

NeuroScientific Biopharmaceuticals Limited**Appendix 4E****Preliminary final report****1. Company details**

Name of entity:	NeuroScientific Biopharmaceuticals Limited
ABN:	13 102 832 995
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	1271% to	1,045,874
Loss from ordinary activities after tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	10.8% to	(3,177,831)
Loss for the year attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	10.8% to	(3,177,831)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2020	Nil	Nil
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>9.92</u>	<u>4.23</u>

4. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

5. Attachments

The Annual Report of NeuroScientific Biopharmaceuticals Limited for the year ended 30 June 2021 is attached.

NeuroScientific Biopharmaceuticals Limited
Appendix 4E
Preliminary final report

6. Signed

Signed  _____

Matthew Liddelow
Managing Director
Perth, WA

Date: 27 August 2021

NeuroScientific Biopharmaceuticals Limited

ABN 13 102 832 995

Annual Report - 30 June 2021

NeuroScientific Biopharmaceuticals Limited
Corporate directory
30 June 2021

Directors	Paul Rennie Dr Anton Uvarov Matthew Liddelow Stephen Quantrill
Company secretary	Abby Macnish Niven
Notice of annual general meeting	The details of the annual general meeting of NeuroScientific Biopharmaceuticals Limited are: Suite 5 85 Forrest Street Cottesloe WA 6011
Registered office	Suite 5 85 Forrest Street Cottesloe WA 6011 Phone: (08) 6382 1805
Principal place of business	Suite 5 85 Forrest Street Cottesloe WA 6011 Phone: (08) 6382 1805
Share register	Automic Registry Services Level 2 267 St Georges Terrace Perth WA 6000 Phone: 1300 808 280
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade Perth WA 6000
Solicitors	Steinepreis Paganin Level 4 The Read Buildings 16 Milligan Street Perth WA 6000
Bankers	Westpac Banking Corporation Level 4 Brookfield Place, Tower 2 123 St George's Terrace Perth WA 6000
Stock exchange listing	NeuroScientific Biopharmaceuticals Limited shares are listed on the Australian Securities Exchange (ASX code: NSB)
Website	www.neuroscientific.com
Corporate Governance Statement	www.neuroscientific.com/investor-relations

Message from the Chairman

Dear Shareholder,

It is with great pleasure that I present to you the Annual Report for NeuroScientific Biopharmaceuticals Ltd ('NSB', 'NeuroScientific' or 'the Company') for the year ended 30 June 2021.

2020/21 has been a year of significant progress for NeuroScientific as the Company continues toward its major milestone of commencing first-in-human studies for its lead drug candidate, EmtinB. Post the Phase 1 stage the safety and efficacy of EmtinB will be evaluated in the indications of Alzheimer's disease and glaucoma, while further validating EmtinB's therapeutic potential in other disease indications, including Multiple sclerosis and post-COVID-19 pulmonary fibrosis.

While the COVID-19 global pandemic has added complexity to the general operating environment, with unprecedented demand for contract research services driven by COVID-related research affecting study scheduling, NeuroScientific has been able to achieve several important milestones throughout the year. I'm pleased to share these successes in this report.

R&D Highlights

The Company reported positive outcomes from its preclinical Multiples Sclerosis (MS) program in which EmtinB treatment significantly increased the formation of myelin, the protective sheath that surrounds the axons of neurons and is degraded by immune cells in MS. Remyelination of neurons is a very important signal indicating therapeutic potential for EmtinB in the treatment of MS.

The Company advanced its exploratory R&D program by partnering with The Institute for Respiratory Health and The University of Western Australia to investigate EmtinB as a potential treatment for post-COVID-19 pulmonary fibrosis. Our exploratory R&D program is focused on potential EmtinB treatment indications that are not neurology focused and leverages off published peer reviewed literature involving EmtinB parent protein metallothionein-II or EmtinB target receptor LRP-1.

NeuroScientific significantly advanced its preclinical safety and toxicology programs for both neurodegenerative and ocular indications involving EmtinB. The Company successfully completed further preclinical dose-range finding studies and pharmacokinetic modelling for its neurodegenerative program. Notable achievements in our ocular safety program include pharmacokinetic and tissue distribution studies in rabbits up to 14-days and successful completion of the pivotal 4-week ocular safety and tolerance study in non-human primates. These pre-clinical data demonstrate EmtinB has the potential to be safely administered via several routes of delivery adding to its commercial attractiveness.

The Company also achieved a major manufacturing milestone with the completion of process improvement and scale-up of solid phase manufacturing process for clinical GMP grade production of EmtinB.

In the lead up to Phase I clinical studies in the latter half of 2021, the Company partnered with leading clinical contract research organisation Linear Clinical Research Ltd. NeuroScientific has since been working closely with the Linear team on the design and planning of the first-in-human Phase I study.

Key Board Appointment and Expansion of Management Team

The Company appointed myself as Non-Executive Chairman towards the end of FY21 and expanded its management team in the lead up to starting Phase I Clinical studies.

NeuroScientific expanded its management team with the appointments of Dougal Thring as VP of Clinical development and Dr Alexandra Heaton as Director of Operations. Dougal has more than 12-years' experience in all aspects of clinical development and Alexandra is a PhD qualified neuroscientist also with a background in clinical development.

Financial Highlights

NeuroScientific completed a strategic placement with Switzerland-based investment group AlphaSwiss Partners for \$2.4 million. AlphaSwiss are a major international investment group with circa USD\$1.8 billion under management.

Additionally, the Company received strong support from investors who exercised 93.7% of NSBO listed options prior to the option expiry date in March this year, raising more than \$12 million in funds. The Company is well-funded as it transitions from preclinical development to clinical development.

Over the course of FY20/21 NeuroScientific has seen its share price increase by more than 76%, building significant momentum in the lead up to starting Phase I clinical studies.

NeuroScientific Biopharmaceuticals Limited
Chairman's Address
30 June 2021

I would like to thank our shareholders for choosing to invest in NeuroScientific and we look forward to achieving our clinical and commercial goals in the coming year.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Paul Rennie', with a stylized, cursive script.

Paul Rennie
Chairman

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

The directors present their report, together with the financial statements of NeuroScientific Biopharmaceuticals Limited (referred to hereafter as the 'company') for the year ended 30 June 2021.

Directors

The following persons were directors of NeuroScientific Biopharmaceuticals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Rennie (appointed 21 June 2021)
Dr Anton Uvarov
Matthew Liddelow
Stephen Quantrill
Brian Leedman (resigned 18 May 2021)

Principal activities

During the financial year the company was engaged in the development of diagnostic and therapeutic treatments for neurodegenerative diseases through preclinical studies of patented technologies.

Dividends

There were no dividends declared or paid during the year. The Directors recommend that no final dividend be paid.

Review of operations

The loss of the company for the year amounted to \$3,177,831 (30 June 2020: \$2,868,528).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Company 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.

No other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

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

NeuroScientific Biopharmaceuticals Limited

Directors' report

30 June 2021

Information on directors

Name: Mr Paul Rennie (appointed 21 June 2021)
Title: Non-Executive Chairman
Qualifications: BSc, MBM
Experience and expertise: Mr Rennie is a pharmaceutical professional with over 30 years' experience in the biotechnology and health care industry. Prior to appointment with NeuroScientific Biopharmaceuticals Ltd, was founder, Chief Executive Officer and Managing of Paradigm Biopharmaceuticals Ltd (ASX: PAR).
Other current directorships: Executive Chairman of Paradigm Biopharmaceuticals Ltd (ASX: PAR).
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Contractual rights to shares: As part of his appointment and subject to shareholder approval (if required), Mr Rennie will be granted 5 million options exercisable at \$0.40 and expiring five years from grant. The options will vest in three tranches, subject to continuous service up to the applicable vesting date, as follows:

- 1 million - on appointment (to be approved at AGM);
- 2 million - one year from grant; and
- 2 million - two years from grant.

Name: Mr Matthew Liddelow
Title: Managing Director and Chief Executive Officer
Qualifications: BSc, GadDipEpiBiostat, MPharm
Experience and expertise: Mr Liddelow has over 14 years' experience in the commercialisation of biotechnology, medical devices and pharmaceuticals. Mr Liddelow has been involved in a number of start-up companies, including medical device company Medevco Pty Ltd, which was acquired by Allied Healthcare Group Ltd (now Anteris Technology Ltd; ASX:AVR). While employed by multi-national pharmaceutical company Astra Zeneca, Mr Liddelow gained first-hand experience in the development, marketing and product launch of cardio vascular and respiratory related medications. In 2014, Mr Liddelow founded Enhanced Biomedical Pty Ltd of which he was Managing Director.
Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 1,125,000 ordinary shares
Interests in options: 1,900,000 options
Contractual rights to shares: 450,000 performance shares

Name: Dr Anton Uvarov
Title: Executive Director
Qualifications: PhD, MBA
Experience and expertise: Dr Uvarov has significant experience as an equity analyst in the healthcare industry with a focus on the biotechnology sector, both domestically and internationally. Prior to moving to Australia, he was with Citigroup Global Markets where he spent two years as a member of a New York based biotechnology team that has been continuously ranked top 4 for Biotechnology in the All-America Institutional Investor survey. Dr Uvarov's scientific expertise and company knowledge spreads across a variety of therapeutic areas and spectrum of market capitalizations with his particular interest in early stage biotechnology companies. Dr Uvarov holds a PhD degree in Biochemistry and Medical Genetics from the University of Manitoba, Canada and an MBA degree from the University of Calgary, Canada.
Other current directorships: Non-executive Director of Nutritional Growth Solutions (ASX:NGS).
Former directorships (last 3 years): None
Interests in shares: 2,025,000 ordinary shares
Interests in options: 1,500,000 options
Contractual rights to shares: 450,000 performance shares

NeuroScientific Biopharmaceuticals Limited

Directors' report

30 June 2021

Name: Mr Stephen Quantrill
Title: Non-Executive Director
Qualifications: BScEng, BCom, MBA, MIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) GAICD FINSIA
Experience and expertise: Mr Quantrill is a chartered engineer with over 20 years' experience in multifaceted roles in business leadership, ownership and advisory. Mr Quantrill acts as Chairman and company director across a range of businesses and industries, including in investment, resources (iron ore, oil and gas), property, biotechnology, agri-industry, advisory and engineering.
Mr Quantrill's roles include Executive Chairman of McRae Investments, the venture capital and investment holding company established by Harold Clough in 1965. He holds a BSc (Civil Engineering), Bachelor of Commerce, an MBA, is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors and an Engineering Executive Member of Engineers Australia.
Other current directorships: Tombador Iron Limited (TI1:ASX)
Former directorships (last 3 years): None
Interests in shares: 180,000 shares
Interests in options: 900,000 options
Contractual rights to shares: None

Name: Mr Brian Leedman (resigned 18 May 2021)
Title: Non-Executive Chairman
Qualifications: BE, MBA
Experience and expertise: Mr Leedman is a marketing and investor relations professional with over 15 years' experience in the biotechnology industry. Prior to appointment with NeuroScientific Biopharmaceuticals Ltd, Mr Leedman was co-founder of ResApp Health Ltd as well as Oncosil Medical Limited and Biolife Science Limited (acquired by Imugene Limited) and served for 10 years as Vice President for pSivida Corp which is listed on the ASX and NADAQ. Mr Leedman also served as WA chairman of AusBiotech, the association of biotechnology companies in Australia.
Other current directorships: Executive Director of ResApp Health Limited (ASX:RAP), Non-executive Chairman of Nutritional Growth Solutions (ASX:NGS), Non-executive Chairman of Neurotech International Limited (ASX:NTI).
Former directorships (last 3 years): -
Interests in shares: 2,230,005 ordinary shares
Interests in options: 1,700,000 options
Contractual rights to shares: 750,000 performance shares

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

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

Company secretary

Abby Macnish Niven (BComm, Bsc, CFA, GAICD) has held the role of Company Secretary since April 2020. Ms Macnish Niven has over 15 years' experience in wealth management in Australia. She holds a Bachelor of Commerce degree with a double major in Commerce and Science, is a CFA Charterholder and is a member of the Australian Institute of Company Directors. She has also completed the Certificate in Governance Practice.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

Director	Number of meetings available to attend	Number of meetings attended
Mr Paul Rennie	1	1
Mr Matthew Liddelov	12	12
Dr Anton Uvarov	12	12
Mr Stephen Quantrill	12	12
Mr Brian Leedman	10	10

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

Due to the size and scale of the Company, the duties that would ordinarily be assigned to the Remuneration, Nomination, Audit and Risk Committees is carried out by the entire Board of Directors. Details of these duties are detailed within the Company's Corporate Governance Plan. The Company has elected to disclose its Corporate Governance Plan and compliance with the plan on its website www.neuroscientific.com.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The company may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

Executive remuneration

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

NeuroScientific Biopharmaceuticals Limited

Directors' report

30 June 2021

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually based on individual and company performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the company and provides additional value to the executive.

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

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives with vesting periods based on long-term incentive measures. These include increase in shareholder's value relative to the entire market and KPI's aligned to the research and development program.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of NeuroScientific Biopharmaceuticals Limited:

- Paul Rennie - Non-Executive Chairman (appointed 21 June 2021)
- Stephen Quantrill - Non-Executive Director
- Matthew Liddelow - Managing Director and Chief Executive Officer
- Anton Uvarov – Executive Director
- Brian Leedman – Non-Executive Chairman (resigned 18 May 2021)

And the following persons:

- Abby Macnish Niven - Company Secretary and CFO

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total
2021	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Paul Rennie (Chairman)*	4,923	-	-	492	-	-	-	5,415
Stephen Quantrill**	47,500	-	-	-	-	-	68,684	116,184
Brian Leedman***	125,806	50,000	-	-	-	-	68,684	244,490
<i>Executive Directors:</i>								
Matthew Liddelow	247,204	-	-	23,484	-	-	164,842	435,530
Anton Uvarov	100,000	-	-	9,500	-	-	109,895	219,395
<i>Other Key Management Personnel:</i>								
Abby Macnish Niven**	70,000	-	-	-	-	-	51,300	121,300
	<u>595,433</u>	<u>50,000</u>	<u>-</u>	<u>33,476</u>	<u>-</u>	<u>-</u>	<u>463,405</u>	<u>1,142,314</u>

* Represents remuneration from 22 June 2021 to 30 June 2021

** Cash Salary for both Stephen Quantrill & Abby Macnish Niven is paid in consulting fees to McRae Investments Pty Ltd.

*** Represents remuneration from 1 July 2020 to 18 May 2021

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2020	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Brian Leedman (Chairman)	113,333	-	-	-	-	-	198,416	311,749
Stephen Quantrill	45,000	-	-	-	-	-	66,139	111,139
<i>Executive Directors:</i>								
Matthew Liddelov	217,152	-	-	20,629	-	-	115,742	353,523
Anton Uvarov	100,000	-	-	9,500	-	-	115,742	225,242
<i>Other Key Management Personnel:</i>								
Abby Macnish								
Niven *	18,233	-	-	-	-	-	-	18,233
Thomas Spencer								
**	45,375	-	-	-	-	-	-	45,375
	539,093	-	-	30,129	-	-	496,039	1,065,261

* Represents remuneration from 20 April 2020 to 30 June 2020

** Represents remuneration from 1 July 2019 to 20 April 2020

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Paul Rennie (Chairman)*	100%	-	-	-	-	-
Stephen Quantrill	41%	40%	-	-	59%	60%
Brian Leedman**	52%	36%	20%	-	28%	64%
<i>Executive Directors:</i>						
Matthew Liddelov	62%	67%	-	-	38%	33%
Anton Uvarov	50%	49%	-	-	50%	51%
<i>Other Key Management Personnel:</i>						
Abby Macnish Niven	58%	100%	-	-	42%	-

* Represents remuneration from 22 June 2021 to 30 June 2021

** Represents remuneration from 1 July 2020 to 18 May 2021

Cash bonuses are dependent on meeting performance measures. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year.

Service agreements

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

Matthew Liddelov - Managing Director and Chief Executive Officer

On 1 February 2018, the Company and Mr Matthew Liddelov entered into an employment agreement pursuant to which Mr Liddelov is employed as the Company's Chief Executive Officer and Managing Director. Mr Liddelov's employment commenced on 1 February 2018 and shall continue on a permanent basis, unless earlier terminated in accordance with the provisions of the Employment Agreement.

As full compensation for all services provided and duties performed by Mr Liddelov (inclusive of services as an officer and member of the Board), Mr Liddelov is entitled to receive:

- (i) with effect from 1 February 2018, an annual salary in the amount of \$120,000; and
- (ii) with effect from the date of the Company being admitted to the Official List, the Initial Salary shall be increased to an annual salary in the amount of \$180,000.
- (iii) With effect from 1 October 2019, the Board resolved to increase Mr Liddelov's salary to \$225,000 per annum plus superannuation, effective as at 1 October 2019.

Mr Liddelov is eligible to receive an annual variable discretionary performance-based award as determined by the Company.

The Employment Agreement can be terminated in the following circumstances:

- (i) by either party upon giving 30 days' notice;
- (ii) by the Company without notice if at any time Mr Liddelov:
 - a) commits any act of serious misconduct;
 - b) fundamentally breaches any of the material terms of the Employment Agreement;
 - c) is charged with any criminal offence which, in the reasonable opinion of the Company may embarrass or bring Mr Liddelov or any related company into disrepute; or
 - d) wilfully refuses to follow a lawful and reasonable direction or repeatedly and materially fails to perform his duties to the standard reasonably required by the Company.

Upon termination, the Company may:

- (i) require Mr Liddelov to perform duties other than his usual duties for all or part of the notice period;
- (iii) direct Mr Liddelov not to perform any duties and require Mr Liddelov to not attend the Company's premises for all or part of the notice period, if this is the case Mr Liddelov would continue to be an employee of the Company, bound by the Employment Agreement and would not be able to be employed, directly or indirectly, by any third party or prepare to compete with the Company; and
- (ii) tender remuneration in lieu of all or part of the notice period, in which case Mr Liddelov's employment will cease immediately and Mr Liddelov will not be entitled to any other payment on termination, other than accrued but outstanding statutory entitlements.

The Employment Agreement contains non-solicitation, intellectual property and confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

Dr Anton Uvarov – Executive Director

On 3 May 2018, the Company and Dr Anton Uvarov entered into a terms letter pursuant to which Dr Uvarov is appointed as a Director.

In consideration for his role as a Director, Dr Uvarov is entitled to receive:

- (i) for the period commencing 1 August 2017 until the Company listing on the ASX, \$5,000 per month to be satisfied through the issue of Shares at listing at a deemed issue price of \$0.20 per Share (Initial Salary);
- (ii) with effect from listing on the ASX, Dr Uvarov's salary will be payable under a separate services agreement; and
- (iii) in addition to the Shares issued to Dr Uvarov as the Initial Salary, the Company issued Dr Uvarov 950,000 Performance Shares.

Dr Uvarov's appointment as a Director can be terminated in accordance with the Constitution and the Corporations Act.

The Letter of Appointment contains confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

On 1 May 2018, the Company and Dr Uvarov also entered into an employment agreement pursuant to which Dr Uvarov will be employed as an Executive Director commencing on the date of the Company's listing on ASX and shall continue on a permanent basis, unless earlier terminated in accordance with the provisions of the Employment Agreement.

On and from the Commencement Date, Dr Uvarov will be paid a salary of \$100,000 per annum calculated pre-tax and including the cost of providing any fringe benefits to Mr Uvarov.

Dr Uvarov is eligible to receive an annual variable discretionary performance-based award as determined by the Company.

The Employment Agreement can be terminated in the following circumstances:

- a) commits any act of serious misconduct;
- b) fundamentally breaches any of the material terms of the Employment Agreement;
- c) is charged with any criminal offence which, in the reasonable opinion of the Company may embarrass or bring Dr Uvarov or any related company into disrepute; or
- d) wilfully refuses to follow a lawful and reasonable direction or repeatedly and materially fails to perform his duties to the standard reasonably required by the Company.

Upon termination, the Company may:

- (iii) require Dr Uvarov to perform duties other than his usual duties for all or part of the notice period;
- (iv) direct Dr Uvarov not to perform any duties and require Dr Uvarov to not attend the Company's premises for all or part of the notice period, if this is the case Dr Uvarov would continue to be an employee of the Company, bound by the Employment Agreement and would not be able to be employed, directly or indirectly, by any third party or prepare to compete with the Company; and
- (iv) tender remuneration in lieu of all or part of the notice period, in which case Dr Uvarov's employment will cease immediately and Dr Uvarov will not be entitled to any other payment on termination, other than accrued but outstanding statutory entitlements.

The Employment Agreement contains non-solicitation, intellectual property and confidentiality provisions, as well as other provisions that are considered standard for an agreement of this type.

Non-Executive Agreements

The Company has entered into non-executive director appointment letters with Messrs Paul Rennie and Stephen Quantrill pursuant to which Messrs Rennie and Stephen Quantrill are appointed as Non-Executive Directors of the Company on the following terms:

- (a) (Fees): Director fees are payable by the Company to each of Mr Rennie (\$160,000 per annum plus superannuation) and Mr Quantrill (\$55,000 per annum); and
- (b) (Term): the term of Messrs Rennie and Mr Quantrill's appointments are subject to provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which Messrs Rennie or Quantrill are not re-elected as Directors by Shareholders.

As part of his appointment and subject to shareholder approval (if required), Mr Rennie will be granted 5 million options exercisable at \$0.40 and expiring five years from grant. The options will vest in three tranches, subject to continuous service up to the applicable vesting date, as follows:

- 1 million - on appointment (to be approved at AGM);
- 2 million - one year from grant; and
- 2 million - two years from grant.

The appointment letters otherwise contain terms and conditions that are considered standard for agreements of this nature.

With effect from 1 April 2021, the Board resolved to increase Mr Quantrill's Director fees to \$55,000 per annum effective as at 1 April 2021.

Share-based compensation

Issue of shares

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

Issue of options

On 15 January 2021, the company issued 3,000,000 options at a cost of \$0.1374 per option, exercisable at \$0.40 on or before 15 January 2024, after the passing of the relevant resolutions at the company's AGM. Mr Leedman received 500,000 options, Mr Quantrill received 500,000 options, Mr Liddelov received 1,200,000 options and Dr Uvarov received 800,000 options.

Name	Date issued	Options	Fair Value
Brian Leedman	15 January 2021	500,000	\$68,684
Stephen Quantrill	15 January 2021	500,000	\$68,684
Matthew Liddelov	15 January 2021	1,200,000	\$164,843
Anton Uvarov	15 January 2021	800,000	\$109,895

Performance Shares (issued in financial year 2018)

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

Name	Date issued	Shares	Fair Value
Brian Leedman	2 May 2018	1,250,000	\$161,482
Stephen Quantrill	-	-	-
Matthew Liddelov	2 May 2018	800,000	\$106,899
Anton Uvarov	2 May 2018	950,000	\$136,889

NeuroScientific Biopharmaceuticals Limited**Directors' report****30 June 2021**

* 950,000 Class A performance shares issued to management in May 2018 were converted to ordinary shares at a value of \$0.20 per share upon the successful listing date.

** 700,000 Class B performance shares issued to management in May 2018 expired on 26 August 2020 as the milestone associated with the performance shares was not achieved.

Performance shares carry no dividend or voting rights. Performance shares convert to ordinary shares upon satisfaction of key milestone criteria, as at reporting date the Class C to E performance shares had not vested.

Additional information

The earnings of the company for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	1,045,874	76,273	119,287	29,418	38,185
EBITDA	(3,116,361)	(2,808,450)	(1,603,708)	(888,312)	(250,647)
EBIT	(3,177,768)	(2,865,111)	(1,658,913)	(931,295)	(260,539)
Loss after income tax	(3,177,831)	(2,868,528)	(1,658,913)	(931,420)	(261,117)

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

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.335	0.19	0.14	_ ^{**}	_ ^{**}
Total dividends declared (cents per share)	-	-	-	_ ^{**}	_ ^{**}
Basic loss per share (cents per share)	(2.21)	(3.67)	(2.32)	(3.01)	(1.13)

**On the 25 July 2018, the company successfully met the conditions of the Australian Securities Exchange ('ASX') for admission to the official list of the ASX and to have its securities quoted.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
<i>Ordinary shares</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	180,000	-	180,000
Matthew Liddelov	1,075,000	-	50,000	-	1,125,000
Anton Uvarov	1,625,000	-	400,000	-	2,025,000
Abby Macnish Niven	-	-	100,000	-	100,000
Brian Leedman*	1,930,005	-	600,000	300,000	2,230,005
	<u>4,630,005</u>	<u>-</u>	<u>1,330,000</u>	<u>300,000</u>	<u>5,660,005</u>

* Balance at end of year reflects balance as at resignation on 18 May 2021.

Options

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
<i>Options</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	400,000	500,000	-	-	900,000
Matthew Liddelov	700,000	1,200,000	-	-	1,900,000
Anton Uvarov	1,350,000	800,000	-	650,000	1,500,000
Abby Macnish Niven	-	300,000	-	-	300,000
Brian Leedman*	1,900,000	500,000	-	700,000	1,700,000
	<u>4,350,000</u>	<u>3,300,000</u>	<u>-</u>	<u>1,350,000</u>	<u>6,300,000</u>

* Balance at end of year reflects balance as at resignation on 18 May 2021.

Performance shares

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

	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Class B shares</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	150,000	-
Anton Uvarov	150,000	-	-	150,000	-
Brian Leedman	250,000	-	-	250,000	-
	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-</u>

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Class C shares</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
Brian Leedman	250,000	-	-	-	250,000
	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Class D shares</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
Brian Leedman	250,000	-	-	-	250,000
	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Class E shares</i>					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
Brian Leedman	250,000	-	-	-	250,000
	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>

Other transactions with key management personnel and their related parties

During the financial year, payments for rental of office space and administration services from McRae Investments Pty Ltd (director-related entity of Stephen Quantrill) of \$43,750 were made. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of NeuroScientific Biopharmaceuticals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
17 December 2019	17 December 2022	\$0.30	3,000,000
16 November 2020	16 November 2022	\$0.45	1,600,000
15 January 2021	15 January 2024	\$0.40	3,000,000
26 May 2021	5 April 2024	\$0.40	1,250,000
			<u>8,850,000</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

NeuroScientific Biopharmaceuticals Limited**Directors' report****30 June 2021****Indemnity and insurance of officers**

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 16 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 16 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NeuroScientific Biopharmaceuticals Limited
Directors' report
30 June 2021

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
Managing Director

27 August 2021
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Neuroscientific Biopharmaceuticals Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 27 August 2021

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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NeuroScientific Biopharmaceuticals Limited

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General information

The financial statements cover NeuroScientific Biopharmaceuticals Limited as a company. The financial statements are presented in Australian dollars, which is NeuroScientific Biopharmaceuticals Limited's functional and presentation currency.

NeuroScientific Biopharmaceuticals Limited 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
Suite 5

Principal place of business

Suite 5
85 Forrest Street
Cottesloe WA 6011
Suite 5

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

NeuroScientific Biopharmaceuticals Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue			
Interest received	4	27,645	35,733
Other income	4	1,018,229	40,540
Expenses			
Administration expenses		(392,902)	(162,814)
Business development		(70,281)	(109,394)
Research and development expenses		(2,217,944)	(1,422,717)
Patent related costs		(39,599)	(31,906)
Employee expenses		(536,205)	(468,245)
Management fees		(259,906)	(168,608)
Performance shares & Options expense	5	(625,857)	(496,039)
Rent		(19,541)	(25,000)
Depreciation		(11,470)	(6,741)
Amortisation expenses		(49,937)	(49,920)
Interest Expense		(63)	(3,417)
(Loss) before income tax expense		(3,177,831)	(2,868,528)
Income tax expense	6	-	-
(Loss) after income tax expense for the year		(3,177,831)	(2,868,528)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year		(3,177,831)	(2,868,528)
Loss attributable to:			
Members of NeuroScientific Biopharmaceuticals Limited		<u>(3,177,831)</u>	<u>(2,868,528)</u>
Basic loss per share (cents per share)		(2.21)	(3.67)
Diluted losses per share (cents per share)		(2.21)	(3.67)

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

NeuroScientific Biopharmaceuticals Limited
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents		14,162,247	3,286,852
Trade and other receivables	7	49,395	19,132
Prepayments		215,610	
Total current assets		<u>14,427,252</u>	<u>3,305,984</u>
Non-current assets			
Plant & equipment		27,843	9,435
Intangibles	8	372,348	422,285
Total non-current assets		<u>400,191</u>	<u>431,720</u>
Total assets		<u>14,827,443</u>	<u>3,737,704</u>
Liabilities			
Current liabilities			
Trade and other payables	9	175,741	61,585
Employee benefits	9	47,671	26,948
Total current liabilities		<u>223,412</u>	<u>88,533</u>
Total liabilities		<u>223,412</u>	<u>88,533</u>
Net assets		<u>14,604,031</u>	<u>3,649,171</u>
Equity			
Issued capital	10	25,274,663	11,715,535
Reserves	11,12	1,504,819	1,083,752
Accumulated losses	13	<u>(12,175,451)</u>	<u>(9,150,116)</u>
Total equity		<u>14,604,031</u>	<u>3,649,171</u>

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

NeuroScientific Biopharmaceuticals Limited
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2019	10,706,697	635,752	(6,281,588)	5,060,861
Shares issued during the year - exercised options	1,008,838	(48,039)	-	960,799
Options issued during the year	-	496,039	-	496,039
Total comprehensive (loss) for the year after tax	-	-	(2,868,528)	(2,868,528)
Balance at 30 June 2020	<u>11,715,535</u>	<u>1,083,752</u>	<u>(9,150,116)</u>	<u>3,649,171</u>
	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 year - options exercised	11,537,564	(234,438)	-	11,303,126
Shares issued during the year - share placement	2,021,564	-	-	2,021,564
Options issued during the year - related party options	-	412,106	-	412,106
Options issued during the year - broker options	-	182,144	-	182,144
Options issued during the year - ESS plan options	-	213,751	-	213,751
Performance shares and options expired during year	-	(152,496)	152,496	-
Total comprehensive (loss) for the year after tax	-	-	(3,177,831)	(3,177,831)
Balance at 30 June 2021	<u>25,274,663</u>	<u>1,504,819</u>	<u>(12,175,451)</u>	<u>14,604,031</u>

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

NeuroScientific Biopharmaceuticals Limited
Statement of cashflows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,647,372)	(2,354,083)
Receipts from customers		1,018,229	40,540
Finance costs		(63)	(3,417)
Interest received		27,645	35,733
Net cash used in operating activities	20	(2,601,561)	(2,281,227)
Cash flows from investing activities			
Purchase of property plant & equipment		(29,878)	(2,382)
Net cash used in investing activities		(29,878)	(2,382)
Cash flows from financing activities			
Proceeds from share issue		13,506,834	960,798
Proceeds from options issue		-	-
Net cash provided by financing activities		13,506,834	960,798
Net increase/(decrease) in cash and cash equivalents		10,875,395	(1,322,811)
Cash and cash equivalents at the beginning of the financial year		3,286,852	4,609,663
Cash and cash equivalents at the end of the financial year		14,162,247	3,286,852

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is NeuroScientific Biopharmaceuticals Limited's functional and presentation currency.

Foreign currency transactions

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

Revenue recognition

The company recognises revenue as follows:

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible asset recognized is assessed as finite.

Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Trade and other payables

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

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

Note 1. Significant accounting policies (continued)

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

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

Note 1. Significant accounting policies (continued)

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 2. Operating segments

The company has considered the requirements of AASB8 – Operating Segments and has 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 company operates as a single segment being research and development of pharmaceutical solutions for neurological disorders. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and is currently in the research and development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Coronavirus (COVID-19) pandemic

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

Note 4. Revenue

	2021	2020
	\$	\$
<i>Other revenue</i>		
Interest	27,645	35,733
R&D Incentive rebate	958,769	-
COVID-19 Cashflow assistance from government	59,460	40,540
	<u>1,045,874</u>	<u>76,273</u>
Revenue	<u>1,045,874</u>	<u>76,273</u>

Note 5. Share based payment

For the year ended 30 June 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
15/01/2021	15/01/2024	\$0.40	-	3,000,000	3,000,000
26/05/2021	05/04/2024	\$0.40	-	300,000	300,000
				<u>3,300,000</u>	<u>3,300,000</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
15/01/2021	15/01/2024	\$0.26	\$0.4000	100%	0.00%	0.11%	\$0.1374
26/05/2021	05/04/2024	\$0.305	\$0.4000	100%	0.00%	0.11%	\$0.1710

	2021	2020
	\$	\$
Total expenses arising from share based payment transactions recognised during the period were as follows:		
Options – share based payment expense to key management personnel	463,405	496,039
Options – share based payment expense to other employees	162,452	-
	<u>625,857</u>	<u>496,039</u>

NeuroScientific Biopharmaceuticals Limited
Notes to the financial statements
30 June 2021

Note 6. Income tax expense

	2021 \$	2020 \$
The prima facie tax receivable on loss before income tax is reconciled to the income tax as follows:		
Prima facie benefit on operating loss at 26% (2020:27.5%)	826,588	788,845
Tax losses not brought to account	<u>(826,588)</u>	<u>(788,845)</u>
Income tax benefit attributable to operating loss	<u>-</u>	<u>-</u>

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$4,078,497 (2020: \$3,439,891) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and research and development expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and research and development expenditure.

Note 7. Current assets - trade and other receivables

	2021 \$	2020 \$
Trade receivables	49,395	19,132
Less: Allowance for expected credit loss	<u>-</u>	<u>-</u>
	<u>49,395</u>	<u>19,132</u>

Allowance for expected credit loss

The company has not recognised any loss (2020: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Note 8. Non-current assets - intangibles

	2021 \$	2020 \$
Exclusive License - at cost	575,000	575,000
Less: Accumulated amortisation	<u>(202,652)</u>	<u>(152,715)</u>
	<u>372,348</u>	<u>422,285</u>

NeuroScientific Biopharmaceuticals Limited
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Note 8. Non-current assets - intangibles (continued)

Reconciliations

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

	Exclusive License \$
Balance at 1 July 2019	472,205
Amortisation expense	(49,920)
Balance at 30 June 2020	<u>422,285</u>
Balance at 1 July 2020	422,285
Amortisation expense	(49,937)
Balance at 30 June 2021	<u>372,348</u>

Note 9. Current liabilities - trade and other payables

	2021 \$	2020 \$
Trade payables	175,741	61,585
Employee benefits	47,671	26,948
	<u>223,412</u>	<u>88,533</u>

Note 10. Equity - issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>143,471,643</u>	<u>78,384,584</u>	<u>25,274,663</u>	<u>11,715,535</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2019	73,580,592		10,706,697
Issue of shares, options exercised	30 June 2020	4,803,992	\$0.20	960,798
Transfer from option reserve on exercise of options	30 June 2020	-	-	48,040
Balance	1 July 2020	78,384,584		11,715,535
Issue of shares, options exercised	1 July 2020 - 11 March 2021	56,515,630	\$0.20	11,303,126
Issue of shares, strategic placement	16 November 2020	8,571,429	\$0.28	2,400,000
Share issue costs	30 June 2021	-	-	(378,436)
Transfer from option reserve on exercise of options	30 June 2021	-	-	234,438
Balance	30 June 2021	143,471,643		25,274,663

NeuroScientific Biopharmaceuticals Limited
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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.

Share buy-back

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

Capital risk management

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

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

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

Note 11. Equity – Performance Shares

	2021 Shares	2020 Shares	2021 \$	2020 \$
Class A shares	-	-	-	-
Class B shares	-	700,000	-	111,370
Class C shares	700,000	700,000	37,577	37,577
Class D shares	700,000	700,000	30,062	30,062
Class E shares	700,000	700,000	133,140	133,140

Movements in performance shares

Movements in each class of performance share during the current and previous financial year are set out below:

Class A	Date	Shares	Fair Value	\$
Balance	1 July 2017	-	-	-
Issue of shares, share based payment	2 May 2018	950,000	\$0.20	190,000
Balance	30 June 2018	950,000	\$0.20	190,000
Conversion to ordinary shares*	25 July 2018	(950,000)	\$0.20	(190,000)
Balance	30 June 2019	-	-	-

*Class A performance shares vested on the company being admitted to the official list of the ASX

Class B	Date	Shares	Fair Value	\$
Balance	1 July 2017	-	-	-
Issue of shares, share based payment	2 May 2018	700,000	\$0.1591	111,370
Balance	30 June 2018	700,000	\$0.1591	111,370
Balance	30 June 2019	700,000	\$0.1591	111,370
Balance	30 June 2020	700,000	\$0.1591	111,370
Expiry of performance shares**	26 August 2020	(700,000)	\$0.1591	(111,370)
Balance	30 Jun 2021	-	-	-

** 700,000 Class B performance shares issued to management in May 2018 expired on 26 August 2020 as the milestone associated with the performance shares was not achieved.

Class C	Date	Shares	Fair Value	\$
Balance	1 July 2017	-	-	-
Issue of shares, share based payment	2 May 2018	700,000	\$0.1525	37,577

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Balance	30 June 2018	700,000	\$0.1525	37,577
Balance	30 June 2019	700,000	\$0.1525	37,577
Balance	30 June 2020	700,000	\$0.1525	37,577
Balance	30 June 2021	700,000	\$0.1525	37,577

*The company used judgement in estimating the probability (35.19%) of the non-market performance criteria being met at grant date.

Class D	Date	Shares	Fair Value	\$
Balance	1 July 2017	-	-	-
Issue of shares, share based payment	2 May 2018	700,000	\$0.1525	30,062
Balance	30 June 2018	700,000	\$0.1525	30,062
Balance	30 June 2019	700,000	\$0.1525	30,062
Balance	30 June 2020	700,000	\$0.1525	30,062
Balance	30 June 2021	700,000	\$0.1525	30,062

*The company used judgement in estimating the probability (28.15%) of the non-market performance criteria being met at grant date.

Class E	Date	Shares	Fair Value	\$
Balance	1 July 2017	-	-	-
Issue of shares, share based payment	2 May 2018	700,000	\$0.1902	133,140
Balance	30 June 2018	700,000	\$0.1902	133,140
Balance	30 June 2019	700,000	\$0.1902	133,140
Balance	30 June 2020	700,000	\$0.1902	133,140
Balance	30 June 2021	700,000	\$0.1902	133,140

As at the date of this report, the performance criteria for Performance Class Shares C to E had not been met.

Performance Shares

Performance shares do not entitle the holder to vote on any resolutions proposed by the company except as otherwise required by law. A performance share does not entitle the holder to any dividends nor return of capital, whether in a winding up, upon a reduction in capital or otherwise.

Note 12. Equity - reserves

	Date	No of Performance rights	No of Options	Value \$
Opening balance 1 July 2019		2,800,000	65,432,237	635,752
Shares issued during the year - exercised options		-	(4,803,992)	(48,040)
Options issued during current year *	17 December 2019	-	3,000,000	496,039
Closing balance 30 June 2020		2,800,000	63,628,245	1,083,752
Opening balance 1 July 2020		2,800,000	63,628,245	1,083,752
Shares issued during the year - exercised options		-	(56,515,630)	(234,438)
Performance shares expired during year**	26 August 2020	(700,000)	-	(111,370)
Unlisted broker options issued ***	16 November 2020		1,600,000	182,144
Unlisted options issued ****	15 January 2021	-	3,000,000	412,106
Options expired during year	31 March 2021		(4,112,615)	(41,126)
Performance options issued *****	26 May 2021		1,250,000	213,751
Closing balance 30 June 2021		2,100,000	8,850,000	1,504,819

* On 17 December 2019, the company issued 3,000,000 options at a fair value of \$496,039, exercisable at \$0.30 on or before 17 December 2022.

** 700,000 Class B performance shares issued to management in May 2018 expired on 26 August 2020 as the milestone associated with the performance shares was not achieved.

*** On 16 November, the company issued 1,600,000 options at a fair value of \$182,144, exercisable at \$0.45 on or before 16 November 2022, as part of fees to capital adviser in relation to the strategic placement.

**** On 15 January 2021, the company issued 3,000,000 options at a fair value of \$412,106, exercisable at \$0.40 on or before 15 January 2024.

***** On 26 May 2021, the company issued 1,250,000 options under its Employee Share Scheme (ESS), exercisable at \$0.40 on or before 5 April 2024.

Note 13. Equity – accumulated losses

	2021 \$	2020 \$
Retained (losses) at the beginning of the financial year	(9,150,116)	(6,281,588)
Performance Shares and Options expired during the year	152,496	-
(loss) after income tax expense for the year	(3,177,831)	(2,868,528)
Accumulated losses at the end of the financial year	<u>(12,175,451)</u>	<u>(9,150,116)</u>

Note 14. Financial instruments

Market risk

The Company's activities expose it to a variety of financial risk.

Foreign currency risk

The company is not currently exposed to any foreign exchange risk.

NeuroScientific Biopharmaceuticals Limited
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Price risk

The company is not exposed to any significant price risk.

Interest rate risk

At reporting date, the entity had \$14,162,247 (2020: \$3,286,852) in cash and cash equivalents exposed to interest rate risk.

The entity's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

		2021		2020	
		\$	%	\$	%
<i>Variable rate instruments</i>					
Cash and cash equivalents		14,162,247	0.54	3,286,852	1.17
<i>Sensitivity analysis:</i>					
Interest rate +1.00%	Profit	141,622		32,869	
Interest rate – 1.00%	Loss	(141,622)		(32,869)	

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	175,741	-	-	-	175,741
Other payables	-	47,671	-	-	-	47,671
Total		223,412	-	-	-	223,412
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	61,585	-	-	-	61,585
Other payables	-	26,948	-	-	-	26,948
Total		88,533	-	-	-	88,533

NeuroScientific Biopharmaceuticals Limited
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30 June 2021

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

Fair value of financial instruments

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

Note 15. Key management personnel disclosures

Compensation

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

	2021	2020
	\$	\$
Short-term employee benefits	645,433	539,093
Post-employment benefits	33,476	30,129
Share-based payment	463,405	496,039
	<u>1,142,314</u>	<u>1,065,261</u>

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	2021	2020
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	30,000	27,900
	<u>30,000</u>	<u>27,900</u>

Note 17. Contingent liabilities and commitments

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.

Note 18. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Company 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.

No other matter or circumstance has arisen since 30 June 2020 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.

Note 19. Related party transactions

Transactions with Related Parties

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Rental of office space & administration support	43,750	25,000

Key management personnel

Disclosures relating to key management personnel are set out in Note 16 and the remuneration report in the Directors' Report.

Receivables from and Payables to Related Parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021	2020
	\$	\$
Current payable:		
Trade payables to McRae Investments Pty Ltd (director-related entity of Stephen Quantrill)	-	10,504

Loans to/from Related Parties

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

Note 20. Reconciliation of profit after income tax to net cash from operating activities

	2021	2020
	\$	\$
Loss after income tax expense for the year	(3,177,831)	(2,868,528)
Adjustments for:		
Depreciation and amortisation	61,407	56,661
Share-based payments	625,857	496,039
Change in operating assets and liabilities:		
Change in trade and other receivables	(30,263)	8,545
Change in prepayments	(215,610)	-
Change in trade and other payables	114,156	18,426
Change in employee benefits	20,723	7,630
Net cash from operating activities	<u>(2,601,561)</u>	<u>(2,281,227)</u>

NeuroScientific Biopharmaceuticals Limited
Notes to the financial statements
30 June 2021

Note 21. Earnings per share

	2021	2020
	\$	\$
Loss after income tax	<u>(3,177,831)</u>	<u>(2,868,528)</u>
Loss after income tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	<u>(3,177,831)</u>	<u>(2,868,528)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,471,643	78,384,584
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>8,850,000</u>	<u>63,628,245</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>143,471,643</u>	<u>78,384,584</u>
	Cents	Cents
Basic and diluted losses per share	(2.22)	(3.67)

NeuroScientific Biopharmaceuticals Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the directors



Matthew Liddelow
Managing Director

27 August 2021
Perth

RSM Australia Partners

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEUROSCIENTIFIC BIOPHARMACEUTICALS LIMITED**

Opinion

We have audited the financial report of Neuroscientific Biopharmaceuticals Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

We 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.

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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.

Key audit matter	How our audit addressed this matter
Research and Development Expenses Refer to the statement of profit or loss and other comprehensive income	
Research and Development expenses recognised in the statement of profit or loss and other comprehensive income amounted to \$2,217,944 for the year ending 30 June 2021. We considered this to be a key audit matter because it is the Company's most significant transaction category, and there is the risk of inaccurate classification and presentation in the financial statements.	Our audit procedures in relation to research and development expenses included: ▪ Agreeing a sample of expenses to supporting documentation to test the accuracy and occurrence of the recognised expenditure; ▪ Assessing the classification of expenses to determine whether the Company's accounting is in accordance with Australia Accounting Standards; and ▪ Assessing the adequacy of the disclosures in the financial report.
Share based payments Refer to Note 5 in the financial statements	
During the year, the Company issued 4,600,000 unlisted options and 1,250,000 performance options. Management has applied an option valuation model to value these options issued during the year. We determined this to be a key audit matter due to the significant judgements involved in assessing the fair value of the options issued during the year.	Our audit procedures in relation to share based payments included: ▪ Reviewing the key terms and conditions of the options issued; ▪ Obtaining the valuation models prepared by management and assessing whether the models were appropriate for valuing the options granted during the year; ▪ Challenging the reasonableness of key assumptions used by management to value the options; and ▪ Reviewing the relevant disclosures in the financial statements to ensure compliance with Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company'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 accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.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 the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Neuroscientific Biopharmaceuticals 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.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 27 August 2021

NeuroScientific Biopharmaceuticals Limited
Shareholder information

The shareholder information set out below was applicable as at 30 June 2021.

Distribution of equitable securities

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

	Number of holders of ordinary shares
1 to 1,000	37
1,001 to 5,000	365
5,001 to 10,000	234
10,001 to 100,000	631
100,001 and over	182
	1,449

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
MCRAE TECHNOLOGY PTY LTD	19,122,262	13.33
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	11,277,697	7.86
MCRAE INVESTMENTS PTY LTD	6,133,000	4.27
UTAS HOLDINGS PTY LTD	2,820,896	1.97
ECU HOLDINGS PTY LTD	2,555,556	1.78
MRS WISHNY SRITHARAN KRISHNARAJAH	2,550,000	1.78
RAPCORP PTY LTD	2,495,000	1.74
MR BRIAN LEEDMAN & MRS NATASHA LEEDMAN	2,138,130	1.49
UNDERLEX PTY LTD	2,000,000	1.39
MR EDWARD JOSEPH GETTINGBY & MRS MARGARET MARY GETTINGBY	1,890,000	1.32
CITICORP NOMINEES PTY LIMITED	1,712,165	1.19
MR EDWARD JOSEPH GETTINGBY & MRS MARGARET MARY GETTINGBY	1,703,333	1.19
MS YULIA UVAROVA	1,675,000	1.17
VALOREM CAPITAL PTY LTD	1,500,000	1.05
MASSIF HOLDINGS PTY LTD	1,500,000	1.05
MR TRISTAN LOURIE COOPER	1,450,000	1.01
GCN INVESTMENTS PTY LTD	1,312,500	0.91
SOLEQUEST PTY LTD	1,300,000	0.91
MR ANTHONY DE NICOLA & MRS TANYA LOUISE DE NICOLA	1,275,000	0.89
ICE LAKE INVESTMENTS PTY LTD	1,250,000	0.87
	68,867,862	48.00

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	8,850,000	18

NeuroScientific Biopharmaceuticals Limited
Shareholder information

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
McRae Technology Pty Ltd	19,122,262	13.33
McRae Investments Pty Ltd	6,133,000	4.27

Voting rights

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

Ordinary shares

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

Performance shares

Class C, D and E shares have no voting rights.