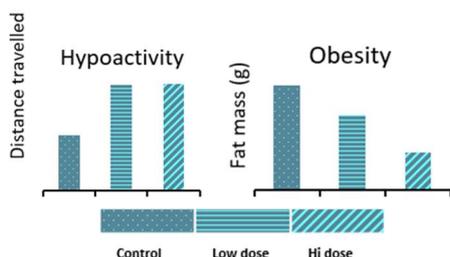


‘NNZ-2591 production line’ adds Prader-Willi Syndrome

- NEU has added Prader-Willi (PW) Syndrome, another genetic based neurodevelopmental condition, to its NNZ-2591 pipeline. In PW mice models, NNZ-2591 eliminated all behavioural deficits and normalised excessive insulin levels and associated problems of obesity.



Preclinical mice studies showed low & high dose NNZ-2591 improved activity levels and reduced obesity compared to placebo (Control).

Source: Neuren Pharmaceuticals

- NEU has effectively created an NNZ-2591 ‘production line’ offering an extensive target list and an expedited development pathway.
 - NNZ-2591 offers multiple target indications. It is a synthetic version of cyclic-glycine-proline (cGP), a peptide that plays an integral role with Insulin-like Growth Factor 1(IGF-1) in signalling between brain cells important for brain development and function. It offers a role in many conditions.
 - Existing data from NNZ-2591’s manufacturing, non-clinical studies and the Phase 1 trial in Pelan-McDermid, Angelman and Pitt Hopkins syndromes should also support Investigational New Drug applications (IND) and Phase 2 development for other target indications such as PW, reducing the development timeline.
- NEU intends to combine PW preclinical data with the relevant NNZ-2591 data and the Phase 1 results to quickly progress NNZ-2591 to Phase 2 trial. It will also apply for Orphan drug designation in the US and Europe, potentially conferring 7 years and 10 years market exclusivity with +6 month and +2 year paediatric extensions respectively – increasing its value to potential licensing partners.

Valuation Impact

The addition of PW increases MST’s risk adjusted DCF valuation to A\$463m (previously A\$433m), A\$3.93ps. The model assumes a Phase 2 probability of 25%, with a 6–12-month lag behind the other NNZ-2591 program. Prevalence of PW is similar to Angelman Syndrome, thereby adding ~25% to ~30% to the NNZ-2591 potential patient cohort with additional Phase 2 R&D costs of A\$5-7m.

MST’s valuation is subject to the usual risk of drug development. They include clinical trial timing, market approval & entry, pricing, market penetration, sales royalties/ licensing payments. The COVID pandemic has resulted in clinical trial delays with abandonment of some trials. NEU’s partners may experience trial delay. The failure to secure partners may see NEU assume the regulatory approval and commercialisation roles which is likely to see an extension of the forecast timelines, additional costs and changes to the revenue forecasts.



Neuren Pharmaceuticals is an ASX listed biotechnology company developing drugs for debilitating neurodevelopmental disorders. Trofinetide and NNZ-2591 are targeting five disorders for which there are no approved therapies. Trofinetide Phase III trial results in Rett Syndrome are expected in late CY21, NNZ-2591 to enter Phase 2 trials over CY21.

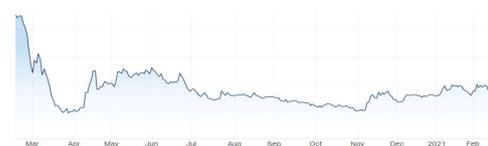
Board and management are well credentialled with in-depth experience in drug development and commercialisation.

Company data	
Stock	ASX: NEU
Primary Exchange	ASX
Price	A\$1.37
Market cap	A\$161m
Valuation (per share)	A\$3.93 diluted
Net cash (31/12/20)	A\$24.1m
Shares on issue	114.6m
Options/Rights	3m

Next steps

- H1CY21 Submit IND for Phase 2 trials of NNZ-2591
- H2CY21 Commence Phase 2 trial
- Late CY21 Top line Phase III results trofinetide in Rett Syndrome

Share Price Performance (12 months)



Source: FactSet.

Rosemary Cummins
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Exhibit 1 - MST Forecast Financial Summary

NEUREN PHARMACEUTICALS						
Year ending 31 December	A\$000					
STATEMENT OF COMPREHENSIVE INCOME	2018A	2019A	2020E	2021E	2022E	2023E
Revenue						
Licensing Revenue	13,544			21,750	58,000	65,833
Australian R&D tax incentive	446	495	591	931	2,793	2,793
Gross Profit	13,098	300	591	22,681	60,793	68,626
Expenses						
R&D	-6,101	-9,858	-6,583	-10,000	-10,000	-6,000
Administration	-2,074	-1,713	-1,480	-1,421	-1,463	-1,507
Other	-3,921	-261				
Amortisation of intangibles	-72	-72	-72	-72	-72	-72
Depreciation	-6	-6	-6	-6	-6	-6
Operating profit (loss)	1,002	-12,686	-7,550	11,182	49,252	61,041
Interest received	218	389	164	242	357	854
Interest Paid						
Net Interest Received	218	389	164	242	357	854
Profit (loss) before income tax	3,073	-10,816	-7,386	11,424	49,609	61,895
Income tax expense						
Total comprehensive profit (loss) attributable	3,073	-10,816	-7,386	11,424	49,609	61,895
Marginal tax rate						
Profit after tax	3,073	-10,816	-7,386	11,424	49,609	61,895
STATEMENT OF FINANCIAL POSITION	2018A	2019A	2020E	2021E	2022E	2023E
Current Assets						
Trade and other receivables	942	522	522	522	522	522
Cash and cash equivalents	23,576	13,844	24,188	35,690	85,377	147,350
Other	2,121		2,516	2,097	2,360	2,282
Total current assets	26,639	14,396	27,226	38,309	88,259	150,154
Non-Current Assets						
Property, plant and equipment	2	10	10	10	10	10
Intangible Assets	1					
Total non-current assets	3	10	10	10	10	10
Total Assets	26,639	14,406	27,236	38,319	88,269	150,164
Current Liabilities						
Trade and other payables	1,973	559	559	559	559	559
Total current liabilities	1,973	559	559	559	559	559
Non-Current Liabilities						
Total Liabilities	1,973	559	559	559	559	559
Net Assets	24,669	13,847	26,677	37,760	87,710	149,605
Minority Interest						
Net assets attributable	24,669	13,847	26,677	37,760	87,710	149,605
Equity	126,426	126,426	146,642	146,642	146,642	146,642
Other Reserves	-8,497	-8,503	-8,503	-8,503	-8,503	-8,503
Accumulated Deficit	-93,260	-104,076	-111,462	-100,038	-50,429	11,466
Total Equity	24,669	13,847	26,677	38,101	87,710	149,605
STATEMENT OF CASH FLOWS	2018A	2019A	2020E	2021E	2022E	2023E
License Agreement Receipts	13,544			21,750	58,000	65,833
Tax paid						
Australian R&D Tax Incentive Receipts	631	450	591	931	2,793	2,793
Interest Received	165	413	164	242	357	854
GST Refunded	95	102				
Payments for Employees and Admin, Corp Costs	-1,909	-1,742	-2,250	-1,421	-1,463	-1,507
R&D and Other Payments	-6,118	-10,942	-6,583	-10,000	-10,000	-6,000
Net Cash Flow from Operating Activities	6408	-11719	-8,078	11,502	49,687	61,973
Net Cash Flow from Investing Activities						
Cash Flows from Financing Activities						
Proceeds from Issue of Shares	11,730	1,860	20,216			
Payments of Shares Issue Expenses	-16		-1,075			
Net Cash Provided from Financing Activities	11,714	1,860	19,141			
FX changes						
Net Increase/Decrease in cash	18,122	-9,871	10,344	11,502	49,687	61,973
Cash equivalents at beginning of year	4,706	23,576	13,844	24,188	35,690	85,377
Cash & equivalents at end of year	23,576	13,844	24,188	35,690	85,377	147,350

Source: Company reports, MST assumptions

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