



ASX ANNOUNCEMENT

DECEMBER 2020 QUARTERLY ACTIVITY REPORT

- **Pivotal preclinical ocular safety and toxicity studies commenced and scale-up of manufacturing for Phase I clinical study**
- **Completion of \$2.4M strategic placement with international investment group AlphaSwiss**
- **Collaborative research project with The Institute for Respiratory Health and UWA involving the treatment of COVID-19 lung fibrosis**
- **Strong cash position to initiate Phase I clinical study**

Perth, Australia; 29 January 2021. NeuroScientific Biopharmaceuticals Ltd ASX: NSB ("NeuroScientific" or "the Company") today submitted its Appendix 4C and quarterly activity report for the period ended 31 December 2020.

During the December quarter, NeuroScientific continued to progress preclinical development of its lead drug candidate EmtinB with the commencement of pivotal ocular safety and toxicity studies, advances in manufacturing to support clinical development, and a new collaborative research project to investigate the treatment of post-COVID lung fibrosis. The Company also completed a strategic placement from international investment group AlphaSwiss Partners SA which raised \$2.4 million in additional funds.

NeuroScientific significantly progressed its safety and toxicity programs for both ocular and neurodegenerative indications during the quarter. A number of pivotal safety studies involving the ocular program were commenced and are scheduled for completion before the end of the March quarter. Impressively, the highest dose levels of EmtinB, at approximately three times that of the planned maximum clinical dose, have not resulted in any ocular safety issues. Manufacturing process improvement and scale-up of EmtinB for Phase I clinical studies also continued throughout the quarter.

NeuroScientific partnered with The Institute for Respiratory Health and The University of Western Australia for a collaborative project to investigate the effectiveness of EmtinB, and other Emtin peptides, in the treatment of post-COVID lung fibrosis. EmtinB is modelled on the β -domain of human metallothionein-II (MT-II), a protein that is part of the innate immune response to tissue injury in the brain, eye, heart, and lungs. MT-II has been shown to protect against injury, inflammation and fibrosis in lung tissue and this study will explore if EmtinB and related peptides have a similar effect in lung tissue. Of relevance to this research project is a recently published article¹ which found that a third of patients discharged from hospital following recovery from COVID-19 were readmitted within five months, indicating the significant long-term burden of COVID-related morbidity on healthcare systems globally. While COVID vaccines will significantly impact rates of infection, this study highlights the fundamental need for effective treatments of post-COVID complications in recovered patients.

¹ Ayoubkhani, D et al. 2021, Epidemiology of post-COVID syndrome following hospitalisation with coronavirus: a retrospective cohort study. MedRxiv 2021.01.15.21249885; <https://doi.org/10.1101/2021.01.15.21249885>

The Company completed a strategic placement with Geneva, Switzerland-based investment group AlphaSwiss Partners SA, raising \$2.4 million. AlphaSwiss currently have circa \$1.8 billion USD under management. The additional funds from AlphaSwiss enhance the Company's strong cash position this year as the Company transitions into Phase I clinical studies.

Quarterly Cash Flow Summary

NeuroScientific's cash position was \$4.988 million as at 31 December 2020, with the Company raising \$2.4 million during the quarter via a strategic capital raising. The Company maintains a strong position to deliver the planned clinical development program and corporate expenses continue to be carefully managed.

The quarter produced an overall net increase in cash of \$1.677 million. Research and development activities payments of \$463,000 for the quarter included safety and toxicology study costs of \$386,000, and manufacturing costs of \$77,000. Staff costs for the quarter were \$160,000. Administration and corporate costs were \$334,000. During the quarter, the company spent \$16,000 in advertising and marketing costs. Payments to related parties during the December quarter totalled \$53,000 and relate to Director fees (\$33,750) and Management fees (\$18,750).

The level of net cash burn for the March 2021 quarter is expected to be higher than the December 2020 quarter as the Company is expected to complete a number of pivotal safety studies in its ocular program and is scheduled to commence the remaining pivotal safety studies for its neurodegenerative program. Manufacturing costs will also be higher as the Company scales up production of EmtinB to support the initiation of Phase I clinical studies in the next quarter.

About Neuroscientific Biopharmaceuticals Limited

NeuroScientific Biopharmaceuticals (**ASX:NSB**) is a company developing peptide-based pharmaceutical drugs that target a number of neurodegenerative conditions with high unmet medical demand. The company's product portfolio includes EmtinB, a therapeutic peptide initially targeting Alzheimer's disease and glaucoma, as well as other Emtin peptides (EmtinAc, EmtinAn, and EmtinBn) which have demonstrated similar therapeutic potential as EmtinB. For more information, please visit www.neuroscientific.com

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Announcement authorised by the Board of Directors

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NeuroScientific Biopharmaceuticals Limited

ABN

13 102 832 995

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(338)	(454)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(16)	(28)
(d) leased assets	-	-
(e) staff costs	(160)	(295)
(f) administration and corporate costs	(334)	(455)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	375
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(839)	(848)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19)	(25)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(19)	(25)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,400	2,400
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	330	369
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(196)	(196)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,534	2,573

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,311	3,287
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(839)	(848)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(25)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,534	2,573
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,988	4,988

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,159	491
5.2	Call deposits	2,829	2,820
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,988	3,311

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(53)

0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1 above includes Director fees (\$34k) and Management fees (\$19k)

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(839)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

4,988

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

4,988

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

5.95

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: Abby Macnish Niven (Company Secretary)
(by the Board of Directors)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.