 3 years** None

**Interests in Shares and Options** 180,000 ordinary shares  
500,000 unlisted \$0.09 options expiring 30 April 2023 (to be approved at the Annual General Meeting)

### Peter Griffiths – CEO and Managing Director (resigned 19 October 2020)

**Experience and Expertise** Peter J.L. Griffiths, B.Sc. (Hons), draws on his more than 20 years of leadership experience in the software industry. As EVP and Group Executive at CA Technologies, he was responsible for investment and strategy across the five business units that drove the company's leadership in IT Management Cloud, Application Development, Operations, DevOps and Security for enterprise and growth markets. As a member of the company's Executive Management Team; Mr. Griffiths also oversaw all aspects of Operations, M&A activity, Industry Solutions, and the CA Technologies Innovation Center, driving mobile-first software products and the transition to SaaS offerings and business models.

### David Cantor – Non-Executive Director (resigned 19 October 2020)

**Experience and Expertise** A highly distinguished clinician, neuroscientist, program developer and a member of the Group's Scientific Advisory Board, Dr Cantor's career spans more than 40 years in the academic and clinical neuroscience sector.

He is currently the CEO and Clinical Director of Mind and Motion Developmental Centers of Georgia, a multidisciplinary treatment facility providing a range of diagnostic and treatment services to children and adults seeking help with neurological disorders such as autism, ADHD, traumatic brain injury and sensory processing disorders. He is also the CEO and Managing Partner of BrainDx, an international software Group that produces functional brain analytic software through computer assisted quantitative EEG (QEEG) reports and big database

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## DIRECTORS' REPORT

measures of brain development.

### COMPANY SECRETARY

#### Erlyn Dale – Company Secretary

##### Experience and Expertise

Miss Dale is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries.

Miss Dale began her career in corporate recovery and restructuring at Ferrier Hodgson and is now the Managing Director of corporate services firm, Azalea Consulting, which provides outsourced company secretarial, accounting and administration services to a portfolio of ASX-listed companies.

Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

### DIRECTORS' MEETINGS

Attendances by each Director during the year were as follows:

| Director        | Number Eligible to Attend | Number Attended |
|-----------------|---------------------------|-----------------|
| Brian Leedman   | 8                         | 8               |
| Mark Davies     | 9                         | 9               |
| Winton Willesee | 9                         | 9               |
| Krista Bates    | 3                         | 2               |
| Allan Cripps    | 2                         | 2               |
| Peter Griffiths | 1                         | 1               |
| David Cantor    | 1                         | 1               |

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and the Group and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group and the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Group.

#### Key Management Personnel disclosed in the Report

Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

##### *Directors*

|                 |  |
|-----------------|--|
| Brian Leedman   | Chairman (appointed 19 October 2020)                                     |
| Mark Davies     | Non-Executive Director   |
| Winton Willesee | Non-Executive Director   |
| Krista Bates    | Non-Executive Director (appointed 5 April 2021)                          |
| Allan Cripps    | Non-Executive Director (appointed 19 May 2021)                           |
| Peter Griffiths | Chief Executive Officer and Managing Director (resigned 19 October 2020) |
| David Cantor    | Non-Executive Director (resigned 19 October 2020)                        |

#### Remuneration Governance

The full Board filling the role of the Nomination and Remuneration Committee is responsible with respect to the following:

- (a) remuneration policies and practices;
- (b) remuneration of the Executive Officer and Executive Directors;
- (c) composition of the Board; and
- (d) performance Management of the Board and of the Executive Officer.

## DIRECTORS' REPORT

### *Use of Remuneration Consultants*

During the year, the Group has not required or used any remuneration consultants.

### *Executive Remuneration Policy and Framework*

The full Board reviews and make recommendations regarding the following:

- (a) strategies in relation to Executive remuneration policies;
- (b) compensation arrangements for the Chairman, Non-Executive Directors, CEO, and other Senior Executives as appropriate;
- (c) performance related incentive policies;
- (d) the Group's recruitment, retention and termination policies;
- (e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;
- (f) the appointment of Board members;
- (g) the evaluation of the performance of the CEO;
- (h) consideration of potential candidates to act as Directors; and
- (i) succession planning for Board members.

### *Key Management Personnel Remuneration Policy*

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors including particularly the skills and experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, subject to review with the Board proposing a review in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group.

The structure of the performance-based elements of an Executive's remuneration are designed to encourage retention of the Executives while also rewarding short term performance of the individual and long-term performance of the Group, and therefore contributing to the wealth of the Group's shareholders. Executives are subject to an annual performance review against objectives relevant to their role, and the performance against these objectives is used to determine the amount of their annual short-term incentive bonus received.

## DIRECTORS' REPORT

### Key Management Personnel Compensation

The compensation of the Group's Key Management Personnel is disclosed below:

| 2021 Key Management Person     | Short-term Benefits |            |                               |                     | Termination Benefits      | Share-based payment |                |                                 | Total (\$)     | Performance related |
|--------------------------------|---------------------|------------|-------------------------------|---------------------|---------------------------|---------------------|----------------|---------------------------------|----------------|---------------------|
|                                | Salary (\$)         | Bonus (\$) | Post Retirement benefits (\$) | Other benefits (\$) | Termination Benefits (\$) | Shares (\$)         | Options (\$)   | Total Share Based Payments (\$) |                |                     |
| <b>DIRECTORS</b>               |                     |            |                               |                     |                           |                     |                |                                 |                |                     |
| Brian Leedman <sup>1</sup>     | 85,000              | -          | -                             | -                   | -                         | -                   | 431,617        | 431,617                         | 516,617        | -                   |
| Mark Davies <sup>2 3</sup>     | 43,600              | -          | -                             | -                   | -                         | 38,809              | 36,204         | 75,013                          | 118,613        | -                   |
| Winton Willesee <sup>2 3</sup> | 39,954              | -          | -                             | -                   | -                         | 30,116              | 36,204         | 66,320                          | 106,274        | -                   |
| Krista Bates *                 | 9,555               | -          | -                             | -                   | -                         | -                   | 8,291          | 8,291                           | 17,846         | -                   |
| Allan Cripps *                 | 4,758               | -          | -                             | -                   | -                         | -                   | 3,051          | 3,051                           | 7,809          | -                   |
| Peter Griffiths <sup>2</sup>   | (19,222)            | -          | -                             | -                   | -                         | 84,448              | 24,583         | 109,031                         | 89,809         | 27%                 |
| David Cantor <sup>2</sup>      | 12,043              | -          | -                             | -                   | -                         | 22,665              | -              | 22,665                          | 34,708         | -                   |
| <b>TOTAL</b>                   | <b>175,688</b>      | <b>-</b>   | <b>-</b>                      | <b>-</b>            | <b>-</b>                  | <b>176,038</b>      | <b>539,950</b> | <b>715,988</b>                  | <b>891,676</b> |                     |

<sup>1</sup> On 17 December 2020, pursuant to shareholder approval Mr Leedman was issued with 10,000,000 unlisted \$0.015 options expiring 31 October 2023 and 10,000,000 unlisted \$0.02 options expiring 31 October 2023. These were valued at \$431,617 using the Black-Scholes option valuation model with the following inputs:

|                             |            |            |
|-----------------------------|------------|------------|
| Number of options in series | 10,000,000 | 10,000,000 |
| Grant date share price      | \$0.029    | \$0.029    |
| Exercise price              | \$0.015    | \$0.02     |
| Expected volatility         | 112%       | 112%       |
| Option life                 | 34 months  | 34 months  |
| Dividend yield              | nil        | nil        |
| Interest rate               | 0.11%      | 0.11%      |

## DIRECTORS' REPORT

<sup>2</sup> On 30 September 2020, ordinary shares were issued to directors in lieu of outstanding director's fees following shareholder approval. The remuneration expense was recorded at fair value of \$0.013 per share, and the expense recognised in the year ended 30 June 2020 was \$283,500. The expense recognised in the financial year ended 30 June 2021 in order to reflect the fair value of the shares issued was \$176,039.

<sup>3</sup> On 17 December 2020, pursuant to shareholder approval Mr Davies and Mr Willesee were each issued with 2,000,000 unlisted \$0.0038 options expiring 30 November 2023. These were valued at \$36,204 for each director using the Black-Scholes option valuation model with the following inputs:

|                             |           |
|-----------------------------|-----------|
| Number of options in series | 4,000,000 |
| Grant date share price      | \$0.029   |
| Exercise price              | \$0.038   |
| Expected volatility         | 112%      |
| Option life                 | 35 months |
| Dividend yield              | nil       |
| Interest rate               | 0.11%     |

\* On appointment as a director, the Company agreed to seek shareholder approval for the issue of 500,000 unlisted options to Ms Bates and Professor Cripps, exercisable at \$0.09 and expiring on 12 April 2023, and conditional on remaining a director until the 2021 Annual General Meeting. Shareholder approval for the issue of these options is to be sought at the 2021 Annual General Meeting. The options were valued using the using the Black-Scholes option valuation model with the following inputs:

|                             | <i>Ms Bates</i> | <i>Prof Cripps</i> |
|-----------------------------|-----------------|--------------------|
| Number of options in series | 500,000         | 500,000            |
| Grant date share price      | \$0.076         | \$0.055            |
| Exercise price              | \$0.09          | \$0.09             |
| Expected volatility         | 120%            | 120%               |
| Option life                 | 25 months       | 23 months          |
| Dividend yield              | nil             | nil                |
| Interest rate               | 0.1%            | 0.1%               |
| Valuation                   | \$22,078        | \$13,662           |

## DIRECTORS' REPORT

| 2020 Key Management Person   | Short-term Benefits |            |                               |                     | Termination Benefits      | Share-based payment          |               |                                 | Total (\$)     | Performance related |
|------------------------------|---------------------|------------|-------------------------------|---------------------|---------------------------|------------------------------|---------------|---------------------------------|----------------|---------------------|
|                              | Salary (\$)         | Bonus (\$) | Post Retirement benefits (\$) | Other benefits (\$) | Termination Benefits (\$) | Shares and Share Rights (\$) | Options (\$)  | Total Share Based Payments (\$) |                |                     |
| <b>DIRECTORS</b>             |                     |            |                               |                     |                           |                              |               |                                 |                |                     |
| Mark Davies <sup>1</sup>     | 52,000              | -          | -                             | -                   | -                         | -                            | 16,800        | 16,800                          | 68,800         | -                   |
| Winton Willesee <sup>1</sup> | 40,008              | -          | -                             | -                   | -                         | -                            | 16,800        | 16,800                          | 56,808         | -                   |
| Peter Griffiths <sup>1</sup> | 282,169             | -          | -                             | -                   | -                         | -                            | 45,298        | 45,298                          | 327,467        | 14%                 |
| David Cantor <sup>1</sup>    | 40,000              | -          | -                             | -                   | -                         | -                            | 16,800        | 16,800                          | 56,800         | -                   |
| <b>TOTAL</b>                 | <b>414,177</b>      | <b>-</b>   | <b>-</b>                      | <b>-</b>            | <b>-</b>                  | <b>-</b>                     | <b>95,698</b> | <b>95,698</b>                   | <b>509,875</b> |                     |

On 19 November 2019 6,000,000 options were issued to Directors Mr Davies, Mr Willesee and Mr Cantor following approval by shareholders at the 2019 Annual General Meeting. A remuneration expense of \$50,400 has been recognised during the year in relation to these options which were valued using the Black Scholes model with the following inputs:

|                             |           |
|-----------------------------|-----------|
| Number of options in series | 6,000,000 |
| Grant date share price      | \$0.014   |
| Exercise price              | \$0.0189  |
| Expected volatility         | 100%      |
| Option life                 | 3 years   |
| Dividend yield              | 0.00%     |
| Interest rate               | 1.00%     |

<sup>1</sup> Directors' fees for Mr Mark Davies and Mr Winton Willesee had not been paid since they were appointed on 16<sup>th</sup> April 2019. Mr David Cantor's director fees had not been paid since August 2018 and Mr Peter Griffiths consultancy fees had not been paid since November 2018.

The amount payable at 30 June 2020 to Mr Davies was \$62,833 to Mr Willesee was \$48,454, Mr Griffiths was \$240,288 and Mr Cantor was \$36,667. On 30 November 2020 the Company's shareholders approved the conversion of the \$283,500 of debt owed to the directors to equity.

## DIRECTORS' REPORT

### Equity Instruments Disclosure Relating to Key Management Personnel

#### Shares:

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

| Name             | Balance at the start of the year | Acquired as part of remuneration | Acquired on market | Disposed           | Held at resignation | Balance at the end of the year |
|------------------|----------------------------------|----------------------------------|--------------------|--------------------|---------------------|--------------------------------|
| <b>Directors</b> |                                  |                                  |                    |                    |                     |                                |
| Brian Leedman    | -                                | -                                | 3,206,316          | -                  | -                   | 3,206,316                      |
| Mark Davies      | -                                | 7,793,017                        | -                  | -                  | -                   | 7,793,017                      |
| Winton Willesee  | 337,906                          | 6,047,382                        | -                  | (1,252,852)        | -                   | 5,132,436                      |
| Krista Bates     | -                                | -                                | 270,000            | -                  | -                   | 270,000                        |
| Allan Cripps     | -                                | -                                | -                  | -                  | -                   | -                              |
| Peter Griffiths  | 7,292,378                        | 16,957,606                       | -                  | -                  | (24,249,984)        | -                              |
| David Cantor     | 142,857                          | 4,551,122                        | -                  | -                  | (4,693,979)         | -                              |
| <b>Total</b>     | <b>7,773,141</b>                 | <b>35,349,127</b>                | <b>3,476,316</b>   | <b>(1,252,852)</b> | <b>(28,943,963)</b> | <b>16,401,769</b>              |

## DIRECTORS' REPORT

### Options

Number of options held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

| Name            | Balance at the start of the year | Acquired as part of remuneration | Disposed | Held at resignation | Balance at the end of the year |
|-----------------|----------------------------------|----------------------------------|----------|---------------------|--------------------------------|
| Brian Leedman   | -                                | 20,000,000                       | -        | -                   | 20,000,000                     |
| Mark Davies     | 2,000,000                        | 2,000,000                        | -        | -                   | 4,000,000                      |
| Winton Willesee | 2,000,000                        | 2,000,000                        | -        | -                   | 4,000,000                      |
| Krista Bates    | -                                | 500,000                          | -        | -                   | 500,000                        |
| Allan Cripps    | -                                | 500,000                          | -        | -                   | 500,000                        |
| Peter Griffiths | 16,624,878                       | -                                | -        | (16,624,878)        | -                              |
| David Cantor    | 2,000,000                        | -                                | -        | (2,000,000)         | -                              |
| <b>Total</b>    | <b>22,624,878</b>                | <b>25,000,000</b>                | <b>-</b> | <b>(18,624,878)</b> | <b>29,000,000</b>              |

### Voting and comments made at the Group's 2020 Annual General Meeting

The Group received a 99.37% "yes" votes on its remuneration report for the 2020 financial year (2019: 96.4% yes). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## DIRECTORS' REPORT

### Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

For the year ended 30 June 2021 the aggregate amount recognised during the year relating to Directors, Key Management Personnel and their related parties were as follows.

| Director   | Transaction                         | Transactions value for the year ended 30 June |               | Balance outstanding as at 30 June |               |
|--|-------------------------------------|---|---------------|-----------------------------------|---------------|
|  |                                     | 2021 (\$)                                     | 2020 (\$)     | 2021 (\$)                         | 2020 (\$)     |
| Winton Willesee (Director and Shareholder (via an associated entity) of Azalea Consulting Pty Ltd) | Corporate administration services   | 124,120                                       | 40,950        | -                                 | 40,950        |
| Winton Willesee (Director and Shareholder (via an associated entity) of Valle Corporate Pty Ltd)   | Bookkeeping and accounting services | 21,409  | 18,625        | 918                               | 18,625        |
| <b>Total</b>   |                                     | <b>145,529</b>                                | <b>59,575</b> | <b>918</b>                        | <b>59,575</b> |

Payments to Azalea Consulting Pty Ltd (director related entity of Winton Willesee) for corporate administration services including company secretarial and accounting services and front and registered office services. Payments to Valle Corporate Pty Ltd (director related entity of Winton Willesee) for bookkeeping and financial reporting services fees.

***This is the end of the Audited Remuneration Report.***

## DIRECTORS' REPORT

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

#### (a) Indemnification

The Group has agreed to indemnify the current Directors and Group Secretary of the Group against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as Directors and Group Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Group will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

#### (b) Insurance Premiums

During the year ended 30 June 2021, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company 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.

### NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board in the absence of an Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and
- (b) the non-audit services provided do not undermine the general principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
|--|-------------------|-------------------|
| <b>Other Services</b>                        |                   |                   |
| BDO Corporate Finance                        | -                 | 1,168             |
| <b>Total remuneration for other services</b> | -                 | <b>1,168</b>      |

### SHARES

As at the date of this report there are 696,819,126 (2020: 215,215,629) ordinary shares on issue.

## DIRECTORS' REPORT

### OPTIONS

All options granted confer a right of one ordinary share for every option held.

The Group has the following unlisted options on issue as at 30 June 2021:

| Grant Date | Expiry Date | Exercise Price | Balance at end of the year | Vested and exercisable |
|------------|-------------|----------------|----------------------------|------------------------|
|            |             | (\$)           | Number                     | Number                 |
| 18/11/2019 | 18/11/2024  | \$0.0589       | 6,500,000                  | 6,500,000              |
| 18/11/2019 | 18/11/2024  | \$0.0199       | 5,429,754                  | 5,429,754              |
| 18/11/2019 | 18/11/2022  | \$0.0189       | 10,000,000                 | 10,000,000             |
| 06/04/2020 | 31/01/2023  | \$0.005        | 16,590,356                 | 16,590,356             |
| 30/09/2020 | 31/01/2023  | \$0.010        | 33,000,000                 | 33,000,000             |
| 17/12/2020 | 31/10/2023  | \$0.015        | 10,000,000                 | 10,000,000             |
| 17/12/2020 | 31/10/2023  | \$0.020        | 10,000,000                 | 10,000,000             |
| 17/12/2020 | 30/11/2023  | \$0.038        | 4,000,000                  | 4,000,000              |
| 22/12/2020 | 22/12/2022  | \$0.030        | 7,500,000                  | 7,500,000              |
| 12/05/2021 | 12/05/2023  | \$0.090        | 10,000,000                 | 10,000,000             |
|            |             |                | <b>113,020,110</b>         | <b>113,020,110</b>     |

The options issues on 3 March 2020 (all exercised during the year) and 6 April 2020 were issued pursuant to the conversion of \$300,000 of Convertible Notes.

### DIVERSITY

|  | Number of Females |
|--|-------------------|
| Female employees in the whole organisation | 3                 |
| Females in Senior Executive Positions      | 0                 |
| Females on the Board                       | 1                 |

The Group does not have documented diversity targets, the Group makes employment decisions based on requirements of the role to be filled and does not make employment decisions based on the gender of potential candidates. The establishment of diversity targets has the potential to result in the Group making employment decisions giving undue consideration to gender.

## DIRECTORS' REPORT

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 31.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors.



Winton Willesee

Non-Executive Director

Dated at Perth, Western Australia, 27 August 2021

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## CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available at the Group's website at:

<http://neurotechinternational.com/investor-centre/corporate-governance>

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**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NEUROTECH INTERNATIONAL LIMITED**

As lead auditor of Neurotech International Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Neurotech International Limited and the entities it controlled during the period.



**Glyn O'Brien**  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 27 August 2021

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

|   | Notes | CONSOLIDATED       |                    |
|---|-------|--------------------|--------------------|
|   |       | 30 June 2021 (\$)  | 30 June 2020 (\$)  |
| <b>CONTINUING OPERATIONS</b>  |       |                    |                    |
| Revenue   | 3     | 206,144            | 77,366             |
| Other income  | 4     | 19,527             | 4,730              |
| Cost of sales   | 5     | (16,233)           | (31,483)           |
| Reversal of obsolete stock provision                                  | 5     | 50,565             | 28,482             |
| Professional consultant and advisory expenses                         |       | (381,518)          | (115,459)          |
| Professional legal expenses   |       | (19,183)           | (34,537)           |
| Corporate and administration expenses                                 |       | (269,308)          | (509,798)          |
| Depreciation and amortisation expenses                                |       | -                  | (81,082)           |
| Finance expenses  | 5     | (1,709)            | (423,674)          |
| Advertising and marketing expenses                                    |       | (12,510)           | (18,427)           |
| Employee benefits expense   |       | (414,639)          | (487,794)          |
| Share based payments expense  | 6     | (1,216,843)        | (45,298)           |
| Research expense  | 7     | (5,357,814)        | -                  |
| Equipment and materials direct cost                                   |       | (13,992)           | (51,893)           |
| Other expenses  |       | (3,115)            | (24,572)           |
| <b>LOSS BEFORE INCOME TAX</b>   |       | <b>(7,430,628)</b> | <b>(1,713,439)</b> |
| Income tax benefit  | 8     | -                  | -                  |
| <b>LOSS AFTER INCOME TAX</b>  |       | <b>(7,430,628)</b> | <b>(1,713,439)</b> |
| Other comprehensive income/(loss)                                     |       | -                  | -                  |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |       |                    |                    |
| Exchange difference on translation of foreign operations              |       | (26,702)           | (10,067)           |
| <b>Total comprehensive loss for the period</b>                        |       | <b>(7,457,330)</b> | <b>(1,723,506)</b> |
| <b>Basic loss per share (cents per share)</b>                         | 23    | <b>(1.51)</b>      | <b>(1.11)</b>      |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

|   | Notes | CONSOLIDATED      |                   |
|---|-------|-------------------|-------------------|
|   |       | 30 June 2021 (\$) | 30 June 2020 (\$) |
| <b>CURRENT ASSETS</b>                       |       |                   |                   |
| Cash and cash equivalents                   | 11    | 4,827,370         | 12,358            |
| Trade and other receivables                 | 12    | 178,514           | 61,691            |
| Right of use asset                          |       | -                 | 6,756             |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <b>5,005,884</b>  | <b>80,805</b>     |
| <b>TOTAL ASSETS</b>                         |       | <b>5,005,884</b>  | <b>80,805</b>     |
| <b>CURRENT LIABILITIES</b>                  |       |                   |                   |
| Trade and other payables                    | 13    | 349,418           | 672,897           |
| Short-term borrowings                       |       | -                 | 46,582            |
| Lease liability                             |       | -                 | 7,619             |
| <b>TOTAL CURRENT LIABILITIES</b>            |       | <b>349,418</b>    | <b>727,098</b>    |
| <b>NON-CURRENT LIABILITIES</b>              |       |                   |                   |
| Contingent consideration                    | 14    | 795,000           | -                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b>        |       | <b>795,000</b>    | <b>-</b>          |
| <b>TOTAL LIABILITIES</b>                    |       | <b>1,144,418</b>  | <b>727,098</b>    |
| <b>NET ASSETS / (NET ASSET DEFICIENCY)</b>  |       | <b>3,861,466</b>  | <b>(646,293)</b>  |
| <b>EQUITY</b>                               |       |                   |                   |
| Contributed Equity                          | 15    | 25,750,378        | 15,498,123        |
| Reserves                                    | 16    | 3,444,952         | 1,758,820         |
| Accumulated Losses                          | 17    | (25,333,864)      | (17,903,236)      |
| <b>TOTAL EQUITY/ (DEFICIENCY IN EQUITY)</b> |       | <b>3,861,466</b>  | <b>(646,293)</b>  |

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

|   | Contributed Equity<br>(\$) | Accumulated<br>Losses (\$) | Capital Reserve<br>(\$) | Share-based<br>Payment Reserve<br>(\$) | Foreign Currency<br>Translation<br>Reserve (\$) | Total (\$)         |
|---|----------------------------|----------------------------|-------------------------|--|---|--------------------|
| <b>FINANCIAL YEAR ENDED 30 JUNE 2021</b>                                |                            |                            |                         |  |   |                    |
| <b>Balance at 1 July 2020</b>   | <b>15,498,123</b>          | <b>(17,903,236)</b>        | -                       | <b>1,681,269</b>                       | <b>77,551</b>                                   | <b>(646,293)</b>   |
| (Loss) for the year   | -                          | (7,430,628)                | -                       | -                                      | -   | (7,430,628)        |
| Exchange Difference   | -                          | -                          | -                       | -                                      | <b>(26,702)</b>                                 | (26,702)           |
| <b>Total comprehensive (loss)</b>                                       | -                          | <b>(7,430,628)</b>         | -                       | -                                      | <b>(26,702)</b>                                 | <b>(7,457,330)</b> |
| Transactions with equity holders in their capacity<br>as equity holders |                            |                            |                         |  |   |                    |
| Share issues  | 10,465,844                 | -                          | -                       | -                                      | -   | 10,465,844         |
| Shares Issued to Directors  | 459,539                    | -                          | -                       | -                                      | -   | 459,539            |
| Share based payments – Note 6   | -                          | -                          | -                       | 1,040,904                              | -   | 1,040,904          |
| Options issued for acquisition of Dolce Cann<br>licence                 | -                          | -                          | -                       | 441,896                                | -   | 441,896            |
| Options issued to Merchant Capital                                      | -                          | -                          | -                       | 207,535                                | -   | 207,535            |
| Options issued to Max Capital   | -                          | -                          | -                       | 22,499                                 | -   | 22,499             |
| Share issue costs   | (673,128)                  | -                          | -                       | -                                      | -   | (673,128)          |
| <b>Balance at 30 June 2021</b>  | <b>25,750,378</b>          | <b>(25,333,864)</b>        | -                       | <b>3,394,103</b>                       | <b>50,849</b>                                   | <b>3,861,466</b>   |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

|  | Contributed Equity<br>(\$) | Accumulated<br>Losses (\$) | Capital Reserve<br>(\$) | Share-based<br>Payment Reserve<br>(\$) | Foreign Currency<br>Translation<br>Reserve (\$) | Total (\$)         |
|--|----------------------------|----------------------------|-------------------------|--|---|--------------------|
| <b>FINANCIAL YEAR ENDED 30 JUNE 2020</b>                             |                            |                            |                         |  |   |                    |
| <b>Balance at 1 July 2019</b>  | <b>15,099,925</b>          | <b>(16,181,019)</b>        | -                       | <b>1,290,889</b>                       | <b>87,618</b>                                   | <b>297,413</b>     |
| Adoption of AASB16 - Leases – Note 1(d)                              | -                          | (8,778)                    | -                       | -                                      | -   | <b>(8,778)</b>     |
| (Loss) for the year  | -                          | (1,713,439)                | -                       | -                                      | -   | <b>(1,713,439)</b> |
| Exchange Difference  | -                          | -                          | -                       | -                                      | (10,067)  | <b>(10,067)</b>    |
| <b>Total comprehensive (loss)</b>                                    | -                          | <b>(1,713,439)</b>         | -                       | -                                      | <b>(10,067)</b>                                 | <b>(1,723,506)</b> |
| Transactions with equity holders in their capacity as equity holders |                            |                            |                         |  |   |                    |
| Conversion of convertible notes – Note 5                             | 405,335                    | -                          | -                       | 261,083                                | -   | <b>666,418</b>     |
| Shares Issued to Directors   | -                          | -                          | -                       | -                                      | -   | -                  |
| Share based payments – Note 6  | -                          | -                          | -                       | 129,297                                | -   | <b>129,297</b>     |
| Share issue costs  | (7,137)                    | -                          | -                       | -                                      | -   | <b>(7,137)</b>     |
| <b>Balance at 30 June 2020</b>                                       | <b>15,498,123</b>          | <b>(17,903,236)</b>        | -                       | <b>1,681,269</b>                       | <b>77,551</b>                                   | <b>(646,293)</b>   |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

|   | Notes | CONSOLIDATED       |                   |
|---|-------|--------------------|-------------------|
|   |       | 30 June 2021 (\$)  | 30 June 2020 (\$) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |       |                    |                   |
| Receipts from customers                                   |       | 71,953             | 68,700            |
| Other receipts  |       | 19,527             | 2,975             |
| Payments to suppliers and employees                       |       | (2,406,433)        | (753,832)         |
| Interest paid   |       | (1,709)            | (2,429)           |
| Interest received   |       | 134                | 1,755             |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>              | 18    | <b>(2,316,528)</b> | <b>(682,831)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |       |                    |                   |
| Proceeds from issue of shares                             |       | 7,620,629          | -                 |
| Proceeds from issue of options                            |       | 200                | -                 |
| Proceeds from issue of convertible notes                  |       | -                  | 300,000           |
| Payment of share issue costs                              |       | (443,479)          | -                 |
| Repayment of borrowings                                   |       | (46,582)           | (79,493)          |
| Proceeds from borrowings                                  |       | -                  | -                 |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>          |       | <b>7,130,768</b>   | <b>220,507</b>    |
| <b>Net increase/(decrease) in cash held</b>               |       | <b>4,814,240</b>   | <b>(462,324)</b>  |
| Effect of foreign exchange on cash balances               |       | 772                | -                 |
| Cash and cash equivalents at beginning of financial year  |       | 12,358             | 474,682           |
| <b>Cash and cash equivalents at end of financial year</b> | 11    | <b>4,827,370</b>   | <b>12,358</b>     |

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) General Information

Neurotech International Limited (Company) or (Entity) is a public Company limited by shares, incorporated in Australia with operations in Malta. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

Neurotech International Limited is a medical device and solutions company conducting clinical studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of its proprietary cannabis strains. Neurotech is also commercialising *Mente*, the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Neurotech International Limited is a for profit entity for the purpose of preparing the Financial Statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The timing of full recovery from COVID-19 on the part of our employees, customers and suppliers and the economy is uncertain at this stage. The full impact of COVID-19 and timing of easing of restrictions continues to evolve as at the date of this report.

#### (i) Compliance with IFRS

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 27th August 2021.

#### (ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

#### (iii) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (c) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2021 the Group made an operating loss of \$7,430,628 (2020: loss of \$1,713,439), had cash outflows from operating activities of \$2,316,528 (2020: \$682,831).

The Company had cash on hand as at 30 June 2021 of \$4,827,370 (2020: \$12,358) and net assets of \$3,861,466 (2020: net asset deficiency of \$646,293). Accordingly, the Directors believe that there are reasonable grounds to believe that the Company and consolidated entity will continue as a going concern.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

### (d) Impact of the adoption of new Accounting Standards

There were no new accounting Standards adopted by the Group during the financial year.

#### Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

#### (i) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model, inputs used in valuing share-based payments, including options, are estimates.

#### (ii) Treatment of costs incurred for Research and Development

The Group's consideration of whether its internal projects to develop medical devices are in a research phase or development phase involves significant judgement.

The Group considers a project to be in a development phase when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- there is intention to complete the project;
- the existence of a market to be able to sell output resulting from the completion of the project;
- how the intangible asset will generate probable future economic benefits;
- there is adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- expenditure attributable to the project can be reliably measured.

When the above 6 criteria are met, the Group will recognise an intangible asset in relation to the project, otherwise costs incurred to date on the project are expensed as incurred.

### (e) Principles of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all the subsidiaries that Neurotech International Limited ('the Parent Entity') has the power to control the Consolidated Entity when the Group is exposed to, or has rights to, variable returns from its involvement with the Consolidated Entity and has the ability to affect those returns through its power to direct the activities of the Consolidated Entity, the financial and operating policies as at 30 June 2021 and the results of all subsidiaries for the year ended 30 June 2021. All intercompany balances and transactions between the Group and the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

#### *Subsidiaries*

Subsidiaries are all entities controlled by the Consolidated Entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's Financial Statements, investments in subsidiaries are carried at cost. The Financial Statements of the subsidiary are prepared for the same reporting period as the Group, using consistent accounting policies. 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.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from inter-entity transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries held by Neurotech International Limited are accounted for at cost in the separate Financial Statements of the Group less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

### (f) Foreign Currency translation

#### *Functional and presentation currency*

Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars (A\$), which is Neurotech International Limited's functional and presentation currency. The functional currency of the subsidiaries of Neurotech International Limited incorporated in Malta is the Euro (EUR€).

#### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### *Translation of Foreign Operations*

The Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### **(g) Revenue recognition**

The Group's revenue is substantially from the sale of Mente devices, which to date are principally sold through Distributors which Neurotech has Distribution Agreements with Sales are recognised when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the distribution agreement, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

With the exception of devices which are defective, Distributors are not able to return devices to Neurotech, that is, there is no "Right of Return", consequentially it is not necessary for the Group to consider the probability of units being returned which would lead to the recognition of a refund liability, and a right of return asset.

### **(h) Other income**

#### *Interest Income*

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### *Government Grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### **(i) Research and development**

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (j) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not be reversed in the foreseeable future. Current and deferred tax balances relating to amounts are recognised directly in equity.

Neurotech International Limited and its resident subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

### (k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

### (l) Inventories

Inventories consist of autism related neurofeedback medical equipment being held for resale and are valued at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the expected selling expenses.

### (m) 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 provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Other receivables are recognised at amortised cost, less any provision for impairment.

### (n) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

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

### (o) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### (p) Financial Assets

#### Classification

All the Group's financial assets are classified in the category of "financial assets at amortised cost". Management determines the classification of financial assets at initial recognition.

#### Measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

### (q) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

The annual rates used for this purpose, which are consistent with those used in previous years, are as follows:

|                                 |        |
|---------------------------------|--------|
| Furniture and fittings          | 20%    |
| Computer equipment and software | 20-25% |
| Medical and other equipment     | 25%    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### (r) Intangible assets

#### *Project Development Costs*

Development costs that are directly attributable to the design and testing of identifiable and unique medical equipment products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the medical equipment product include the development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Medical equipment product development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

#### *Patents and trademarks*

Patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring to use the respective medical equipment. These costs are amortised over their estimated useful lives of 5 to 15 years. Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of up to 15 years and are carried at cost less accumulated amortisation and impairment losses.

### (s) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to the end of the period, whether or not billed to the Group before reporting date. Trade accounts payable are normally settled within 60 days.

Financial liabilities are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method and are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (t) Borrowings

Borrowings are recognised initially at the proceeds received and net of issue costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of issue costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective yield method.

### (u) Employee Benefits

#### *Short term Employee Benefit Obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

#### *Other long-term Employee Benefit Obligations*

The Group does not recognise a liability for annual leave at reporting date, annual leave taken during the course of employment and annual leave paid to employees upon termination of employment is recognised in the financial statements of the Group when the employee is paid for their leave.

#### *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognised termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the Entity recognised costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### (v) Share-based payments

Share-based payments which have been granted to employees comprise of shares, share rights and share options.

#### *Shares*

The value of shares granted and issued to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share capital). The value of shares granted and vested to key management personnel in one year, which will be issued in a future year are recognised as an employee benefit expense with a corresponding increase in equity (share capital reserve). Upon issuing of the shares, the value in the share capital reserve will be transferred to share capital.

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). Upon vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital.

The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Share rights

The value of share rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). In the year in which the share rights become vested, the value of share rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital. The basis for the value recognised for each share right is the price at the time when the terms of the grant are agreed between the Group and the counter party.

### Share options

The fair value of options granted to employees (including Key Management Personnel) is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, 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.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### (w) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

### (x) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

### (y) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (z) Fair Value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables, current payables and current borrowings are assumed to approximate their fair value.

### (aa) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Segment Information

The Directors have considered the requirements of AASB 8 – Operating segments. Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

One segment is identified, being Medical Device Development and Distribution. The Group's business includes the commercialisation of Mente, the world's first home therapy that is clinically proven to increase engagement and improve relaxation in autistic children with elevated Delta band brain activity. Concurrently the Group is conducting clinical studies to assess the neuro-protective, anti-inflammatory and neuro-modulatory activities of its proprietary NTI/Dolce cannabis strains.

### 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue represents the value of medical equipment and services sold by the Group.

|                      | CONSOLIDATED      |                   |
|----------------------|-------------------|-------------------|
|                      | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Sales Mente Products | 206,144           | 77,366            |
|                      | <b>206,144</b>    | <b>77,366</b>     |

### 4. OTHER INCOME

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Shipping of Sales Products              | 223               | 2,975             |
| Interest Income                         | 135               | 1,755             |
| Proceeds on sale of plant and equipment | 19,170            | -                 |
|   | <b>19,527</b>     | <b>4,730</b>      |

### 5. EXPENSES

#### Cost of sales expenses

|                                      | CONSOLIDATED      |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Cost of units sold (Mente Products)  | 16,233            | 31,483            |
| Reversal of obsolete stock provision | (50,565)          | (28,482)          |
|                                      | <b>(34,332)</b>   | <b>3,001</b>      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Finance expenses

|                                     | CONSOLIDATED      |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Interest – bank overdraft           | 1,709             | 2,809             |
| Finance expense - leases            | -                 | 2,429             |
| Finance expense - Convertible Notes | -                 | 418,436           |
|                                     | <b>1,709</b>      | <b>423,674</b>    |

During the year ended 30 June 2020 the Group issued convertible notes with a face value of \$300,000 that were subsequently converted to shares and options and a finance expense was recognised based on the fair value of equity instruments issued in excess of the face value of the convertible notes as noted below.

### 6. SHARE BASED PAYMENTS EXPENSE

The primary purpose of share-based payments is to remunerate Directors, other Key Management Personnel and Service providers for the services rendered to the Group.

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Expense recognised for the year for options previously issued to Peter Griffiths | 24,583            | 45,298            |
| Options issued to directors  | 515,367           | -                 |
| Adjustment to valuation of shares issued to directors for director's fees        | 176,040           | -                 |
| Options issued to Max Capital  | 202,487           | -                 |
| Options issued to Merchant Capital   | 298,366           | -                 |
|  | <b>1,216,843</b>  | <b>45,298</b>     |

#### Options issued to Peter Griffiths

The share-based payments expense for the year ended 30 June 2021, included an amount of \$45,298 representing the continued vesting of the options issued to the Group's CEO Peter Griffiths on 1 December 2018. The issue of options was approved by shareholders at the November 2019 Annual General Meeting.

The assessed fair value of these options was determined using a Black-Scholes option pricing model with the following inputs:

| Input                  | Tranche 1 | Tranche 2 | Total      |
|------------------------|-----------|-----------|------------|
| Number of options      | 6,500,000 | 5,429,754 | 11,929,754 |
| Underlying share price | \$0.0190  | \$0.0190  |            |
| Exercise price         | \$0.0589  | \$0.0199  |            |
| Expected volatility    | 100%      | 100%      |            |
| Expiry date (years)    | 5.0       | 5.0       |            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Input              | Tranche 1       | Tranche 2       | Total            |
|--------------------|-----------------|-----------------|------------------|
| Expected dividends | -               | -               |                  |
| Risk free rate     | 1.03%           | 1.03%           |                  |
| <b>Value</b>       | <b>\$71,221</b> | <b>\$76,074</b> | <b>\$147,295</b> |

The options vest over the period of service up to 1 December 2020 and accordingly the options have been expensed over the vesting period. The amounts expensed during the year ended 30 June 2021 are shown below:

| Name                        | No. of options    | 2021 Expense \$ | 2020 Expense \$ |
|-----------------------------|-------------------|-----------------|-----------------|
| Peter Griffiths (Tranche 1) | 6,500,000         | 16,888          | 21,903          |
| Peter Griffiths (Tranche 2) | 5,429,754         | 18,039          | 23,395          |
| <b>Total</b>                | <b>11,929,754</b> | <b>34,927</b>   | <b>45,298</b>   |

### Options issued to Directors

On 30 November 2020 20,000,000 options with an expiry date of 31 October 2023 and 4,000,000 options with an expiry date of 30 November 2023 were issued to Directors following approval by shareholders at General Meeting on the same date. A remuneration expense of \$504,025 has been recognised during the year in relation to these options which were valued using the Black Scholes option valuation model with the following inputs:

|                             | Unlisted options<br>NTIOPT10 | Unlisted options<br>NTIOPT11 | Unlisted options<br>NTIOPT9 |
|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Number of options in series | 10,000,000                   | 10,000,000                   | 4,000,000                   |
| Grant date share price      | \$0.029                      | \$0.029                      | \$0.029                     |
| Exercise price              | \$0.015                      | \$0.020                      | \$0.038                     |
| Expected volatility         | 112%                         | 112%                         | 112%                        |
| Option life                 | 34 months                    | 34 months                    | 35 months                   |
| Dividend yield              | 0.00%                        | 0.00%                        | 0.00%                       |
| Interest rate               | 0.11%                        | 0.11%                        | 0.11%                       |

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2021 are provided in the Remuneration Report on pages 19 to 26.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Options issued to Max Capital

On 22 December 2020 the Company issued 9,000,000 options with an exercise price of \$0.03 and an expiry date of 22 December 2022 to Max Capital Pty Ltd for professional services. The expense of \$202,487 was calculated using the Black Scholes option valuation model using the following inputs:

|                             | Unlisted options<br>NTIOPT12 |
|-----------------------------|------------------------------|
| Number of options in series | 9,000,000                    |
| Grant date share price      | \$0.036                      |
| Exercise price              | \$0.03                       |
| Expected volatility         | 116%                         |
| Option life                 | 2 years                      |
| Dividend yield              | 0.00%                        |
| Interest rate               | 0.09%                        |

A further 1,000,000 options with the same terms were issued to Max Capital for services relating to the capital raising and have been treated as capital raising costs.

### Options issued to Merchant Capital

On 12 May 2021 the Company issued 10,000,000 options with an exercise price of \$0.09 and an expiry date of 12 May 2023 to Merchant Capital Pty Ltd for professional services. The expense of \$298,366 was calculated using the Black Scholes option valuation model using the following inputs:

|                             | Unlisted options<br>NTIOPT14 |
|-----------------------------|------------------------------|
| Number of options in series | 10,000,000                   |
| Grant date share price      | \$0.058                      |
| Exercise price              | \$0.09                       |
| Expected volatility         | 120%                         |
| Option life                 | 2 years                      |
| Dividend yield              | 0.00%                        |
| Interest rate               | 0.08%                        |

### Performance rights issued to Dolce Cann

On 30 June 2021 the Company issued 15,000,000 performance rights to Dolce Cann Global Pty Ltd following approval by shareholders at General Meeting 7 May 2021. The Performance Rights automatically vest and convert into shares upon satisfaction of the vesting condition being the successful completion by or on behalf the Company of a small-scale clinical trial based on a Neuro Disorder (excluding autism, epilepsy or ADHD) by 1 March 2023.

The expense, which has been recognised a non-current liability as deferred consideration of \$795,000 was calculated by reference to the following inputs:

|  | Performance Rights |
|--|--------------------|
| Number issued                                      | 15,000,000         |
| Issue date share price                             | \$0.053            |
| Face value at issue date                           | \$795,000          |
| Probability of vesting                             | 100%               |
| Expense recognised for the year ended 30 June 2021 | \$795,000          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. RESEARCH EXPENSES

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Cash consideration for acquisition of Dolce Cann Licence       | 50,000            | -                 |
| Shares issued pursuant to the prospectus dated 26 August 2020  | 494,000           | -                 |
| Shares issued upon achievement of Stage 1 milestones           | 1,188,000         | -                 |
| Shares issued upon extension to the Biotechnology licence      | 960,000           | -                 |
| Shares issued to Canna Pacific                                 | 116,000           | -                 |
| Options issued pursuant to the prospectus dated 26 August 2020 | 441,896           | -                 |
| Contingent consideration – Performance Rights                  | 795,000           | -                 |
| Other project expenses   | 1,312,918         | -                 |
|  | <b>5,357,814</b>  | -                 |

During the period the Company acquired an exclusive worldwide licence to utilise proprietary cannabis strains from Dolce Cann Global Pty Ltd ('Dolce') for medicinal use in treating neurological disorders including autism, epilepsy and ADHD. As part of this acquisition and pursuant to the prospectus dated 26 August 2020, the Company issued 38,000,000 ordinary shares and 38,000,000 options with an exercise price of \$0.01 and an expiry date of 31 January 2023.

On 22 December 2020 a further 33,000,000 ordinary shares were issued to Dolce, or its nominees, upon successful completion of the Stage 1 milestone in vitro assay assessments being completed.

On 15 March 2021 a further 15,000,000 ordinary shares were issued to Dolce, or its nominees, for the extension of the biotechnology licence.

On 12 May 2021 2,000,000 ordinary shares were issued to Canna Pacific Limited for contracted services provided.

The Stage 2 milestone is the completion of successful stage 1 clinical trials. Upon completion of this milestone, Dolce, or its nominees, will be issued 33,000,000 fully paid ordinary shares in the Company. As at the date of this report, due to the early stage of clinical trials it is not practical for the Directors to determine the value of any future share payment in respect to the Stage 2 milestone.

All share issue expenses were calculated using the closing share price applicable on the date the shares were issued. The option expense was calculated under the Black-Scholes option valuation model.

#### Options issued on acquisition of Dolce Cann licence

The expense of \$441,896 was calculated using the Black Scholes option valuation model using the following inputs:

|                             | Unlisted options<br>NTIOPT8 |
|-----------------------------|-----------------------------|
| Number of options in series | 38,000,000                  |
| Grant date share price      | \$0.015                     |
| Exercise price              | \$0.01                      |
| Expected volatility         | 139%                        |
| Option life                 | 34 months                   |
| Dividend yield              | 0.00%                       |
| Interest rate               | 0.28%                       |

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. INCOME TAX

The current taxation charge comprises taxation at 27.5% on the profit generated by one of the Group's entities as adjusted for tax purposes.

A deferred taxation asset arising on temporary differences and unused tax losses has not been recognised in these financial statements.

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 June 2021 (\$) | 30 June 2020 (\$) |
| <b>The numerical reconciliation between tax expense and the accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:</b> |                   |                   |
| Accounting (loss) before income tax   | (6,636,100)       | (1,713,439)       |
| Income tax benefit calculated at the Group's statutory income tax rate of 27.5% (2020: 27.5%)   | (1,824,928)       | (471,196)         |
| Tax effect of non-deductible expenses   | 1,058,848         | 126,726           |
| Tax losses not brought to account   | 766,080           | 344,470           |
| Income tax benefit  | -                 | -                 |

Deferred tax assets relating to historical tax losses not brought to account are at estimated at \$3,088,523 (2020: \$2,322,443).

The benefit for tax losses will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Group to realise these benefits.

### 9. FINANCIAL RISK MANAGEMENT

#### i. Overview

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business, and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy.

The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk and the management of capital.

The Group's Risk Management Framework is supported by the Board. The whole Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring appropriate processes for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group holds the following financial instruments:

|                              | CONSOLIDATED      |                   |
|------------------------------|-------------------|-------------------|
|                              | 30 June 2021 (\$) | 30 June 2020 (\$) |
| <b>Financial assets</b>      |                   |                   |
| Cash and cash equivalents    | 4,827,370         | 12,358            |
| Trade and other receivables  | 142,857           | 59,511            |
|                              | <b>4,970,227</b>  | <b>71,869</b>     |
| <b>Financial Liabilities</b> |                   |                   |
| Trade and other payables     | 349,418           | 672,897           |
| Borrowings                   | -                 | 46,582            |
| Lease liability              | -                 | 7,619             |
|                              | <b>349,418</b>    | <b>727,098</b>    |

### ii. Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

### iii. Credit Risk

Credit risk is the risk of the financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations and the risk arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions, and receivables.

Cash at bank is placed with reliable financial institutions. For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 June 2021 (\$) | 30 June 2020 (\$) |
| <b>Trade receivables</b>  |                   |                   |
| <i>Counterparties without external credit rating, past due but not impaired</i> |                   |                   |
| Existing customers (more than 6 months) with no defaults in the past            | 142,857           | -                 |
| <i>Counterparties without external credit rating, past due and impaired</i>     |                   |                   |
| Gross Value   | 63,157            | 73,893            |
| Doubtful Debt Provision   | (63,157)          | (65,317)          |
| Net Value   | -                 | 8,666             |
|   | <b>142,857</b>    | <b>8,576</b>      |
| <b>Other receivables</b>  |                   |                   |
| Security Deposit *  | -                 | 26,685            |
| Other receivables   | -                 | 24,160            |
|   | -                 | <b>50,845</b>     |
| <b>Total trade and other receivables</b>  | <b>142,857</b>    | <b>59,421</b>     |

\* Security deposits related to manufacturing of Mente Autism units and a security deposit for the Group's premises in Malta.

| <b>Cash at bank and Commercial Bills</b>                   |                  |               |
|--|------------------|---------------|
| Cash at bank – National Australia Bank                     | 4,716,751        | -             |
| Cash at bank – St George Bank and Bank of Valletta Plc. ** | 110,032          | 11,924        |
| Petty cash account   | 587              | 434           |
|  | <b>4,827,370</b> | <b>12,358</b> |

\*\*Bank of Valletta is currently rated 'BBB' by an international rating agency and St George Bank has an "AA" credit rating, HiFX is a 100% owned subsidiary of Euronet Worldwide Inc (NASDAQ: EFFT) which has a market capitalization of USD\$4.96 billion as of 28 August 2018. Neither HiFX nor Euronet have a published credit rating.

#### iv. Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of the discounting is not significant.

| Contractual maturities of financial liabilities | Less than 6 months (\$) | 6 – 12 months (\$) | More than 12 months (\$) | Total (\$)     | Carrying Amount (\$) |
|---|-------------------------|--------------------|--------------------------|----------------|----------------------|
| <b>Group - at 30 June 2021</b>                  |                         |                    |                          |                |                      |
| Trade payables                                  | 349,418                 | -                  | -                        | 349,418        | 349,418              |
| Borrowings                                      | -                       | -                  | -                        | -              | -                    |
| <b>Total</b>                                    | <b>349,418</b>          | <b>-</b>           | <b>-</b>                 | <b>349,418</b> | <b>349,418</b>       |
| <b>Group - at 30 June 2020</b>                  |                         |                    |                          |                |                      |
| Trade payables                                  | 664,534                 | -                  | -                        | 664,534        | 664,534              |
| Borrowings                                      | 46,583                  | -                  | -                        | 46,583         | 46,583               |
| <b>Total</b>                                    | <b>711,117</b>          | <b>-</b>           | <b>-</b>                 | <b>711,117</b> | <b>711,117</b>       |

The Group has an unsecured General Banking Facility of €60,000 (\$94,937) by Bank of Valletta P.L.C., which was undrawn at 30 June 2021.

### v. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates may affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

### vi. Foreign Exchange Risk

The Group is exposed to currency risk on financial assets or liabilities that are denominated in a currency other than the respective functional currencies of the Group's, the Australian Dollar (AUD) for Parent Entity and Euro (EUR) for the subsidiaries of Consolidated Entity.

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2020 nil). The subsidiaries of the of the Parent Entity, which have a functional currency of the Euro (EUR) have no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2020: nil).

### vii. Interest Rate Risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents.

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Group has a low level of interest-bearing liabilities and as such does not actively manage exposure to interest rate risk

### Profile

At the reporting date, the interest rate profile of the Group's and the Entity's interest-bearing financial instruments are:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Variable Rate Instruments

|                       | CONSOLIDATED      |                   |
|-----------------------|-------------------|-------------------|
|                       | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Financial Assets      | 4,827,370         | 12,358            |
| Financial Liabilities | -                 | (46,583)          |
|                       | <b>4,827,370</b>  | <b>(34,225)</b>   |

As at 30 June 2021 the Group had no interest bearing borrowings or other liabilities. As at 30 June 2020, the Group had negative net cash of A\$34,225 comprising borrowings of \$46,583 (€28,467), and cash reserves of A\$12,358 (€5,019 and A\$4,144). The Group's borrowings are represented by an overdraft which is repayable on demand.

The average interest rates on the Group's borrowings were as follows:

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Bank overdrafts                                    | -                 | 5.65%             |
| Bank loans   | -                 | -                 |
| Maturity of interest-bearing loans and borrowings: |                   |                   |
| Repayable on demand                                | -                 | 46,583*           |

\*AUD equivalent values of borrowings denominated in Euros.

The Group's exposure to interest rate risk and effective weighted average interest rate by maturing periods is set out in tables below. All cash balances and borrowings are subject to a floating interest rate. The Group does not earn interest on cash held in the EUR currency, and the below stated weighted average interest rate reflects this.

#### 30 June 2021

|                           | Weighted Average Effective Interest | Cash Available for use | Borrowings Payable on Demand | Total     |
|---------------------------|-------------------------------------|------------------------|------------------------------|-----------|
| Cash and cash equivalents | 0.01%                               | 4,827,370              | -                            | 4,827,370 |
| Borrowings                | 0.00%                               | -                      | -                            | -         |

#### 30 June 2020

|                           | Weighted Average Effective Interest | Cash Available for use | Borrowings Payable on Demand | Total  |
|---------------------------|-------------------------------------|------------------------|------------------------------|--------|
| Cash and cash equivalents | 0.57%                               | 12,358                 | -                            | 12,358 |
| Borrowings                | 5.65%                               | -                      | 46,583                       | 46,583 |

Up to the end of the reporting period, the Group did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short-term nature. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably probable at the end of the reporting period to be immaterial.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Board's assessment of a reasonably possible change in interest rates relating to the Company's Cash and Cash equivalents and borrowings is disclosed in the table below:

|                           | Number of basis points |
|---------------------------|------------------------|
| Cash and cash equivalents | 25                     |
| Borrowings                | 100                    |

Management considers the potential impact on profit or loss of a reasonably possible change in interest rates at the end of the reporting period to be immaterial based on the prevailing interest rates.

### 10. CAPITAL MANAGEMENT

When managing capital, the Board's objective is to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. This position has not changed from the previous year.

### 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following Consolidated Statement of Financial Position amounts:

|                          | CONSOLIDATED      |                   |
|--------------------------|-------------------|-------------------|
|                          | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Cash at Bank and on hand | 4,827,370         | 12,358            |
|                          | <b>4,827,370</b>  | <b>12,358</b>     |

No amount of the Group's Cash at bank and on hand is restricted (30 June 2020: Nil). Refer to Note 9 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

### 12. TRADE AND OTHER RECEIVABLES

|                              | CONSOLIDATED      |                   |
|------------------------------|-------------------|-------------------|
|                              | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Trade receivables            | 206,014           | 73,983            |
| Provision for non-recovery   | (63,157)          | (65,317)          |
| <b>Net Trade receivables</b> | <b>142,857</b>    | <b>8,666</b>      |
| Security Deposits            | -                 | 26,485            |
| GST/VAT/Sales Tax Receivable | 3                 | 24,160            |
| Prepayments                  | 35,654            | 2,380             |
|                              | <b>178,514</b>    | <b>61,691</b>     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. PAYABLES

|                  | CONSOLIDATED      |                   |
|------------------|-------------------|-------------------|
|                  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Current          |                   |                   |
| Trade payables   | 323,977           | 664,534           |
| Accrued expenses | 25,441            | 8,363             |
|                  | <b>349,418</b>    | <b>672,897</b>    |

### 14. CONTINGENT CONSIDERATION

|                          | CONSOLIDATED      |                   |
|--------------------------|-------------------|-------------------|
|                          | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Non-current              |                   |                   |
| Contingent consideration | 795,000           | -                 |
|                          | <b>795,000</b>    | <b>-</b>          |

The 15,000,000 Performance Rights with a vesting deadline of 1 March 2023 issued to Dolce Cann for the extension to the Biotechnology have been treated as deferred consideration and classified as a non-current liability. The Performance Rights were valued at \$0.053 each, being the Company's share price on the issue date of 30 June 2021 with the vesting considered to have a probability of 100%.

### 15. CONTRIBUTED EQUITY

|                            | CONSOLIDATED       |                    |                   |                   |
|----------------------------|--------------------|--------------------|-------------------|-------------------|
|                            | 2021 (Shares)      | 2020 (Shares)      | 2021 (\$)         | 2020 (\$)         |
| Ordinary Shares            | 696,819,126        | 215,215,629        | 25,750,378        | 15,498,123        |
| <b>Total Share Capital</b> | <b>696,819,126</b> | <b>215,215,629</b> | <b>25,750,378</b> | <b>15,498,123</b> |

#### Movements of share capital during the year

| Date       | Details  | No of shares       | Issue price (\$) | \$                |
|------------|--|--------------------|------------------|-------------------|
|            | <b>Opening Balance at 1 July 2019</b>                      | <b>135,743,869</b> |                  | <b>15,099,925</b> |
| 03.03.2020 | Issue of shares pursuant to conversion of Convertible Note | 3,987,832          | 0.007            | 27,915            |
| 06.04.2020 | Issue of shares pursuant to conversion of Convertible Note | 75,483,928         | 0.005            | 377,420           |
| 06.04.2020 | Cost of Share Issue  |                    |                  | (7,137)           |
|            | <b>Closing Balance at 30 June 2020</b>                     | <b>215,215,629</b> |                  | <b>15,498,123</b> |
| 27.07.2020 | Placement Tranche 1  | 32,250,000         | \$0.005          | 161,250           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Date                                   | Details  | No of shares       | Issue price (\$) | \$                |
|--|--|--------------------|------------------|-------------------|
| 02.09.2020                             | Placement Tranche 2  | 67,750,000         | \$0.005          | 338,750           |
| 30.09.2020                             | Shares issued in lieu of director's fees                                       | 35,349,127         | \$0.013          | 459,539           |
| 30.09.2020                             | Shares issued pursuant to prospectus dated 26 August 2020                      | 38,000,000         | \$0.013          | 494,000           |
| 06.11.2020                             | Exercise of NTIOPT7 options  | 15,096,786         | \$0.005          | 75,484            |
| 12.11.2020                             | Placement Tranche 1  | 97,000,000         | \$0.022          | 2,134,000         |
| 11.12.2020                             | Exercise of 3,987,832 NTIOPT6 unlisted options at \$0.0084                     | 3,987,832          | \$0.0084         | 33,498            |
| 11.12.2020                             | Exercise of 5,000,000 NTIOPT8 unlisted options at \$0.01                       | 5,000,000          | \$0.010          | 50,000            |
| 11.12.2020                             | Issue of shares in lieu of fees for services (share based payment)             | 1,750,000          | \$0.005          | 87,500            |
| 22.12.2020                             | Placement Tranche 2  | 16,636,363         | \$0.022          | 366,000           |
| 22.12.2020                             | Shares Issued to Dolce Cann for Stage 1 Milestones achieved                    | 33,000,000         | \$0.036          | 1,188,000         |
| 04.03.2021                             | Exercise of NTIOPT12 options   | 2,500,000          | \$0.0300         | 75,000            |
| 15.03.2021                             | Placement  | 36,363,637         | \$0.0555         | 2,000,000         |
| 15.03.2021                             | Issue of Dolce Shares (First Tranche) - Extension to the Biotechnology Licence | 15,000,000         | \$0.0640         | 960,000           |
| 15.03.2021                             | Exercise of NTIOPT7 Options  | 23,796,786         | \$0.0050         | 118,984           |
| 15.03.2021                             | Exercise of NTIO Options   | 4,034              | \$0.0600         | 242               |
| 19.03.2021                             | Exercise of NTIO Options   | 420,791            | \$0.0600         | 25,247            |
| 26.03.2021                             | Exercise of NTIO Options   | 1,173,099          | \$0.0600         | 70,386            |
| 01.04.2021                             | Exercise of NTIO Options   | 12,082,994         | \$0.0600         | 724,980           |
| 16.04.2021                             | Exercise of NTIO Options   | 500,000            | \$0.0600         | 30,000            |
| 16.04.2021                             | Exercise of NTIO Options   | 11,942,048         | \$0.0600         | 716,523           |
| 19.04.2021                             | Exercise of NTIOPT7 Options  | 20,000,000         | \$0.0050         | 100,000           |
| 12.05.2021                             | Issue of Canna Pacific Shares  | 2,000,000          | \$0.0580         | 116,000           |
| 19.05.2021                             | Exercise of NTIOPT13 options   | 10,000,000         | \$0.0600         | 600,000           |
|  | Capital raising costs  |                    |                  | (673,128)         |
| <b>Closing Balance at 30 June 2021</b> |  | <b>696,819,126</b> |                  | <b>25,750,378</b> |

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Group does not have a limited amount of authorised capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. OTHER RESERVES

|                                   | CONSOLIDATED                      |   |                     |
|-----------------------------------|-----------------------------------|---|---------------------|
|                                   | Share Based Payments Reserve (\$) | Foreign Currency Translation Reserve (\$) | Total Reserves (\$) |
| <b>Balance at 30 June 2019</b>    | <b>1,290,889</b>                  | <b>87,618</b>                             | <b>1,378,507</b>    |
| Foreign exchange movement         | -                                 | (10,067)                                  | (10,067)            |
| Share based payments              | 390,380                           | -   | 390,380             |
| <b>Balance as at 30 June 2020</b> | <b>1,681,269</b>                  | <b>77,551</b>                             | <b>1,758,820</b>    |
| Foreign exchange movement         | -                                 | (26,702)                                  | (26,702)            |
| Share based payments              | 1,712,834                         | -   | 1,712,834           |
| <b>Balance at 30 June 2021</b>    | <b>3,394,103</b>                  | <b>50,849</b>                             | <b>3,444,952</b>    |

#### (a) Share-based payments Reserve

The share-based payments reserve represents the value of options and share rights issued to key management personnel, vendors and for services in relation to capital raisings. The share-based payments reserve is used to record the value of the share-based payments provided to employees, consultants and for options issued pursuant to any acquisition or in exchange for services.

#### (b) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of financial information of the Group's Maltese subsidiaries which have a functional currency of the Euro.

### 17. ACCUMULATED PROFIT/(LOSS)

|  | CONSOLIDATED        |                     |
|--|---------------------|---------------------|
|  | 30 June 2021 (\$)   | 30 June 2020 (\$)   |
| Accumulated (loss) at the beginning of the year  | (17,903,236)        | (16,181,019)        |
| Adjustment for the adoption of AASB16 Leases     | -                   | (8,778)             |
| Loss attributable to shareholders                | (7,430,628)         | (1,713,439)         |
| <b>Accumulated (loss) at the end of the year</b> | <b>(25,333,864)</b> | <b>(17,903,236)</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. CASH FLOW INFORMATION

|  | CONSOLIDATED       |                   |
|--|--------------------|-------------------|
|  | 30 June 2021 (\$)  | 30 June 2020 (\$) |
| Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax: |                    |                   |
| <b>Non-cash flows in profit from ordinary activities</b>   |                    |                   |
| Net (Loss) after Income Tax  | (7,430,628)        | (1,713,439)       |
| Depreciation & amortisation  | -                  | 81,082            |
| Share based payments   | 4,990,971          | 129,297           |
| Finance charges – Convertible Note   | -                  | 366,418           |
| Lease payments   | (864)              | (91,426)          |
| Share issue costs  | (229,934)          | -                 |
| <b>Changes in assets &amp; liabilities</b>   |                    |                   |
| (Increase)/Decrease in trade and other receivables   | (116,823)          | 116,375           |
| Increase/(Decrease) in trade and other payables  | 471,522            | 438,929           |
| (Decrease) arising from exchange rate movements  | (772)              | (10,067)          |
| <b>Cash flow used in Operating Activities</b>  | <b>(2,316,528)</b> | <b>(682,831)</b>  |

### 19. INTERESTS IN OTHER ENTITIES

| Name of Entity   | Place of business/country of incorporation | Ownership Interest held by the Group |      | Principal Activities   |
|------------------|--|--------------------------------------|------|--|
|                  |  | 2021                                 | 2020 |  |
| AAT Research Ltd | Malta                                      | 100%                                 | 100% | Parent Group of AAT Medical Ltd  |
| AAT Medical Ltd  | Malta                                      | 100%                                 | 100% | Executing medical research projects and Developing novel technological devices that are marketable |

### 20. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| <b>Audit and Other Assurance Services</b>                        |                   |                   |
| BDO Audit (WA) Pty Ltd   | 50,040            | 33,182            |
| <b>Total remuneration for Audit and Other Assurance Services</b> | <b>50,040</b>     | <b>33,182</b>     |
| <b>Other Service</b>   |                   |                   |
| Non auditing service - BDO Corporate Finance (WA) Pty Ltd        | -                 | 1,168             |
| <b>Total remuneration for Other Service</b>                      | <b>-</b>          | <b>1,168</b>      |

### 22. COMMITMENTS

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Not later than one year                           | -                 | 7,706             |
| Later than one year but not later than five years | -                 | -                 |
| Later than five years                             | -                 | -                 |
| <b>TOTAL</b>                                      | <b>-</b>          | <b>7,706</b>      |

The Group had an Office Lease Agreement in respect of a premise within the Malta Life Sciences Park in San Gwann, Malta (Office Lease) that expired on 29 July 2020. The Group has an option to extend the term for a further 5 years, but this was not been exercised and the lease terminated on 29 July 2020.

### 23. LOSS PER SHARE

|  | CONSOLIDATED       |                    |
|--|--------------------|--------------------|
|  | 30 June 2021 (\$)  | 30 June 2020 (\$)  |
| Basic loss per share (cents per share)                             | (1.51)             | (1.11)             |
| <b>(Loss) used in the calculation of Earnings (Loss) Per Share</b> | <b>(7,430,628)</b> | <b>(1,713,439)</b> |
| Weighted average number of ordinary shares                         | 492,617,808        | 154,570,880        |

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. CONTINGENT LIABILITIES

As detailed in Note 7, the Stage 2 Dolce milestone is the completion of successful stage 1 clinical trials. Upon completion of this milestone, Dolce, or its nominees, will be issued 33,000,000 fully paid ordinary shares in the Company. As at the date of this report, due to the early stage of clinical trials it is not practical for the Directors to determine the value of any future share payment in respect to the Stage 2 milestone.

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding as at 30 June 2021.

### 25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2021 and 30 June 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

### 26. RELATED PARTY DISCLOSURES

#### *Parent Entity*

The legal Parent Entity of the Group is Neurotech International Limited (NTI). NTI owns 100% of the issued ordinary shares of AAT Research Limited (directly), AAT Medical Limited, and AAT Intellectual Property Limited (indirectly) which are the subsidiaries of AAT Research Limited. All subsidiaries are incorporated in Malta.

#### *Wholly owned Group transactions*

Loans made by Neurotech International Limited (NTI) to wholly owned subsidiary companies are contributed to meet required expenditure payable on demand and are not interest bearing.

#### *Key Management Personnel*

|                              | CONSOLIDATED      |                   |
|------------------------------|-------------------|-------------------|
|                              | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Short-term employee benefits | 175,688           | 414,177           |
| Share-based payment          | 715,998           | 95,698            |
|                              | <b>891,676</b>    | <b>509,875</b>    |

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2021 are provided in the Remuneration Report on pages 19 to 26.

#### *Transactions with other related parties*

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following transaction occurred with related parties for the year ended 30 June 2021:

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 June 2021 (\$) | 30 June 2020 (\$) |
| Administration fee to Azalea Consulting Pty Ltd                | 124,120           | 40,950            |
| Bookkeeping and accounting services to Valle Corporate Pty Ltd | 21,409            | 18,625            |
| <b>End of period</b>   | <b>145,529</b>    | <b>59,575</b>     |

### *Notes in relation to the table of related party transactions.*

Payments to Azalea Consulting Pty Ltd (director related entity of Winton Willesee) for corporate administration services including company secretarial and accounting services and front and registered office services.

Payments to Valle Corporate Pty Ltd (director related entity of Winton Willesee) for bookkeeping and financial reporting services fees.

## 27. PARENT ENTITY INFORMATION

The following information related to the Parent Entity, Neurotech International Limited, as at 30 June 2021.

The information presented here has been prepared using accounting policies as presented in Note 1.

|  | 30 June 2021 (\$)  | 30 June 2020 (\$)  |
|--|--------------------|--------------------|
| Current assets                                 | 4,894,257          | 15,189             |
| Non-current assets                             | -                  | -                  |
| <b>Total Assets</b>                            | <b>4,894,257</b>   | <b>15,189</b>      |
| Current liabilities                            | 237,791            | 480,461            |
| Non-current liabilities                        | 795,000            | -                  |
| <b>Total Liabilities</b>                       | <b>1,032,791</b>   | <b>480,461</b>     |
| <b>Net Assets /(Net Asset Deficiency)</b>      | <b>3,861,466</b>   | <b>(465,272)</b>   |
| Loss for the year                              | (7,350,245)        | (1,161,729)        |
| Other comprehensive profit/(loss) for the year | -                  | -                  |
| <b>Total Comprehensive Loss for the Year</b>   | <b>(7,350,245)</b> | <b>(1,161,729)</b> |

There are no other separate commitments and contingencies for the parent entity other than the contingent liability stated in Note 24 for the Group as at 30 June 2021.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Neurotech International Limited (Group):

- (a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 37 to 64, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of their performance, for the financial period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Group 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* by the Financial Officer for the financial period ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



**Winton Willesee**

Non-Executive Director

Dated at Perth, Western Australia, 27 August 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Neurotech International Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### 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.

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## Accounting for share based payments

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>   |
|--|--|
| <p>During the year, the group awarded share based payments in the form of share options, performance rights and shares issued in lieu of fees.</p> <p>Due to the complex and judgemental estimates used in determining the valuation of the share based payments in accordance with AASB 2 Share Based Payments, we consider the Group's calculation of the share based payment expense, and associated disclosure to be a key audit matter.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature, terms and conditions of the share based payment arrangements;</li> <li>• Considering the appropriateness of the valuation methodology used by management to measure and value the share-based payments;</li> <li>• Involving our internal valuation specialists to assess the reasonableness of volatility rate used in the valuation;</li> <li>• Assessing the allocation of the share-based payment expense over managements expected vesting period; and</li> <li>• Assessing the adequacy of the related disclosures in the financial report.</li> </ul> |

### Other information

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

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In preparing the financial report, the directors are responsible for assessing the ability of the group 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

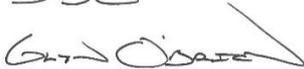
We have audited the Remuneration Report included in pages 19 to 26 of the directors' report for the year ended 30 June 2021.

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

##### **Responsibilities**

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

**BDO Audit (WA) Pty Ltd**

BDO  


**Glyn O'Brien**

Director

Perth, 27 August 2021

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## ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 1 August 2021.

### 1. Quotation

Listed securities in Neurotech International Limited are quoted on the Australian Securities Exchange under ASX code NTI (Fully Paid Ordinary Shares).

### 2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands, every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

### 3. Distribution of Shareholders

#### i) Fully Paid Ordinary Shares

| Shares Range      | Holders      | Units              | %              |
|-------------------|--------------|--------------------|----------------|
| 1 – 1,000         | 45           | 8,400              | -              |
| 1,001 – 5,000     | 113          | 362,977            | 0.05           |
| 5,001 – 10,000    | 239          | 2,062,880          | 0.30           |
| 10,001 – 100,000  | 806          | 33,748,886         | 4.84           |
| 100,001 and above | 431          | 660,635,983        | 94.81          |
| <b>Total</b>      | <b>1,634</b> | <b>696,819,126</b> | <b>100.00%</b> |

On 1 August 2021, there were 418 holders of unmarketable parcels of less than 2,658,423 ordinary shares (based on the closing share price of \$0.044).

ii) **Unlisted Options exercisable at \$0.0189 on or before 18 November 2022**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 4        | 10,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>4</b> | <b>10,000,000</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Jameker Pty Ltd <AKJ Family No2 A/C> – 4,000,000 options

Seivad Investments Pty Ltd <The Davies Family A/C> - 2,000,000 options

Chincherinchee Nominees Pty Ltd – 2,000,000 options

Mr David Steven Cantor - 2,000,000 options

iii) **Unlisted Options exercisable at \$0.0589 on or before 18 November 2024**

| Shares Range      | Holders  | Units                  | %              |
|-------------------|----------|------------------------|----------------|
| 1 – 1,000         | -        | -                      | -              |
| 1,001 – 5,000     | -        | -                      | -              |
| 5,001 – 10,000    | -        | -                      | -              |
| 10,001 – 100,000  | -        | -                      | -              |
| 100,001 and above | 1        | 6,500,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>1</b> | <b>6,500,000</b>       | <b>100.00%</b> |

<sup>1</sup> All the securities in this class are held by:

Shimano Ventures Ltd – 6,500,000 options

iv) **Unlisted Options exercisable at \$0.0199 on or before 18 November 2024**

| Shares Range      | Holders  | Units                  | %              |
|-------------------|----------|------------------------|----------------|
| 1 – 1,000         | -        | -                      | -              |
| 1,001 – 5,000     | -        | -                      | -              |
| 5,001 – 10,000    | -        | -                      | -              |
| 10,001 – 100,000  | -        | -                      | -              |
| 100,001 and above | 1        | 5,429,754 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>1</b> | <b>5,429,754</b>       | <b>100.00%</b> |

<sup>1</sup> All the securities in this class are held by:

Shimano Ventures Ltd – 5,429,754 options

v) **Unlisted Options exercisable at \$0.005 on or before 31 January 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 3        | 16,590,356 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>3</b> | <b>16,590,356</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Javaler Pty Ltd <Falcon Pension A/C> - 5,945,178 options

J & J Bandy Nominees Pty Ltd <Bandy P/F A/C> - 5,645,178 options

Chincherinchee Nominees Pty Ltd – 5,000,000 options

vi) **Unlisted Options exercisable at \$0.010 on or before 31 January 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 3        | 33,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>3</b> | <b>33,000,000</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Dutch Ink (2010) Pty Ltd – 22,000,000 options

Dolce Cann Global Pty Ltd – 11,000,000 option

vii) **Unlisted Options exercisable at \$0.038 on or before 30 November 2023**

| Shares Range      | Holders  | Units                  | %              |
|-------------------|----------|------------------------|----------------|
| 1 – 1,000         | -        | -                      | -              |
| 1,001 – 5,000     | -        | -                      | -              |
| 5,001 – 10,000    | -        | -                      | -              |
| 10,001 – 100,000  | -        | -                      | -              |
| 100,001 and above | 2        | 4,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>2</b> | <b>4,000,000</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Chincherinchee Nominees Pty Ltd – 2,000,000 options

Seivad Investments Pty Ltd – 2,000,000 options

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viii) **Unlisted Options exercisable at \$0.015 on or before 31 October 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 1        | 10,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>1</b> | <b>10,000,000</b>       | <b>100.00%</b> |

<sup>1</sup> All the securities in this class are held by:  
Mr Brian Leedman & Mrs Natasha Leedman – 10,000,000 options

ix) **Unlisted Options exercisable at \$0.020 on or before 31 October 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 1        | 10,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>1</b> | <b>10,000,000</b>       | <b>100.00%</b> |

<sup>1</sup> All the securities in this class are held by:  
Mr Brian Leedman & Mrs Natasha Leedman – 10,000,000 options

x) **Unlisted Options exercisable at \$0.030 on or before 22 December 2022**

| Shares Range      | Holders  | Units                  | %              |
|-------------------|----------|------------------------|----------------|
| 1 – 1,000         | -        | -                      | -              |
| 1,001 – 5,000     | -        | -                      | -              |
| 5,001 – 10,000    | -        | -                      | -              |
| 10,001 – 100,000  | -        | -                      | -              |
| 100,001 and above | 8        | 7,500,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>8</b> | <b>7,500,000</b>       | <b>100.00%</b> |

<sup>1</sup>The following holder holds more than 20% of securities:  
Max Capital Pty Ltd – 3,630,000 options

**xi) Unlisted Options exercisable at \$0.09 on or before 12 May 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 2        | 10,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>2</b> | <b>10,000,000</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Macaronis Pty Ltd – 8,000,000 options

Merchant Group Australia Pty Ltd – 2,000,000 options

**xii) Performance Rights expiring on 1 March 2023**

| Shares Range      | Holders  | Units                   | %              |
|-------------------|----------|-------------------------|----------------|
| 1 – 1,000         | -        | -                       | -              |
| 1,001 – 5,000     | -        | -                       | -              |
| 5,001 – 10,000    | -        | -                       | -              |
| 10,001 – 100,000  | -        | -                       | -              |
| 100,001 and above | 7        | 15,000,000 <sup>1</sup> | 100.00         |
| <b>Total</b>      | <b>7</b> | <b>15,000,000</b>       | <b>100.00%</b> |

<sup>1</sup>Holders who hold more than 20% of securities are:

Martha Jane Medical Limited – 5,000,000 Performance Rights

Dolce Cann Global Pty Ltd – 5,000,000 Performance Rights

**4. Substantial Shareholders**

The Company has not received any notices of substantial shareholdings.

**5. Restricted Securities**

There are no restricted securities listed on the Company's register as at 1 August 2021.

**6. On market buy-back**

There is currently no on market buy back in place.

## 7. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 1 August 2021 are as follows:

|    | Name  | No. of Shares      | %             |
|----|---|--------------------|---------------|
| 1  | Quadrangle Capital Pty Ltd                      | 44,000,000         | 6.31%         |
| 2  | Citicorp Nominees Pty Limited                   | 34,487,677         | 4.95%         |
| 3  | Jalaver Pty Ltd <Falcon Pension A/C>            | 33,900,000         | 4.87%         |
| 4  | J & J Bandy Nominees Pty Ltd <Bandy P/F A/C>    | 33,500,000         | 4.81%         |
| 5  | Gleneagle Securities Nominees Pty Limited       | 32,860,371         | 4.72%         |
| 6  | The Trust Company (Australia) Limited <Mof A/C> | 25,250,245         | 3.62%         |
| 7  | Greywood Holdings Pty Ltd                       | 22,800,000         | 3.27%         |
| 8  | Dolce Cann Global Pty Ltd                       | 22,000,000         | 3.16%         |
| 9  | Spinite Pty Ltd                                 | 17,954,426         | 2.58%         |
| 10 | Mrs Melanie Therese Verheggen                   | 15,818,956         | 2.27%         |
| 11 | Chincherinchee Nominees Pty Ltd                 | 12,596,786         | 1.81%         |
| 12 | Mr Stephen John Dobson                          | 11,096,786         | 1.59%         |
| 13 | Chincherinchee Nominees Pty Ltd                 | 10,096,786         | 1.45%         |
| 14 | Tiga Trading Pty Ltd                            | 7,812,500          | 1.12%         |
| 15 | Haslingden Pty Ltd <Grids S/F A/C>              | 7,800,000          | 1.12%         |
| 16 | Seivad Investments Pty Ltd                      | 7,793,017          | 1.12%         |
| 17 | Ms Chunyan Niu                                  | 7,330,000          | 1.05%         |
| 18 | Dynamic Supplies Investments Pty Ltd            | 7,244,292          | 1.04%         |
| 19 | Br Corporation Pty Ltd                          | 7,050,000          | 1.01%         |
| 20 | The Sun W Investment Pty Ltd <Sun Family A/C>   | 6,727,272          | 0.97%         |
|    | <b>Total</b>                                    | <b>368,119,114</b> | <b>52.83%</b> |