

DECEMBER 2022 QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

- **New patent filed for the combination of EmtinB[®] and leading Multiple Sclerosis (MS) drug Copaxone[®]:** MS is a complex neurological disease characterised by deterioration of the myelin sheath. An in-vitro study has reported that a combination of EmtinB[®] and Copaxone[®] has been shown to produce new myelin
- **Appointment of interim CEO:** Chairman Paul Rennie assumed CEO responsibilities until global search for a permanent CEO & Managing Director is concluded
- **Multiple activities continue to allow the submission of an HREC application for a Phase I study in 2023:** NSB has engaged international experts to support work that will allow the submission of a Phase I Trial HREC application for EmtinB[®]
- **AusIndustry has approved an Advance and Overseas Finding: NSB will be able to receive R&D Tax Incentive rebates on up to \$1.62m of R&D expenditure for MS**
- **Cash as at 31 December 2022:** Cash position of A\$3.33m as at 31 December 2022

NeuroScientific Biopharmaceuticals Ltd (ASX: NSB) (“**NeuroScientific**” or “**the company**”) today submitted its Appendix 4C and quarterly activity report for the period ended 31 December 2022.

QUARTERLY ACTIVITY REPORT

New Patent Filed for a Combination of EmtinB[®] and Copaxone[®]

NeuroScientific reported during the December quarter that it had filed a patent for the use of lead drug candidate EmtinB[®] to be used in combination with widely used Multiple Sclerosis (‘MS’) therapy Copaxone[®].

Copaxone[®] is registered for the treatment of relapsing remitting MS and was first approved by the US Food and Drug Administration (‘FDA’) in 1996 and is now marketed in 50 countries. Sales for Copaxone[®] totalled approximately US\$1b in 2021 but with the recent introduction of generic compounds, sales are in decline with global sales in 2022 expected to drop to US\$850 million¹.

MS is a complex neurological disease characterised by a deterioration of the myelin sheath. An in-vitro study by a leading French CRO assessed the use of EmtinB[®] in combination with Copaxone[®] determined that the combination resulted in a significant increase to neurite

¹ <https://www.fiercepharma.com/pharma/teva-banks-blockbuster-austedo-sales-as-covid-19-copaxone-generics-take-their-toll>

length, neuron (cell) survival and new myelin formation. The proof-of-concept study results provide encouragement that the combination of EmtinB® and Copaxone® may result in meaningful therapeutic benefits for MS patients.

Copaxone® is a registered trademark of Teva Pharmaceutical Industries Limited ('Teva'). The combination of EmtinB® and Copaxone® as a potential MS treatment could provide EmtinB® with an avenue to market.

NeuroScientific anticipates that further patent files may occur in coming months. This patent filing highlights a deliberate strategy for NeuroScientific to consider new therapy opportunities in neuroscience which will include the assessment of new novel technologies to expand the company's drug pipeline.

Interim CEO Appointment

During the December 2022 quarter, NeuroScientific announced the appointment of Chairman Mr Paul Rennie to the position of interim CEO whilst the company conducts a global search for a permanent Managing Director and CEO.

Mr Rennie is a highly accomplished bio-health executive and will serve his executive role with NeuroScientific concurrently with his role as Managing Director of Paradigm Biopharmaceuticals Ltd (ASX: PAR), a company with a \$385m market capitalisation which Mr Rennie founded in 2015.

In addition to this change, during the quarter, Executive Director Dr Anton Uvarov moved to a Non-Executive Director role.

EmtinB® Phase I Clinical Trial HREC Submission

Work is ongoing on multiple fronts including across manufacturing, formulation, toxicity, and efficacy to support a HREC submission for a Phase I study for EmtinB® in 2023.

As previously advised, this includes the engagement of leading experts in the fields of regulatory compliance and toxicology and conducting thorough GAP analysis of the purity and safety issues identified. The process is designed to ensure that future HREC submissions for clinical trial approval for EmtinB® have been rigorously prepared to best industry standards.

Approval of an Advance Overseas Finding

In November 2022, NeuroScientific announced that AusIndustry has approved an Advance and Overseas Finding under the R&D Tax Incentive program for studies supporting EmtinB® as a potential therapy for MS.

NeuroScientific will be able to receive R&D Tax Incentive rebates of up to \$1.62m for costs associated with pre-clinical studies and MRI based studies which support EmtinB®'s potentially disease modifying action in MS patients.

Quarterly Cash Flow Summary

NeuroScientific's cash position was \$3.33 million as at 30 December 2022. The Company has maintained a strong cash position during the initial execution of its R&D program and corporate expenses continue to be carefully managed.

Net operating cash outflows for the quarter were \$814k. Research and development activities payments totalled \$365k for the quarter.

Staff costs for the quarter were \$197k. Administration and corporate costs were \$269k. During the quarter, the company spent \$11k in advertising and marketing costs.

Payments to related parties during the December 2022 quarter totalled \$137k and relate to Director fees, salaries and superannuation (\$86k) and Administration and Management fees (\$51k).

The level of net cash burn for the March 2023 quarter is expected to be at similar low levels for the December 2022 quarter, as the company continues to preserve cash in the coming months as the work towards a new Phase I submission continues. Additionally, the Company has completed the 2022 tax return in order to access the R&D tax incentive refund for the 2022 financial year expenses.

This announcement is authorised by the Board of NeuroScientific Biopharmaceuticals Ltd.

-ENDS-

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About NeuroScientific Biopharmaceuticals Ltd

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

About EmtinB[®]™

EmtinB[®]™ is a peptide-based compound that binds to surface-based cell receptors from the LDLR family, activating intracellular signalling pathways that stimulate neuroprotection, neuroregeneration and modulate neuroinflammation. EmtinB[®]™ is modelled on a specific active domain of the complex human protein called Metallothionein-IIA, which is produced as part of the human body's innate immune response to cell injury.

Our preclinical research has established that EmtinB[®]™ is highly specific and selective for its target receptor, safe and well tolerated at high concentrations, and is able to penetrate the blood brain barrier. A series of Phase I clinical studies will be conducted to establish the safety profile of EmtinB[®]™ in humans.

Appendix 4C

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

Name of entity

NeuroScientific Biopharmaceuticals Limited

ABN

13 102 832 995

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(365)	(4,064)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(11)	(40)
(d) leased assets	-	-
(e) staff costs	(197)	(452)
(f) administration and corporate costs	(269)	(550)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,158
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(814)	(3,890)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(0)	(0)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(0)	(0)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,140	7,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(814)	(3,890)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,326	3,326

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	47	187
5.2	Call deposits	3,279	3,953
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,326	4,140

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(137)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Item 6.1 above includes Director salaries, fees & superannuation (\$86k) and management & administration fees (\$51k)</p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(814)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3.326
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3.326
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 31 January 2023

Authorised by: The Board of Directors