

1. Company details

Name of entity:	NeuroScientific Biopharmaceuticals Limited
ABN:	13 102 832 995
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	93% to	68,450
Loss from ordinary activities after tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	228% to	(10,435,349)
Loss for the year attributable to the owners of NeuroScientific Biopharmaceuticals Limited	up	228% to	(10,435,349)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2021	Nil	Nil
Final dividend for the year ended 30 June 2022	Nil	Nil

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	5.17	9.92

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 2022 is attached.

6. Signed

Signed Paul Rennie

Paul Rennie
Chairman
29 August 2022





NeuroScientific
BIOPHARMACEUTICALS

ANNUAL REPORT

For Year ended
30 June 2022

ABN: 13 102 832 995

ASX: NSB

CORPORATE DIRECTORY

DIRECTORS

Mr Paul Rennie	(Non-Executive Chair)
Dr Anton Uvarov	(CSO & Executive Director)
Mr Stephen Quantrill	(Non-Executive Director)

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr Matt Liddelow

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Ms Abby Macnish Niven

AUDITOR

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
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

REGISTERED OFFICE

Suite 5, 85 Forrest Street
Cottesloe WA 6011

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").
ASX code: NSB

WEBSITE ADDRESS:

www.neuroscientific.com

CONTENTS

CORPORATE DIRECTORY	2
CHAIRMAN'S ADDRESS	4
DIRECTORS' REPORT	6
AUDITOR'S INDEPENDENCE DECLARATION	25
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	27
STATEMENT OF FINANCIAL POSITION	28
STATEMENT OF CHANGES IN EQUITY	29
STATEMENT OF CASH FLOWS	30
NOTES TO THE FINANCIAL STATEMENTS	31
DIRECTOR'S DECLARATION	53
INDEPENDENT AUDITOR'S REPORT	54
ADDITIONAL SHAREHOLDER INFORMATION	57



CHAIRMAN'S ADDRESS

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 2022 ("FY22").

FY22 has been a historic year for NeuroScientific as the Company achieved the landmark milestone of commencing clinical development of its lead drug candidate, EmtinB™. Post the Phase 1 clinical trial, the safety and efficacy of EmtinB™ will be evaluated in the indications of multiple sclerosis, Alzheimer's disease and glaucoma.

NeuroScientific significantly progressed its Neurology R&D Program for EmtinB™, achieving several major milestones during FY22.

In April 2022, the Company reported it had successfully completed all preclinical studies in its Neurology Safety and Toxicology Program for EmtinB™, as required by regulatory agencies prior to testing EmtinB™ in humans.

In May 2022, the Company received Human Research Ethics Committee (HREC) approval to commence its Early-Phase Clinical Trial for EmtinB™, involving the assessment of biomarkers in blood samples in up to 30 healthy human volunteers. The Early-Phase Clinical Trial is an important initial component of the clinical development program with the core focus of developing predictive biomarkers for target engagement and proof of mechanism of activity of EmtinB™ in humans. Predictive biomarkers are a key element for improving probable success in clinical trials involving patients.

In June 2022, NeuroScientific reported first subject recruited for the Early-Phase Clinical Trial.

Major progress was also achieved in NeuroScientific's Multiple sclerosis (MS) R&D Program. In November 2021, the Company reported it had partnered with two leading international MS research companies, Biospective Inc. and Imeka. The Company also reported positive outcomes from its MS biomarker studies in which EmtinB™ regulated key inflammatory responses associated with MS and other autoimmune conditions. Additionally, the biomarker data characterised the effect of EmtinB™ on peripheral inflammatory responses. The MS R&D Program progressed to proof of efficacy animal studies during the 2H FY22 and in June 2022 the Company reported very promising preliminary results from a study undertaken in the gold standard inflammatory mouse model for MS, the myelin oligodendrocyte glycoprotein-induced experimental autoimmune encephalomyelitis (MOG-EAE) mouse model.

NeuroScientific continued to advance its Ophthalmology R&D Program for EmtinB™ by completing several pivotal safety studies to support advancing EmtinB™ into clinical development for ocular indications, such as glaucoma. The Company completed a 4-week Ocular Safety and Tolerance study in non-human primates (NHPs) involving weekly ocular administrations of EmtinB™, and a 13-week Ocular Toxicity study in NHPs.



NeuroScientific also expanded its clinical leadership team with the appointments of Dougal Thring as Chief Operating Office and Simon Scott as Director of Clinical Development.

I would like to thank all shareholders for investing in NSB and we look forward to achieving our clinical and commercial goals and thereby increasing shareholder value in the coming years.

Yours faithfully



Paul Rennie
Chairman



DIRECTORS' REPORT

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 2022.

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:

Mr Paul Rennie

Dr Anton Uvarov

Mr Matthew Liddelow

Mr Stephen Quantrill

Principal activities

During the financial year the Company was engaged in the development of therapeutic treatments for neurodegenerative diseases through preclinical and clinical 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 \$10,435,349 (30 June 2021: \$3,177,831). The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Company up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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

No other matter or circumstance has arisen since 30 June 2022 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.



DIRECTORS' REPORT

Information on directors

Name:	Mr Paul Rennie
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 healthcare industry. Prior to his appointment with NeuroScientific Biopharmaceuticals Ltd, he was founder, Chief Executive Officer and Managing Director 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:	300,000 shares
Interests in options:	5,600,000 options
Contractual rights to shares:	As part of his appointment Mr Rennie was granted 5 million options exercisable at \$0.40 and expiring five years from grant.
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 Pty Ltd, the venture capital and investment holding company established by Harold Clough in 1965.
Other current directorships:	Tombador Iron Limited (ASX:TI1)
Former directorships (last 3 Years):	None
Interests in shares:	180,000 shares
Interests in options:	1,100,000 options
Contractual rights to shares:	None



DIRECTORS' REPORT

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.
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:	2,400,000 options
Contractual rights to shares:	450,000 performance shares

Name:	Mr Matthew Liddelow
Title:	Managing Director and Chief Executive Officer
Qualifications:	BSc, GadDipEpiBiostat, MPharm
Experience and expertise:	Mr Liddelow has over 15 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 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:	2,800,000 options
Contractual rights to shares:	450,000 performance shares



DIRECTORS' REPORT

'Other current directorships' quoted above are current directorships for ASX 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 & Chief Financial Officer

Abby Macnish Niven (BComm, Bsc, CFA, GAICD) has held the role of Company Secretary & Chief Financial Officer since April 2020. Ms Macnish Niven has over 20 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	13	13
Mr Matthew Liddelow	13	13
Dr Anton Uvarov	13	13
Mr Stephen Quantrill	13	13

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.



DIRECTORS' REPORT

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.



DIRECTORS' REPORT

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.

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 are based on financial and nonfinancial measures, including budget management, R&D program planning and development, business development, and leadership contribution.



DIRECTORS' REPORT

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 tables below.

The key management personnel of the Company consisted of the following Directors of NeuroScientific Biopharmaceuticals Limited:

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

And the following persons:

- Abby Macnish Niven - Company Secretary and CFO



DIRECTORS' REPORT

	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
2022	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Paul Rennie (Chairman)	160,616	-	-	16,062	-	-	851,312	1,027,990
Stephen Quantrill*	55,000	-	-	-	-	-	114,714	169,714
<i>Executive Directors:</i>								
Matthew Liddelow	232,789	-	-	23,279	-	-	172,071	428,139
Anton Uvarov	103,461	-	-	10,346	-	-	172,071	285,878
<i>Other Key Management Personnel:</i>								
Abby Macnish Niven**	65,002	-	-	-	-	-	-	65,002
	616,868	-	-	49,687	-	-	1,310,168	1,976,72

* Cash Salary for Stephen Quantrill is paid in consulting fees to McRae Investments Pty Ltd.

** Cash Salary for Abby Macnish Niven is paid in consulting fees to McRae Investments Pty Ltd from 1 July 2021 to 31 December 2021, and to CAMS Advisory Pty Ltd from 1 January 2022 to 30 June 2022.



DIRECTORS' REPORT

	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
	595,433	50,000	-	33,476	-	-	463,405	1,142,314

* 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.



DIRECTORS' REPORT

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
<i>Non-Executive Directors:</i>						
Paul Rennie (Chairman)	18%	100%	-	-	82%	-
Stephen Quantrill	32%	41%	-	-	68%	59%
Brian Leedman*	-	52%	-	20%	-	28%
<i>Executive Directors:</i>						
Matthew Liddelow	60%	62%	-	-	40%	38%
Anton Uvarov	40%	50%	-	-	60%	50%
<i>Other Key Management Personnel:</i>						
Abby Macnish Niven	100%	58%	-	-	-	42%

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.

* Represents remuneration from 1 July 2020 to date of resignation 18 May 2021.



DIRECTORS' REPORT

Service agreements

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

Mr Matthew Liddelow - Managing Director and Chief Executive Officer

On 1 February 2018, the Company and Mr Matthew Liddelow entered into an Employment Agreement pursuant to which Mr Liddelow is employed as the Company's Chief Executive Officer and Managing Director. Mr Liddelow'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 Liddelow (inclusive of services as an officer and member of the Board), Mr Liddelow 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; and
- (iii) With effect from 1 October 2019, the Board resolved to increase Mr Liddelow's salary to \$225,000 per annum plus superannuation, effective as at 1 October 2019.

Mr Liddelow 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 Liddelow:
 - 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 Liddelow 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.



DIRECTORS' REPORT

Upon termination, the Company may:

- (i) require Mr Liddelow to perform duties other than his usual duties for all or part of the notice period;
- (ii) direct Mr Liddelow not to perform any duties and require Mr Liddelow to not attend the Company's premises for all or part of the notice period, if this is the case Mr Liddelow 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
- (iii) tender remuneration in lieu of all or part of the notice period, in which case Mr Liddelow's employment will cease immediately and Mr Liddelow 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, 2001.

Dr Uvarov's 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.



DIRECTORS' REPORT

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 Dr 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:

- (i) commits any act of serious misconduct;
- (ii) fundamentally breaches any of the material terms of the Employment Agreement;
- (iii) 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
- (iv) 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 Dr Uvarov to perform duties other than his usual duties for all or part of the notice period;
- (ii) 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
- (iii) 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.



DIRECTORS' REPORT

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 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 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, Mr Rennie was granted five million options exercisable at \$0.40 and expiring five years from grant. The options vest in three tranches, subject to continuous service up to the applicable vesting date, as follows:

- 1 million - on appointment (vested);
- 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 2022.

Issue of options

On 7 December 2021, the Company issued 3,000,000 options at a fair value of \$0.1912 per option, exercisable at \$0.50 on or before 7 December 2024, after the passing of the relevant resolutions at the Company's AGM. Mr Rennie received 600,000 options, Mr Quantrill received 600,000 options, Mr Liddelow received 900,000 options and Dr Uvarov received 900,000 options.



DIRECTORS' REPORT

Name	Date issued	Options	Fair Value
Paul Rennie	7 December 2021	600,000	\$114,714
Stephen Quantrill	7 December 2021	600,000	\$114,714
Matthew Liddelov	7 December 2021	900,000	\$172,071
Anton Uvarov	7 December 2021	900,000	\$172,071

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
Stephen Quantrill	-	-	-
Matthew Liddelov	2 May 2018	800,000	\$115,270
Anton Uvarov	2 May 2018	950,000	\$145,270

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. See page 21 for details.

Additional information

The earnings of the Company for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue	68,450	1,045,874	76,273	119,287	29,418
EBITDA	(10,370,434)	(3,116,361)	(2,808,450)	(1,603,708)	(888,312)
EBIT	(10,435,349)	(3,177,768)	(2,865,111)	(1,658,913)	(931,295)
Loss after income tax	(10,4)	(3,177,831)	(2,868,528)	(1,658,913)	(931,420)

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

	2022	2021	2020	2019	2018
Share price at financial year end (\$)	0.18	0.335	0.19	0.14	_*
Total dividends declared (cents per share)	-	-	-	-	_*
Basic loss per share (cents per share)	(7.27)	(2.21)	(3.67)	(2.32)	(3.01)

**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.



DIRECTORS' REPORT

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
Ordinary shares					
Paul Rennie	-	-	300,000	-	300,000
Stephen Quantrill	180,000	-	-	-	180,000
Matthew Liddelov	1,125,000	-	-	-	1,125,000
Anton Uvarov	2,025,000	-	-	-	2,025,000
Abby Macnish Niven	100,000	-	-	-	100,000
	3,430,000	-	300,000	-	3,730,000

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
Options					
Paul Rennie	-	5,600,000	-	-	5,600,000
Stephen Quantrill	500,000	600,000	-	-	1,100,000
Matthew Liddelov	1,900,000	900,000	-	-	2,800,000
Anton Uvarov	1,500,000	900,000	-	-	2,400,000
Abby Macnish Niven	300,000	-	-	-	300,000
	4,200,000	8,000,000	-	-	12,200,000



DIRECTORS' REPORT

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
Class C shares					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
	300,000	-	-	-	300,000

	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
Class D shares					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
	300,000	-	-	-	300,000

	Balance at the start of the year	Granted	No. of Rights exercised	Expired/ forfeited/ other	Balance at the end of the year
Class E shares					
Paul Rennie	-	-	-	-	-
Stephen Quantrill	-	-	-	-	-
Matthew Liddelov	150,000	-	-	-	150,000
Anton Uvarov	150,000	-	-	-	150,000
	300,000	-	-	-	300,000

Other transactions with key management personnel and their related parties

During the financial year, payments for rental of office space and administration services of \$52,065 were made to McRae Investments Pty Ltd (director-related entity of Stephen Quantrill). The Company paid \$1,748 to Dr Anton Uvarov and \$389 to CAMS Advisory (related entity of Abby Macnish Niven) in relation to travel expenses incurred on the Company's behalf. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.



DIRECTORS' REPORT

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	1,175,000
11 November 2021	7 December 2024	\$0.50	3,000,000
11 November 2021	21 June 2026	\$0.40	5,000,000
10 June 2022	17 June 2025	\$0.40	750,000
10 June 2022	17 June 2027	\$0.40	250,000
			<hr/> 17,775,000 <hr/>

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.

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.



DIRECTORS' REPORT

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 Nexia Perth Audit Services Pty Ltd

There are no officers of the Company who are former partners of Nexia Perth Audit Services Pty Ltd.

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

Nexia Perth Audit Services Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors



Matthew Liddelow
Managing Director
29 August 2022
Perth



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

To the directors of Neuroscientific Biopharmaceuticals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial year ended 30 June 2022 there have been:

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



Nexia Perth Audit Services Pty Ltd



M. Janse van Nieuwenhuizen
Director

Perth
29 August 2022

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

Principal place of business

Suite 5
85 Forrest Street
Cottesloe WA 6011

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2022. The Directors have the power to amend and reissue the financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue			
Interest received	4	68,450	27,645
Other income	4	-	1,018,229
Expenses			
Administration expenses		(494,116)	(412,444)
Business development expenses		(136,511)	(70,281)
Research and development expenses		(7,220,142)	(2,217,944)
Patent related costs		(66,718)	(39,599)
Employee expenses		(887,944)	(536,205)
Management fees		(282,500)	(259,906)
Share based payment expense	5	(1,350,953)	(625,857)
Depreciation expenses		(14,989)	(11,470)
Amortisation expenses		(49,926)	(49,937)
Interest expense		-	(63)
(Loss) before income tax expense		(10,435,349)	(3,177,831)
Income tax expense	6	-	-
(Loss) after income tax expense for the year		(10,435,349)	(3,177,831)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year		(10,435,349)	(3,177,831)
Basic loss per share (cents per share)		(7.27)	(2.21)
Diluted losses per share (cents per share)		(7.27)	(2.21)

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



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		7,216,048	14,162,247
Trade and other receivables	7	120,928	49,395
Prepayments		61,217	215,610
Total current assets		<u>7,398,193</u>	<u>14,427,252</u>
Non-current assets			
Plant and equipment		16,720	27,843
Intangible assets	8	322,422	372,348
Total non-current assets		<u>339,142</u>	<u>400,191</u>
Total assets		<u>7,737,335</u>	<u>14,827,443</u>
Liabilities			
Current liabilities			
Trade and other payables	9	2,166,004	175,741
Employee benefits	9	51,696	47,671
Total current liabilities		<u>2,217,700</u>	<u>223,412</u>
Total liabilities		<u>2,217,700</u>	<u>223,412</u>
Net assets		<u>5,519,635</u>	<u>14,604,031</u>
Equity			
Issued capital	10	25,274,663	25,274,663
Reserves	11,12	2,842,947	1,504,819
Accumulated losses	13	<u>(22,597,975)</u>	<u>(12,175,451)</u>
Total equity		<u>5,519,635</u>	<u>14,604,031</u>

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



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	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	25,274,663	1,504,819	(12,175,451)	14,604,031
	Issued capital	Reserves	Accumulated losses	Total equity
Balance at 1 July 2021	25,274,663	1,504,819	(12,175,451)	14,604,031
Options issued during the year - related party options	-	1,310,167	-	1,310,167
Options issued during the year - ESS plan options	-	1,675	-	1,675
ESS plan options expired during year	-	(12,825)	12,825	-
Revaluation of performance shares during year	-	39,111	-	39,111
Total comprehensive (loss) for the year after tax	-	-	(10,435,349)	(10,435,349)
Balance at 30 June 2022	25,274,663	2,842,947	(22,597,975)	5,519,635

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



STATEMENT OF CASH FLOWS

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(7,010,783)	(3,647,372)
Receipts from customers		-	1,018,229
Finance costs		-	(63)
Interest received		68,450	27,645
Net cash used in operating activities	20	(6,942,333)	(2,601,561)
Cash flows from investing activities			
Purchase of property plant and equipment		(3,866)	(29,878)
Net cash used in investing activities		(3,866)	(29,878)
Cash flows from financing activities			
Proceeds from share issue		-	13,506,834
Proceeds from options issue		-	-
Net cash provided by financing activities		-	13,506,834
Net increase/(decrease) in cash and cash equivalents		(6,946,199)	10,875,395
Cash and cash equivalents at the beginning of the financial year		14,162,247	3,286,852
Cash and cash equivalents at the end of the financial year		7,216,048	14,162,247

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



NOTES TO THE FINANCIAL STATEMENTS

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Company has reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Company has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company; therefore, no change is necessary to the Company accounting policies.

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 3.



NOTES TO THE FINANCIAL STATEMENTS

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 income

Other income is recognised when it is received or when the right to receive payment is established. R&D refunds are a tax offset under the R&D tax incentive recognised on receipt of funds from the Australian Taxation Office for research and development expenditure incurred in the previous financial year. They are presented in the statement of profit and loss and other comprehensive income as other income



NOTES TO THE FINANCIAL STATEMENTS

Income tax

The income tax expense or benefit for the year 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.



NOTES TO THE FINANCIAL STATEMENTS

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 include 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.

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 amortisation and accumulated impairment losses. The useful life of the intangible asset recognised is assessed as finite.

Useful life (years) – 11.5 years



NOTES TO THE FINANCIAL STATEMENTS

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.



NOTES TO THE FINANCIAL STATEMENTS

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

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 AASB 8 – 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.



NOTES TO THE FINANCIAL STATEMENTS

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. 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. Other income

	2022 \$	2021 \$
<i>Other income</i>		
Interest	68,450	27,645
R&D incentive rebate	-	958,769
COVID-19 Cashflow assistance from government	-	59,460
	<u>68,450</u>	<u>1,045,874</u>
Other income	<u>68,450</u>	<u>1,045,874</u>

Note 5. Share based payment

For the year ended 30 June 2022:

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



NOTES TO THE FINANCIAL STATEMENTS

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	Risk-free interest rate	Fair value at grant date
11/11/2021	07/12/2024	\$0.35	\$0.50	100%	0.58%	\$0.1912
11/11/2021*	21/06/2026	\$0.35	\$0.40	100%	1.11%	\$0.2541

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

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2022 \$	2021 \$
Options – share based payment expense to key management personnel	1,310,167	463,405
Options – share based payment expense to other employees	1,675	162,452
Performance shares – revaluation*	39,111	-
	<u>1,350,953</u>	<u>625,857</u>

*On 30 June 2022, the Company revalued the Class C and Class D performance rights to reflect the new estimated probability of 10% and 90% (2021: 35.2% and 28.16%) of the non-market performance criteria being met at grant date.



NOTES TO THE FINANCIAL STATEMENTS

Note 6. Income tax

Income tax recognised in profit of loss

	2022 \$	2021 \$
Current tax expense		
The prima facie income tax expense / (benefit) on pre-tax accounting profit / (loss) from operations reconciles to the income tax expense as follows:		
Accounting profit / (loss) before income tax	(10,435,349)	(3,177,831)
Income tax at 25.0% (2021: 26%)	(2,608,837)	(826,588)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-assessable income	337,738	-
Adjustments recognised in the current year in relation to the current tax of previous years	2,808,924	-
Effect of temporary differences that would be recognised directly in equity	(94,609)	-
Temporary differences not recognised	(443,216)	826,588
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25.0% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

Deferred Tax Balances

At 30 June 2022, net deferred tax assets of \$3,635,282 (2021: \$4,078,497) have been reversed in terms of AASB112 Income Taxes. The Company does not currently have foreseeable future taxable profits against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and liabilities as at 30 June 2022 comprise:	Deferred Tax Assets \$	Deferred Tax Liabilities \$	Net \$
Intangible assets	63,145	-	63,145
Trade & other payables	2,250		2,250
Employee benefits	12,924		12,924
Unused tax losses	3,474,708	-	3,474,708
Other future deductions	82,255	-	82,255
Unrecognised deferred tax assets / (liabilities) before set-off	3,635,282	-	3,635,282
Net unrecognised deferred tax asset	3,635,282	-	3,635,282



NOTES TO THE FINANCIAL STATEMENTS

Note 7. Current assets - trade and other receivables

	2022 \$	2021 \$
Trade receivables	120,928	49,395
Less: Allowance for expected credit loss	-	-
	<u>120,928</u>	<u>49,395</u>

Allowance for expected credit loss

The Company has not recognised any loss (2021: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Note 8. Non-current assets – intangible assets

	2022 \$	2021 \$
Exclusive license - at cost	575,000	575,000
Less: Accumulated amortisation	(252,578)	(202,652)
	<u>322,422</u>	<u>372,348</u>

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 2020	422,285
Amortisation expense	(49,937)
Balance at 30 June 2021	<u>372,348</u>
Balance at 1 July 2021	<u>372,348</u>
Amortisation expense	(49,926)
Balance at 30 June 2022	<u>322,422</u>

Note 9. Current liabilities - trade and other payables

	2022 \$	2021 \$
Trade payables	2,166,004	175,741
Employee benefits	51,696	47,671
	<u>2,217,700</u>	<u>223,412</u>



NOTES TO THE FINANCIAL STATEMENTS

Note 10. Equity - issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	<u>143,471,643</u>	<u>143,471,643</u>	<u>25,274,663</u>	<u>25,274,663</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
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
Issue of shares		-		-
Balance	30 June 2022	143,471,643		25,274,663

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.



NOTES TO THE FINANCIAL STATEMENTS

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 rights

	2022 Shares	2021 Shares	2022 \$	2021 \$
Class C shares	700,000	700,000	10,675	37,577
Class D shares	700,000	700,000	96,075	30,062
Class E shares	700,000	700,000	133,140	133,140

Movements in performance rights

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

Class C	Date	Shares	Fair value	\$
Balance	30 June 2021	700,000	\$0.1525	37,577
Revaluation*	30 June 2022	700,000	\$0.1525	10,675

*The Company used judgement in estimating the probability 10% (2021: 35.2%) of the non-market performance criteria being met at grant date.

Class D	Date	Shares	Fair value	\$
Balance	30 June 2021	700,000	\$0.1525	30,062
Revaluation*	30 June 2022	700,000	\$0.1525	96,075

*The Company used judgement in estimating the probability 90% (2021: 28.16%) of the non-market performance criteria being met at grant date.

Class E	Date	Shares	Fair value	\$
Balance	30 June 2021	700,000	\$0.1902	133,140
Balance	30 June 2022	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.



NOTES TO THE FINANCIAL STATEMENTS

Performance rights

Performance rights do not entitle the holder to vote on any resolutions proposed by the Company except as otherwise required by law. A performance right 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 performanc e rights	No of options	Value \$
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
Opening balance 1 July 2021		2,100,000	8,850,000	1,504,819
Unlisted options issued *	11 November 2021	-	3,000,000	573,569
Unlisted options issued *	11 November 2021	-	5,000,000	736,598
Performance options issued **	10 June 2022	-	1,000,000	1,675
Options expired during year***	30 June 2022	-	(75,000)	(12,825)
Performance rights revaluation ****	30 June 2022	-	-	39,111
Closing balance 30 June 2022		2,100,000	17,775,000	2,842,947

* On 11 November 2021, the Company issued 3,000,000 options at a fair value of \$573,569, exercisable at \$0.50 on or before 7 December 2024, as part of fees to Directors. Additionally, the Company issued 5,000,000 options at a fair value of \$1,270,597 exercisable at \$0.40 on or before 21 June 2026, as part of fees to the Chairman.

*** On 10 June 2022, the Company issued 1,000,000 options under its Employee Share Scheme (ESS), exercisable at \$0.40 on or before 17 June 2025 (for 750,000 options) and exercisable at \$0.40 on or before 17 June 2027 (for 250,000 options).



NOTES TO THE FINANCIAL STATEMENTS

*** On 30 June 2022, 75,000 ESS options that were issued to staff in May 2021 expired as the conditions associated with the options were not achieved.

**** On 30 June 2022, the Company revalued the Class C and Class D performance rights to reflect the new estimated probability of 10% and 90% (2021: 35.2% and 28.16%) of the non-market performance criteria being met at grant date.

Note 13. Equity – accumulated losses

	2022 \$	2021 \$
Retained (losses) at the beginning of the financial year	(12,175,451)	(9,150,116)
Performance rights and options expired during the year	12,825	152,496
(Loss) after income tax expense for the year	<u>(10,435,349)</u>	<u>(3,177,831)</u>
Accumulated losses at the end of the financial year	<u><u>(22,597,975)</u></u>	<u><u>(12,175,451)</u></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.

Price risk

The Company is not exposed to any significant price risk.

Interest rate risk

At reporting date, the entity had \$7,216,048 (2021: \$14,162,247) 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.



NOTES TO THE FINANCIAL STATEMENTS

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:

		2022		2021	
		\$	%	\$	%
<i>Variable rate instruments</i>					
Cash and cash equivalents		7,216,048	1.57	14,162,247	0.54
<i>Sensitivity analysis:</i>					
Interest rate +1.00%	Profit	72,160		141,622	
Interest rate – 1.00%	Loss	(72,160)		(141,622)	

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.



NOTES TO THE FINANCIAL STATEMENTS

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022						
<i>Non-interest bearing</i>						
Trade payables	-	2,166,004	-	-	-	2,166,004
Other payables	-	51,696	-	-	-	51,696
Total		2,217,700	-	-	-	2,217,700
	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						
<i>Non-interest bearing</i>						
Trade payables	-	175,741	-	-	-	175,741
Other payables	-	47,671	-	-	-	47,671
Total		223,412	-	-	-	223,412



NOTES TO THE FINANCIAL STATEMENTS

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:

	2022	2021
	\$	\$
Short-term employee benefits	621,791	645,433
Post-employment benefits	50,179	33,476
Share-based payment	1,310,167	463,405
	<u>1,982,137</u>	<u>1,142,314</u>

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Perth Audit Services Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	2022	2021
	\$	\$
<i>Audit services – Nexia Perth Audit Services Pty Ltd</i>		
Audit or review of the financial statements	27,000	-
<i>Audit services – RSM Australia Partners</i>		
Audit or review of the financial statements	-	30,000
<i>Taxation services – Nexia Perth Pty Ltd</i>		
Taxation services related to R&D tax incentive	37,750	51,000
Taxation services related to ESS	1,605	-
Taxation services related to annual tax return	2,750	4,900
	<u>69,105</u>	<u>85,900</u>



NOTES TO THE FINANCIAL STATEMENTS

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.

Milestone 2 is yet to be completed and is dependent on final reports being received for the good laboratory standard (GLP) studies of the preclinical safety and toxicology program for EmtinB. All GLP studies have been successfully completed and final draft reports for these studies are in final QC review. Upon issue of the Final GLP Study Reports, Milestone 2 will be satisfied. The Company expects to complete Milestone 2 during Q3 CY2022.

Milestone 3 involves approval to commence a First in Human Phase I Clinical Trial. On the basis that the Final GLP Study Reports will be issued in the near future, NSB submitted an application for HREC approval to commence a Phase I Clinical Trial. Approval of the application by HREC will satisfy completion of Milestone 3. The Company expects to complete Milestone 3 during Q3 CY2022.

Note 18. Events after the reporting period

No matters or circumstance has arisen since 30 June 2022 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:

	2022	2021
	\$	\$
Rental of office space and administration support	52,056	43,750
Reimbursement of travel expenses to Anton Uvarov	1,748	-
Reimbursement of travel expenses to CAMS Advisory	389	-
	<u>54,193</u>	<u>43,750</u>



NOTES TO THE FINANCIAL STATEMENTS

Key management personnel

Disclosures relating to key management personnel are set out in Note 15 and the remuneration report in the Directors' Report.

Receivables from and payables to related parties

There are no receivables or payables outstanding at the reporting date in relation to transactions with related parties.

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

	2022	2021
	\$	\$
Loss after income tax expense for the year	(10,435,349)	(3,177,831)
Adjustments for:		
Depreciation and amortisation	64,915	61,407
Share-based payments	1,350,953	625,857
Change in operating assets and liabilities:		
Change in trade and other receivables	(71,533)	(30,263)
Change in prepayments	154,393	(215,610)
Change in trade and other payables	1,990,263	114,156
Change in employee benefits	4,025	20,723
Net cash from operating activities	<u>(6,942,333)</u>	<u>(2,601,561)</u>



NOTES TO THE FINANCIAL STATEMENTS

Note 21. Earnings per share

	2022	2021
	\$	\$
Loss after income tax	<u>(10,453,349)</u>	<u>(3,177,831)</u>
Loss after income tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	<u><u>(10,453,349)</u></u>	<u><u>(3,177,831)</u></u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,471,643	143,471,643
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>17,775,000</u>	<u>8,850,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>143,471,643</u></u>	<u><u>143,471,643</u></u>
	Cents	Cents
Basic and diluted losses per share	(7.27)	(2.22)



DIRECTORS' DECLARATION

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 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Matthew Liddelow
Managing Director

29 August 2022
Perth



Independent Auditor's Report to the Members of Neuroscientific Biopharmaceuticals Ltd

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Neuroscientific Biopharmaceuticals Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and 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 Neuroscientific Biopharmaceuticals Ltd 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 2022 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Future Funding</p> <p><i>(Refer to note 10 - issued capital in the financial report)</i></p> <p>The Company's primary activity is research and development, which is funded through equity raising as the Company does not yet have revenue generating activities.</p> <p>As disclosed in the financial report, the Company reported an operating loss after tax for the year ended 30 June 2022 of \$10,435,349 of which \$1,350,953 represented share based payment expenses. The Company reported net cash outflows from operating activities of \$6,942,333.</p> <p>The adequacy of funding and liquidity, as well as the relevant impact on the going concern assessment, is a key audit matter due to the significance of management's judgments and estimates in respect of this assessment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> checking the mathematical accuracy of the cash flow forecast prepared by management; evaluating the reliability and completeness of management's assumptions by comparing them to our understanding of the Company's future plans and operating conditions; obtaining an understanding of management's forecast and evaluating the sensitivity of assumptions made by management; and considering events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment.
<p>Share based payments</p> <p><i>(Refer to note 5 - Share based payment and note 12 Equity - reserves in the financial report)</i></p> <p>Neuroscientific Biopharmaceuticals Limited is an early stage pharmaceutical research company. It pays its directors and employees with long-term incentives.</p> <p>This is a key audit matter as the valuation of share-based payments is complex and subject to significant management estimates and judgement.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> assessing whether the option pricing model chosen by management was appropriate; recalculating the fair value estimated by management using the same model and inputs to the model; assessing the reasonableness of the inputs used in the model; ensuring the accounting treatment of the new and existing share-based payments are in line with AASB 2; performing procedures to identify unrecorded share-based payments; and ensuring the disclosure of the share-based payments met the requirements of AASB 2.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 Australian Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 22 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Neuroscientific Biopharmaceuticals Limited for the year ended 30 June 2022, 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.



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen

Director

Perth

29 August 2022

ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2022.

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	47
1,001 to 5,000	396
5,001 to 10,000	255
10,001 to 100,000	639
100,001 and over	183
	<hr/>
	1,520

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
MCRAE TECHNOLOGY PTY LTD	19,122,262	13.33
BNP PARIBAS NOMS PTY LTD <DRP>	13,756,751	9.59
MCRAE INVESTMENTS PTY LTD	6,133,000	4.27
UTAS HOLDINGS PTY LTD	2,820,896	1.97
CITICORP NOMINEES PTY LIMITED	2,611,813	1.82
ECU HOLDINGS PTY LTD	2,555,556	1.78
MR DUNCAN GERARD GOWANS & MRS JODIE LOUISE GOWANS	2,500,000	1.74
MR EDWARD JOSEPH & MRS MARGARET MARY GETTINGBY	2,090,000	1.46
UNDERLEX PTY LTD	2,000,000	1.39
GCN INVESTMENTS PTY LTD	2,000,000	1.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,789,412	1.25
MR EDWARD JOSEPH & MRS MARGARET MARY GETTINGBY	1,703,333	1.19
MS YULIA UVAROVA	1,675,000	1.17
MR BRIAN LEEDMAN & MRS NATASHA LEEDMAN	1,595,639	1.11
MR TRISTAN LOURIE COOPER	1,565,000	1.09
SOLEQUEST PTY LTD	1,500,000	1.05
MASSIF HOLDINGS PTY LTD	1,350,000	0.94
ICE LAKE INVESTMENTS PTY LTD	1,250,000	0.87
DOSSMAN PTY LTD	1,229,876	0.86
WHALE WATCH HOLDINGS LIMITED	1,127,341	0.79
	<hr/>	
	70,375,879	49.05



ADDITIONAL SHAREHOLDER INFORMATION

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	17,775,000	27

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.





NeuroScientific
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