

1. Company details

Name of entity:	NeuroScientific Biopharmaceuticals Limited
ABN:	13 102 832 995
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	Up	3,065% to	1,214,815
Loss from ordinary activities after tax attributable to the owners of NeuroScientific Biopharmaceuticals Limited	Down	47% to	(3,059,934)
Loss for the year attributable to the owners of NeuroScientific Biopharmaceuticals Limited	Down	47% to	(3,059,934)

Dividends

	Amount per security Cents	Franked amount per security Cents
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	1.69	6.77

4. Audit qualification or review

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



5. Attachments

The Interim financial report of NeuroScientific Biopharmaceuticals Limited for the half-year ended 31 December 2022 is attached.

6. Signed

Signed Paul Rennie

Paul Rennie
Chairman
27 February 2023





NeuroScientific
BIOPHARMACEUTICALS

INTERIM FINANCIAL REPORT

31 DECEMBER 2022

ABN: 13 102 832 995

ASX: NSB

CORPORATE DIRECTORY

DIRECTORS

Mr Paul Rennie	(Executive Chairman)
Mr Stephen Quantrill	(Non-Executive Director)
Dr Anton Uvarov	(Non-Executive Director)

INTERIM CHIEF EXECUTIVE OFFICER

Mr Paul Rennie

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

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements of NeuroScientific Biopharmaceuticals Limited (referred to hereafter as the 'Company') for the half-year ended 31 December 2022.

Directors

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

Paul Rennie, Interim CEO & Executive Chairman
Matthew Liddelow, Managing Director and CEO (resigned 9 September 2022)
Anton Uvarov, Non-Executive Director
Stephen Quantrill, Non-Executive Director

Principal activities

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

For the half-year ended 31 December 2022, Research and Development (R&D) expenditure was 23% lower (\$2,911,605) in comparison to the same period in 2021 (\$3,795,238).

Key operational activities during this period included the Company's submission to a Human Research Ethics Committee (HREC) for approval to commence a first-in-human Phase I clinical study in July 2022. The application was not accepted by the committee in September 2022 based on concerns around product purity, local injection site safety and sufficient efficacy to support the clinical indication.

All concerns raised during the HREC review process are being addressed to allow for a HREC submission in 2023. The multiple activities that have been ongoing since September 2022 to address the previous HREC concerns include but are not limited to:

- Independent toxicology gap analysis by two independent US and UK certified toxicologists;
- Identification and design of bridging toxicology studies;
- Reformulation activities to improve the local tolerability of the EmtinB™ formulated product;
- Extensive testing and characterisation of the manufactured EmtinB™ batches to further clarify the purity specification;



- Drafting of a position statement intended for an EU regulatory scientific meeting to support the purity and use of EmtinB™ in clinical trials;
- Proof of concept efficacy study in an induced model of multiple sclerosis, which is due for reporting in Q1 2023.

The Company applied for a new patent relating to the use of EmtinB™® and Copaxone® as a combination therapy, following an early-stage, proof-of-concept *in vitro* study that demonstrated a significant increase to neurite length, neuron (cell) survival and new myelin formation compared to each drug alone.

During the half year period, CEO and Managing Director, Matt Liddelow resigned effective immediately in September 2022, with Chairman Paul Rennie being announced as interim CEO in December 2022 whilst a search is undertaken for a full-time CEO. Additionally, Dr Anton Uvarov moved from Executive Director to a Non-Executive Director role during the period.

The Company received an R&D Tax Incentive Refund of approximately \$1,158,480 in August 2022 in relation to eligible R&D activities undertaken during the 2021 financial year. Additionally, AusIndustry approved an Advance and Overseas Finding in November 2022 enabling NeuroScientific to access further rebates of up to \$1.62m for R&D related expenditure specific to the Multiple Sclerosis programme.

The activities during the half-year contributed to the loss for the Company during the half-year, amounting to \$3,059,934 (31 December 2021: \$5,731,040).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No other matter or circumstance has arisen since 31 December 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.

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

A handwritten signature in black ink, appearing to read "Paul Rennie", written over a horizontal line.

Paul Rennie
Interim CEO & Chairman
27 February 2023
Perth



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

To the directors of Neuroscientific Biopharmaceuticals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 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.

NPAS

Nexia Perth Audit Services Pty Ltd



Justin Mulhair
Director

Perth
27 February 2023

GENERAL INFORMATION

The financial statements cover NeuroScientific Biopharmaceuticals Limited as a company at the end of, or during, the financial half-year. 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 27 February 2023. The Directors have the power to amend and reissue the financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue			
Interest received		56,264	38,385
Other income		1,158,551	-
Expenses			
Administration expenses		(507,612)	(234,175)
Business development expenses		(56,965)	(76,391)
Research and development expenses		(2,911,605)	(3,795,238)
Patent related costs		-	(14,554)
Employee expenses		(448,008)	(455,933)
Management fees		(54,083)	(190,000)
Share based payment expense		(266,474)	(971,232)
Depreciation and amortisation expenses		(30,002)	(31,902)
(Loss) before income tax expense		(3,059,934)	(5,731,040)
Income tax expense		-	-
(Loss) after income tax expense for the year		(3,059,934)	(5,731,040)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year		(3,059,934)	(5,731,040)
Basic and diluted loss per share (cents per share)		(2.13)	(3.99)

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



STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		3,325,987	7,216,048
Trade and other receivables		66,289	120,928
Prepayments		120,093	61,217
Total current assets		<u>3,512,369</u>	<u>7,398,193</u>
Non-current assets			
Plant and equipment		11,680	16,720
Intangibles	2	297,459	322,422
Total non-current assets		<u>309,139</u>	<u>339,142</u>
Total assets		<u>3,821,508</u>	<u>7,737,335</u>
Liabilities			
Current liabilities			
Trade and other payables		1,038,459	2,166,004
Employee benefits		56,874	51,696
Total current liabilities		<u>1,095,333</u>	<u>2,217,700</u>
Total liabilities		<u>1,095,333</u>	<u>2,217,700</u>
Net assets		<u>2,726,175</u>	<u>5,519,635</u>
Equity			
Issued capital	3	25,274,663	25,274,663
Reserves	4	2,431,238	2,842,947
Accumulated losses	5	<u>(24,979,726)</u>	<u>(22,597,975)</u>
Total equity		<u>2,726,175</u>	<u>5,519,635</u>

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



STATEMENT OF CHANGES IN EQUITY

	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 half-year	-	932,121	-	932,121
Performance shares revalued during the half-year	-	39,111	-	39,111
Total comprehensive (loss) for the half-year after tax	-	-	(5,731,040)	(5,731,040)
Balance at 31 December 2021	25,274,663	2,476,051	(17,906,491)	9,844,223
	Issued capital	Reserves	Accumulated losses	Total equity
Balance at 1 July 2022	25,274,663	2,842,947	(22,597,975)	5,519,635
Options issued during the year - related party options	-	314,690	-	314,690
Options issued during the year - ESS plan options	-	21,172	-	21,172
ESS plan options expired during year	-	(678,183)	678,183	-
Revaluation of performance shares during year	-	(69,388)	-	(69,388)
Total comprehensive (loss) for the half-year after tax	-	-	(3,059,934)	(3,059,934)
Balance at 31 December 2022	25,274,663	2,431,238	(24,979,726)	2,726,175

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



STATEMENT OF CASH FLOWS

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(5,104,876)	(4,698,641)
R&D and tax incentives		1,158,551	-
Interest received		56,264	38,385
		<u> </u>	<u> </u>
Net cash used in operating activities		(3,890,061)	(4,660,256)
Cash flows from investing activities			
Purchase of property plant and equipment		-	(3,082)
		<u> </u>	<u> </u>
Net cash used in investing activities		-	(3,082)
Cash flows from financing activities			
Proceeds from share issue		-	-
Proceeds from options issue		-	-
		<u> </u>	<u> </u>
Net cash provided by financing activities		-	-
 Net increase/(decrease) in cash and cash equivalents		 (3,890,061)	 (4,663,338)
Cash and cash equivalents at beginning of period		7,216,048	14,162,247
		<u> </u>	<u> </u>
Cash and cash equivalents at end of period		<u>3,325,987</u>	<u>9,498,909</u>

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

These general purpose financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Going Concern

The Company reported a net loss for the period of \$3,059,934 (2021: \$5,731,040) and a cash outflow from operating activities of \$3,890,061 (2021: \$4,660,256). The Company had a net working capital surplus of \$2,417,036 (June 2022: \$5,180,493) including cash of \$3,325,987 at 31 December 2022 (June 2022: \$ 7,216,048). The loss mainly reflects the Research and Development activities of the Company.

Based on a cash flow forecast prepared by management, the Company's working capital surplus at 31 December 2022 and the Company's ability to raise funds and to reduce costs if necessary, the Directors consider the going concern basis of preparation to be appropriate.

New 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.



NOTES TO THE FINANCIAL STATEMENTS

Note 2. Intangibles

	31 Dec 2022	30 Jun 2022
	\$	\$
Exclusive license - at cost	575,000	575,000
Less: Accumulated amortisation	(277,541)	(252,578)
	<u>297,459</u>	<u>322,422</u>

Note 3. Equity - issued capital

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>143,471,643</u>	<u>143,471,643</u>	<u>25,274,663</u>	<u>25,274,663</u>

Movement in ordinary shares

	Number	\$
Opening Balance 1 July 2022	143,471,643	25,274,663
Issue of shares	-	-
Closing balance 31 December 2022	<u>143,471,643</u>	<u>25,274,663</u>

Ordinary shares

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

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



NOTES TO THE FINANCIAL STATEMENTS

Note 4. Reserves

Option reserve

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

	31 Dec 2022	30 Jun 2022
	\$	\$
Option reserve	2,260,736	2,603,057
Performance rights	170,502	239,890
	2,431,238	2,842,947

Movements in reserves

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

Option reserve

	Number	\$
Opening Balance 1 July 2022	17,775,000	2,603,057
Options issued during the half-year as part of share-based payments	-	335,862
Options expired during the half-year	(4,600,000)	(678,183)
Closing balance 31 December 2022	13,175,000	2,260,736

For the half- year ended 31 December 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	Expired	Balance at end of year
17/12/2019	17/12/2022	\$0.30	3,000,000	3,000,000	-
				3,000,000	-

Performance rights reserve

	Number	\$
Opening Balance 1 July 2022	2,100,000	239,890
Performance shares - revaluation for the half-year*	-	(69,388)
Closing balance 31 December 2022	2,100,000	170,502

*On 31 December 2022, the Company revalued the Class C and Class D performance rights to reflect the new estimated probability of 10% and 25% (June 2022: 10% and 90%) of the non-market performance criteria being met at grant date.



NOTES TO THE FINANCIAL STATEMENTS

Note 5. Equity – accumulated losses

	31 Dec 2022	30 Jun 2022
	\$	\$
Accumulated losses at the beginning of the half-year	(22,597,975)	(12,175,451)
Performance rights and options expired during the half-year	678,183	12,825
Loss after income tax expense for the half-year	(3,059,934)	(10,435,349)
Accumulated losses at the end of the half-year	<u>(24,979,726)</u>	<u>(22,597,975)</u>

Note 6. Segment Information

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

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

Note 7. Contingent liabilities and commitments

On 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 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.



DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Paul Rennie
Interim CEO & Chairman

27 February 2023
Perth



Independent Auditor's Review Report

To the members of Neuroscientific Biopharmaceuticals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Neuroscientific Biopharmaceuticals Limited (the Company) which comprises the Statement of Financial Position as at 31 December 2022, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

- i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the Directors for the Financial Report

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

Nexia Perth

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

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

NPAS

Nexia Perth Audit Services Pty Ltd



Justin Mulhair

Director

27 February 2023

Perth, Western Australia



NeuroScientific
BIOPHARMACEUTICALS



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