

JUNE 2021 QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

- **Appointment of experienced biotech and drug development professional Paul Rennie as NeuroScientific’s Non-executive Chairman**
- **Partnership with market-leading CRO Linear Clinical Research for Phase I study of EmtinB™**
- **EmtinB™ treatment safe and well-tolerated in pivotal non-clinical ocular safety study**
- **Participation in key industry events attracts interest from “Big Pharma”**
- **Strong cash position with A\$14.16M held as at 30 June 2021**

NeuroScientific Biopharmaceuticals Ltd (ASX: **NSB**) (“**NeuroScientific**” or “**the company**”) today submitted its Appendix 4C and quarterly activity report for the period ended 30 June 2021.

Quarterly Activity Report

Throughout the June quarter, NeuroScientific reported a number of milestone events that position the Company for further success in the second half of 2021.

During the June quarter, NeuroScientific appointed highly experienced biotech professional Paul Rennie as Non-Executive Chairman. As the founder and CEO of Paradigm Biopharmaceuticals (ASX: PAR), Paul oversaw the company’s successful transition into late-stage clinical development and subsequent increase in market capitalisation to current highs of >\$400 million. In a short period of time, Paul has already provided invaluable leadership and advice for NeuroScientific’s highly qualified management team.

In another milestone event in the lead up to starting Phase I clinical studies in 2H 2021, NeuroScientific partnered with Perth-based clinical contract research organisation (CRO) Linear Clinical Research for Phase I studies of EmtinB™. The initial Phase I trial will be a first-in-human clinical study in healthy volunteers and successful conclusion of this Phase I trial will support multiple Phase II trials, including Alzheimer’s disease and Multiple sclerosis. Additionally, planning continues for a Phase I ocular study involving EmtinB™ and further information is expected to be disclosed in separate announcements during the September quarter as NeuroScientific finalises key details of this complex but important study for glaucoma patients, laying the foundation for EmtinB™ to potentially change the future treatment paradigm for glaucoma sufferers.

NeuroScientific significantly advanced its non-clinical ocular R&D program towards clinical development with the reporting of milestone results from its non-clinical 4-

week ocular safety and tolerance study in non-human primates. This pivotal safety study, conducted in the industry recognised gold standard model for ocular safety and tolerability, demonstrated that EmtinB™ treatment was safe, well-tolerated across all dose groups, and did not illicit inflammation. The Company has since completed dosing in 2 of the 3 studies that form the core battery of important safety pharmacology studies; cardiovascular and respiratory safety pharmacology studies are due to report in the coming weeks, and the central nervous system (CNS) safety pharmacology study, currently in the dosing phase, will report in the coming months.

Towards the end of the June quarter, NeuroScientific was a presenting company at the preeminent global industry conference BIO Digital 2021 and was pleased to attract significant attention from “big pharma”, participating in more than 20 high-level partnering discussions. NeuroScientific also participated in the Gold Coast Investor Showcase conference, presenting to approximately 200 retail investors from across Queensland.

Quarterly Cash Flow Summary

NeuroScientific’s cash position was \$14.16 million as at 30 June 2021. The Company maintains a strong cash position to deliver the planned clinical development program and corporate expenses continue to be carefully managed.

Net operating cash outflows for the quarter was \$927,000. Research and development activities payments of \$901,000 for the quarter included non-clinical safety and toxicology study costs of \$559,000, and manufacturing costs of \$342,000. Staff costs for the quarter were \$188,000. Administration and corporate costs were \$414,000. During the quarter, the company spent \$15,000 in advertising and marketing costs. Payments to related parties during the June quarter totalled \$66,000 and relate to Director fees (\$30,000) and Management fees (\$36,000).

The level of net cash burn for the September 2021 quarter is expected to be higher than the June 2021 quarter as the Company transitions to clinical development in the 2H 2021. Manufacturing costs will also be higher as the Company scales up production of EmtinB™ to support the initiation of Phase I clinical studies.

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 EmtinBn) 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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(901)	(1,768)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(15)	(53)
(d) leased assets	-	-
(e) staff costs	(188)	(633)
(f) administration and corporate costs	(414)	(1,132)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	584	959
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(927)	(2,600)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(32)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(32)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,400
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	11,303
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(196)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	0	13,507

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,089	3,287
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(927)	(2,600)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(32)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	13,507
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,162	14,162

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	5,815	12,249
5.2	Call deposits	8,347	2,840
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)	14,162	15,089

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	(66)
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 fees (\$30k) and Management fees (\$36k)</p>		

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

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)	(927)
8.2 Cash and cash equivalents at quarter end (item 4.6)	14,162
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	14,162
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	15.3
<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: 30 July 2021

Authorised by: The Board of Directors

Notes

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