

NeuroScientific Biopharmaceuticals Limited
Appendix 4D
Half year report

1. Company details

Name of entity:	NeuroScientific Biopharmaceuticals Limited
ABN:	13 102 832 995
Reporting period:	Half-year ended 31 December 2021
Previous period:	Half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	Down	91% to	38,385
Loss from ordinary activities after tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	Up	368% to	(5,731,040)
Loss for the year attributable to the owners of NeuroScientific Biopharmaceuticals Limited	Up	368% to	(5,731,040)
<i>Dividends</i>			
		Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2021		Nil	Nil

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	<u>6.77</u>	<u>5.64</u>


4. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

The Interim financial report of NeuroScientific Biopharmaceuticals Limited for the half-year ended 31 December 2021 is attached.

6. Signed

Signed  _____

Date: 27 February 2022

Matthew Liddelow
Managing Director
Perth, WA

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NEUROSCIENTIFIC BIOPHARMACEUTICALS LTD

ABN 13 102 832 995

Interim Financial Report - 31 December 2021

Neuroscientific Biopharmaceuticals Ltd

Directors' report

31 December 2021

The Directors present their report, together with the financial statements, of Neuroscientific Biopharmaceuticals Ltd ("The Company") at the end of, or during, the half-year ended 31 December 2021.

Directors

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

Paul Rennie, Non-Executive Chairman
Matthew Liddelow, Managing Director and Chief Executive Officer
Anton Uvarov, Executive Director
Stephen Quantrill, Non-Executive Director

Principal activities

During the half-year, the Company was engaged in the development of therapeutic treatments for neurodegenerative diseases through patented technology.

Review of operations

For the half-year ended 31 December 2021, Research and Development (R&D) expenditure was significantly higher (\$3,795,238) in comparison to the same period in 2020 (\$583,296) as the Company undertook important preclinical studies and manufacturing activities of EmtinB necessary to support a submission to Human Research Ethics Committee (HREC) for approval to commence a first-in-human Phase I clinical study. These preclinical activities materially added to the loss for the Company during the half-year, amounting to \$5,731,040 (31 December 2020: \$1,224,848).

The Company's cash and cash equivalents were \$9,498,909 at 31 December 2021 (30 June 2021: \$14,162,247), with net assets at 31 December 2021 of \$9,844,223 (30 June 2021: \$14,604,031).

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Company during the half-year.

Matters subsequent to the end of the financial half-year

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 31 December 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors



Matthew Liddelow
Director

27 February 2022
Perth

Auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Neuroscientific Biopharmaceuticals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2021 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Nexia Perth Audit Services Pty Ltd



M. Janse van Nieuwenhuizen
Director

Perth
27 February 2022

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Neuroscientific Biopharmaceuticals Ltd

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31 December 2021

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General information

The financial statements cover Neuroscientific Biopharmaceuticals Ltd at the end of, or during, the financial half-year. The financial statements are presented in Australian dollars, which is Neuroscientific Biopharmaceuticals Ltd 's functional and presentation currency.

Neuroscientific Biopharmaceuticals Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 5, 85 Forrest Street
Cottesloe WA 6011

Principal place of business

Suite 5, 85 Forrest Street
Cottesloe WA 6011

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2022.

Neuroscientific Biopharmaceuticals Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Revenue		
Interest received	38,385	9,120
Other Income	-	434,598
	<u>38,385</u>	<u>443,718</u>
Expenses		
Administration expenses	(234,175)	(204,906)
Business development expenses	(76,391)	(35,610)
Research and development expenses	(3,795,238)	(583,296)
Patent related costs	(14,554)	(38,439)
Management fees	(190,000)	(93,166)
Depreciation and amortisation	(31,902)	(29,340)
Employee benefits expenses	(1,427,165)	(683,746)
Interest expense	-	(63)
	<u>-</u>	<u>(63)</u>
Loss before income tax expense	(5,731,040)	(1,224,848)
Income tax expense	-	-
	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year	(5,731,040)	(1,224,848)
Other comprehensive loss		
Other comprehensive loss for the year, net of tax	-	-
	<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year	<u>(5,731,040)</u>	<u>(1,224,848)</u>
Based and diluted loss per share (cents per share)	(3.99)	(1.51)

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

Neuroscientific Biopharmaceuticals Ltd
Statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		9,498,909	14,162,247
Trade and other receivables		48,256	49,395
Prepayments		144,083	215,610
Total current assets		<u>9,691,248</u>	<u>14,427,252</u>
Non-current assets			
Property, plant and equipment		23,986	27,843
Intangibles	2	<u>347,385</u>	<u>372,348</u>
Total non-current assets		<u>371,371</u>	<u>400,191</u>
Total assets		<u>10,062,619</u>	<u>14,827,443</u>
Liabilities			
Current liabilities			
Trade and other payables		173,363	189,573
Employee benefits		45,033	33,839
Total current liabilities		<u>218,396</u>	<u>223,412</u>
Total liabilities		<u>218,396</u>	<u>223,412</u>
Net assets		<u>9,844,223</u>	<u>14,604,031</u>
Equity			
Issued capital	3	25,274,663	25,274,663
Reserves	4	2,476,051	1,504,819
Accumulated losses	5	<u>(17,906,491)</u>	<u>(12,175,451)</u>
Total equity		<u>9,844,223</u>	<u>14,604,031</u>

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

Neuroscientific Biopharmaceuticals Ltd
Statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	11,715,535	1,083,752	(9,150,116)	3,649,171
Shares issued during the half-year – options exercised	387,471	(18,451)	-	369,020
Shares issued during the half-year – share placement (net of share issue costs)	2,021,564	-	-	2,021,564
Options issued during the half-year	-	594,250	-	594,250
Performance Shares expired during the half-year	-	(111,370)	111,370	-
Total comprehensive loss for the half-year after tax	-	-	(1,224,848)	(1,224,848)
Balance at 31 December 2020	<u>14,124,570</u>	<u>1,548,181</u>	<u>(10,263,594)</u>	<u>5,409,157</u>
Balance at 1 July 2021	25,274,663	1,504,819	(12,175,451)	14,604,031
Options issued during the half-year	-	932,121	-	932,121
Performance Shares revalued during the half-year	-	39,111	-	39,111
Total comprehensive loss for the half-year after tax	-	-	(5,731,040)	(5,731,040)
Balance at 31 December 2021	<u>25,274,663</u>	<u>2,476,051</u>	<u>(17,906,491)</u>	<u>9,844,223</u>

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

Neuroscientific Biopharmaceuticals Ltd
Statement of cash flows
For the half-year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(4,698,641)	(1,231,516)
Interest received	38,385	9,119
Government Grants & Tax Incentives	-	375,138
	<u>(4,660,256)</u>	<u>(847,259)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of plant and equipment	(3,082)	(24,610)
	<u>(3,082)</u>	<u>(24,610)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	2,572,728
	<u>-</u>	<u>2,572,728</u>
Net cash provided by financing activities		
Net increase / (decrease) in cash and cash equivalents	(4,663,338)	1,700,859
Cash and cash equivalents at the beginning of the financial half-year	14,162,247	3,286,852
	<u>9,498,909</u>	<u>4,987,711</u>
Cash and cash equivalents at the end of the financial half-year		

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

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2021

Note 1. Significant accounting policies

These general purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The interim financial report has been prepared on the 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.

The Company reported a net loss for the period of \$5,731,040 (2020: \$1,224,847) and a cash outflow from operating activities of \$4,660,256 (2020: \$847,259). The Company had a net working capital surplus of \$9,472,852 (June 2021: \$14,203,840) including cash of \$9,498,909 at 31 December 2021 (June 2021: \$14,12,247). The loss mainly reflects the Research and Development activities of the Company.

Based on a cash flow forecast prepared by management, the Company's working capital surplus at 31 December 2021 and the Company's ability to raise funds and to reduce costs if necessary, the Directors consider the going concern basis of preparation to be appropriate.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies.

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

Note 2. Intangibles

	31 Dec 2021	30 Jun 2021
	\$	\$
<u>Licence agreement</u>		
Opening balance	372,348	422,285
Additions	-	-
Less: Accumulated amortisation	(24,963)	(49,937)
Closing balance	<u>347,385</u>	<u>372,348</u>

Note 3. Equity - issued capital

	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>143,471,643</u>	<u>143,471,643</u>	<u>25,274,663</u>	<u>25,274,663</u>

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2021

Movements in ordinary shares

	Shares Number	\$
Opening balance 1 July 2021	143,471,643	25,274,633
Issue of shares	-	-
Share issue costs	-	-
Closing balance 31 December 2021	<u>143,471,643</u>	<u>25,274,663</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Note 4. Reserves

	31 Dec 2021 \$	30 Jun 2021 \$
Option reserve	2,236,161	1,304,040
Performance rights	239,890	200,779
	<u>2,476,051</u>	<u>1,504,819</u>

Option reserve

The reserve is used to recognise items recognised as expenses on the valuation of share options.

Movements in reserves

Movements in each class of reserve during the half-year are set out below:

Option reserve

	Options Number	\$
Balance at 1 July 2021	8,850,000	1,304,040
Options issued during the half-year as part of share-based payments	8,000,000	932,121
Balance at 31 December 2021	<u>16,850,000</u>	<u>2,236,161</u>

Performance rights

	Performance Rights Number	\$
Balance at 1 July 2021	2,100,000	200,779
Expense for the half-year	-	39,111
Balance at 31 December 2021	<u>2,100,000</u>	<u>239,890</u>

Neuroscientific Biopharmaceuticals Ltd
Notes to the financial statements
31 December 2021

For the half year ended 31 December 2021:

Set out below are summaries of the movements of options granted to key management personnel of the Company:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Balance at the end of the year
*11/11/2021	21/06/2026	\$0.40	-	5,000,000	5,000,000
11/11/2021	07/12/2024	\$0.50	-	3,000,000	3,000,000
				<u>8,000,000</u>	<u>8,000,000</u>

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
*11/11/2021	21/06/2026	\$0.35	\$0.40	100%	0.00%	1.11%	\$0.2541
11/11/2021	07/12/2024	\$0.35	\$0.50	100%	0.00%	0.58%	\$0.1912

* 1million options vest on 11/11/2021, 2million options vest on 11/11/2022 and 2million options vest on 11/11/2023.

	31 Dec 2021	30 Jun 2021
	\$	\$
Note 5. Equity – Accumulated losses		
Accumulated losses at the beginning of the half-year	(12,175,451)	(9,150,116)
Performance Shares expired during the half year	-	152,496
Loss after income tax expense for the half-year	<u>(5,731,040)</u>	<u>(3,177,831)</u>
Accumulated losses at the end of the half-year	<u>(17,906,491)</u>	<u>(12,175,451)</u>

Note 6. Segment Information

The Company identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Company is currently operating in one business segment being an administrative company in the research sector and one geographic segment being Australia.

Note 7. Contingent liabilities

Agreement with University of Tasmania

On the 18 May 2016, the Company signed an agreement with the University of Tasmania (UTAS) to acquire the license to hold the right to use intellectual property developed by the University. In accordance with the contract, amounts are payable to UTAS in equity, conditional upon the satisfaction of certain technical milestones. Upon the satisfaction of Milestone 1, \$150,000, Milestone 2, \$200,000, and Milestone 3, \$250,000 of equity securities are required to be issued in the Company.

On 18 January 2018, 746,269 ordinary shares were issued to UTAS Holdings Pty Ltd at an issue price of \$0.201 per share and a total transactional value of \$150,000. These shares were issued in accordance with the license agreement for acquisition of the intangible asset due to success of a milestone related to the research and development program. At 31 December 2021, Milestone 2 and Milestone 3 had not been met and remain in progress.

Note 10. Contingent liabilities (continued)

Note 8. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 31 December 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.

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Neuroscientific Biopharmaceuticals Ltd
Directors' declaration
31 December 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Matthew Liddelow
Director

27 February 2022
Perth

Independent Auditor's Review Report

To the members of Neuroscientific Biopharmaceuticals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Neuroscientific Biopharmaceuticals Limited (the Company) which comprises the Statement of Financial Position as at 31 December 2021, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

- i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of the Directors for the Financial Report

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

Nexia Perth

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Auditor's Responsibility for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen

Director

27 February 2022

Perth, Western Australia