Neuren Pharmaceuticals Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Neuren Pharmaceuticals Ltd
ABN:	72 111 496 130
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

	2024 $'000	2023 $'000	Change $'000	Change %
Revenues from ordinary activities	32,106	64,405	(32,299)	(50%)
Profit from ordinary activities after tax attributable to the owners of Neuren Pharmaceuticals Ltd	8,016	47,805	(39,789)	(83%)
Profit for the half-year attributable to the owners of Neuren Pharmaceuticals Ltd	8,016	47,805	(39,789)	(83%)

	2024 Cents	2023 Cents
Basic earnings per share	6.28	37.84
Diluted earnings per share	6.13	36.76

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit after income tax for the half-year ended 30 June 2024 was A$8.0 million, compared with a net profit after tax of A$47.8 million for the half-year ended 30 June 2023.

Royalty revenue from Acadia increased to A$24.3 million from A$3.5 million in the half-year ended 30 June 2023. This increase was offset by milestone revenue in the half-year to 30 June 2023 of A$59.4 million, which was earned on the first commercial sale of DAYBUE. Milestone revenue of A$77 million (assuming USD/AUD exchange rate of 0.65) is expected to be earned in the second half of 2024, receivable for the first calendar year in which net sales of DAYBUE are equal to or greater than US$250 million.

For further commentary on the Company's results, please refer to the accompanying ASX release and the Directors' report within the Interim Report. This information should be read in conjunction with the most recent Annual Report (for the financial year ended 31 December 2023).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	168.44	71.57

4. Control gained over entities

Not applicable.

Neuren Pharmaceuticals Ltd
Appendix 4D
Half-year report

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Accounting standards

The interim financial statements have been prepared in accordance with *International Accounting Standard 34* and NZ IAS 34 *Interim Financial Reporting*.

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10. Auditors review

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

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11. Attachments

Details of attachments (if any):

The Interim Report of Neuren Pharmaceuticals Ltd for the half-year ended 30 June 2024 is attached.

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12. Signed

Signed 

Date: 26 August 2024

Patrick Davies
Non-Executive Chair
Melbourne

Neuren Pharmaceuticals Ltd

ABN 72 111 496 130

Consolidated Interim Financial Report for the Half-Year ended 30 June 2024

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Neuren Pharmaceuticals Ltd
Corporate directory
30 June 2024

Directors	Patrick Davies (Non-Executive Chair) Jonathan Pilcher (Chief Executive Officer/Managing Director) Dr Trevor Scott (Non-Executive Director) - (retired 30 June 2024) Dianne Angus (Non-Executive Director) Dr Jenny Harry (Non-Executive Director) Joe Basile (Non-Executive Director)
Company secretary	Lauren Frazer
Registered office	At the offices of Lowndes Jordan Level 15 HSBC Tower 188 Quay Street Auckland 1141 New Zealand
Principal place of business	Suite 201, 697 Burke Rd Camberwell Victoria 3124 Australia
Share register	Link Market Services Limited Tower 4, 727 Collins Street Docklands Victoria 3008 Australia
Auditor	Grant Thornton New Zealand Audit Limited
Stock exchange listing	Neuren Pharmaceuticals Ltd shares are listed on the Australian Securities Exchange (ASX code: NEU)
Website	www.neurenpharma.com

Neuren Pharmaceuticals Ltd
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Neuren Pharmaceuticals Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors
The following persons were directors of Neuren Pharmaceuticals Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Patrick Davies (Non-Executive Chair)
Jonathan Pilcher (Chief Executive Officer/Managing Director)
Dr Trevor Scott (Non-Executive Director) - (retired 30 June 2024)
Dianne Angus (Non-Executive Director)
Dr Jenny Harry (Non-Executive Director)
Joe Basile (Non-Executive Director)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of:
- Development of pharmaceutical products for the treatment of neurodevelopmental disorders
- Milestone and royalty revenue from licence of intellectual property

Review of operations
Neuren Pharmaceuticals Limited (“Neuren” or the “Company”), and its subsidiaries (collectively the “Group”) is a biopharmaceutical company, incorporated in New Zealand and listed on the Australian Securities Exchange (ASX: NEU). Neuren is developing new drug therapies to treat multiple serious neurological disorders that emerge in early childhood.

Trofinetide

In April 2023, Neuren’s worldwide partner for trofinetide, Acadia Pharmaceuticals (NASDAQ: ACAD) launched DAYBUE™ (trofinetide) in the United States as the first approved treatment for Rett syndrome.

Net sales for the half-year to 30 June 2024 were US$160.5 million, delivering royalties of A$24.3 million to Neuren. Acadia has provided guidance for full-year net sales in 2024 of US$340-370 million. Assuming this guidance is met and an exchange rate of 0.65, Neuren anticipates earning royalties of A$55-61 million as well as A$77 million from the first sales milestone payment which is due for the first calendar year in which net sales exceed US$250 million.

Adoption of DAYBUE in the diagnosed Rett syndrome population has been faster than expected and caregivers and physicians have continued to report meaningful improvements in patients. At 1 August 2024, approximately 900 patients were on treatment with DAYBUE, with the high demand well supported by access from Medicaid and private health insurance payors. In the United States there are approximately 5,000 diagnosed Rett syndrome patients and prevalence studies suggest the total number of patients may be 6,000 to 9,000. The rate of persistence on therapy continues to trend more than 10% higher than the experience in clinical trials, with the rate for patients after 9 months of treatment currently at 58%. Penetration continues to increase, with approximately 30% of the 5,000 diagnosed patients having initiated therapy. In market research, physicians surveyed stated that over the next 24 months they expect to expand prescribing to more than 70% of their eligible patients.

Real-world experience on therapy is an important source of information, which can be more readily understood than clinical trial data. In June 2024, Acadia presented interim data from the open-label real-world LOTUS™ study at the 2024 International Rett Syndrome Foundation (IRSF) Annual Scientific Meeting. LOTUS is an ongoing, caregiver-reported study evaluating the efficacy and tolerability outcomes in patients with Rett syndrome treated with DAYBUE. Six-month interim findings evaluating DAYBUE in 101 Rett syndrome patients with an age range of two to 60 years old from the Phase 4, observational, prospective study showed caregivers for 67.7% to 82.2% of enrolled participants reported improvements at months 1 to 6 in at least one Rett syndrome symptoms category. This was measured using the Behavioral Improvement Questionnaire (BIQ) developed by Acadia in consultation with Rett experts and caregivers. The most consistently reported improvements over six months were nonverbal communication (58.5%), alertness (51.2%) and social interaction/connectedness (40.2%). Caregivers also completed the Gastrointestinal (GI) Health Questionnaire, developed by Acadia for this study. At month 6 diarrhea was reported by 31.7% of caregivers. Some participants reported initiating therapy on doses less than half of the FDA approved dose and increasing over several weeks; the majority of patients were on >90% of labeled dose by week 10.

Under the terms of the licence agreement with Acadia, Neuren is eligible to receive ongoing quarterly royalties on net sales of trofinetide in North America, plus milestone payments of up to US$350 million on achievement of a series of four thresholds of total annual net sales, plus one third of the market value of the Rare Pediatric Disease Priority Review Voucher that was awarded to Acadia by the FDA, contingent on Acadia selling or using the voucher. Neuren estimates the value of its one third share as US$33 million.

For Canada, which is included in the economics for North America, Acadia's New Drug Submission (NDS) filing was accepted for Priority Review by Health Canada, which means there is potential for approval around year-end 2024.

Acadia is also advancing in key markets outside North America. For Europe, Acadia's Pediatric investigation plan (PIP) was filed with and accepted by the European Medicines Agency (EMA). Acadia is planning a potential Marketing Authorisation Application filing in Q1 2025. For Japan, Acadia has had productive discussions with the regulatory agency (PMDA), including potential clinical development plans.

NNZ-2591

Neuren is developing a second drug NNZ-2591 for multiple serious neurodevelopmental disorders with different genetic origins that emerge in early childhood and have no or limited approved treatment options. Recognising the urgent unmet need, all programs have been granted "orphan drug" designation in the United States. Orphan drug designation provides incentives to encourage development of therapies for rare and serious diseases.

In May 2024, Neuren announced positive top-line results from the Phase 2 clinical trial of NNZ-2591 in children with Pitt Hopkins syndrome (PTHS). After treatment for 13 weeks, significant improvement was observed by both clinicians and caregivers in clinically important aspects of PTHS, including communication, social interaction, cognition and motor abilities. Clinician and caregiver global efficacy measures showed a level of improvement considered clinically meaningful. The PTHS Clinical Global Impression of Improvement (CGI-I) mean score was 2.6, with 9 out of 11 children showing improvement assessed by clinicians. The PTHS Caregiver Overall Impression of Change (CIC) mean score was 3.0, with 8 out of 11 children showing improvement assessed by caregivers. NNZ-2591 was well tolerated and demonstrated a good safety profile.

In August 2024, Neuren announced positive top-line results from the Phase 2 clinical trial of NNZ-2591 in children with Angelman syndrome (AS). NNZ-2591 was safe and well tolerated as an oral liquid dose and improvements were seen in clinically important aspects of AS. Clinician and caregiver global efficacy measures showed a level of improvement from baseline that was statistically significant and considered clinically meaningful. The AS Clinical Global Impression of Improvement (CGI-I) mean score was 3.0, with 11 out of 13 children showing improvement assessed by clinicians. The AS Caregiver Overall Impression of Change (CIC) mean score was 3.2, with 8 out of 12 children showing improvement assessed by caregivers. In the 3-12 years age group all 8 children showed improvement on both measures, with a mean CGI-I score of 2.8 and a mean CIC score of 2.6.

The positive results of NNZ-2591 in PTHS and AS followed the announcement of positive top-line results from the Phase 2 clinical trial of NNZ-2591 in children with Phelan McDermid syndrome (PMS) in December 2023.

An End of Phase 2 Meeting with the US Food and Drug Administration (FDA) for NNZ-2591 in PMS is scheduled for September 2024, at which Neuren will seek guidance on the remaining clinical development program. In parallel, manufacture of supplies for Phase 3 clinical trials is progressing as planned. Neuren has an open IND with the FDA for NNZ-2591 in Prader-Willi syndrome and is also conducting pre-clinical studies for NNZ-2591 in other undisclosed indications.

Financial commentary

The consolidated interim financial statements for the half-year are presented on pages 7 to 17. All amounts in the Financial Statements are shown in Australian dollars unless otherwise stated.

The Group's net profit after income tax for the half-year ended 30 June 2024 was A$8.0 million, compared with a net profit after tax of A$47.8 million for the half-year ended 30 June 2023. Revenue of A$24.3 million was earned under the licence agreement with Acadia (30 June 2023: A$62.9 million). Royalty income increased to A$24.3 million from A$3.5 million in the half-year ended 30 June 2023. This increase was offset by milestone revenue in the half-year to 30 June 2023 of A$59.4 million, which was earned on the first commercial sale of DAYBUE. Other income includes interest income of A$5.8 million (30 June 2023: A$0.7 million). In addition, a gain of A$1.9 million on the fair value of outstanding forward contracts to sell Australian dollars and buy US dollars was recognised at 30 June 2024 (2023: A$0.1 million).

Research and development costs increased by A$6.1 million, due to higher expenditure for the half- year ended 30 June 2024 for the NNZ-2591 Phase 2 clinical trials and the foundational work to prepare for Phase 3 development of NNZ-2591 across multiple indications. Corporate and administrative costs decreased by A$0.7 million. Income tax expense recognised for the half-year ended 30 June 2024 was A$3.8 million (30 June 2023: A$1.8 million).

The basic earnings per share for the half-year to 30 June 2024 was A$0.0628 (half-year to 30 June 2023: earnings per share A$0.378) based on a weighted average number of shares outstanding of approximately 127.7 million (half-year to 30 June 2023: 126.3 million).

Total cash and short-term investments at 30 June 2024 were A$213.2 million (31 December 2023: A$228.5 million). Net cash used in operating activities was A$20.5 million compared with net cash generated of A$44.9 million for half-year to 30 June 2023. This is mainly due to lower receipts from licence agreements and a tax payment of A$34 million made in the half-year ended 30 June 2024 for the 2023 year, compared with nil in the half-year to 30 June 2023. Receipts from licence agreements for the half-year 30 June 2024 included A$24.4 million in quarterly royalties, while the half-year to 30 June 2023 included the receipt of A$59.8 million from Acadia for the first commercial sale milestone.

Neuren Pharmaceuticals Ltd
Directors' declaration
30 June 2024

The Directors of Neuren Pharmaceuticals Limited ("Neuren") declare that:

The accompanying consolidated interim financial statements of Neuren and its subsidiaries for the half-year ended 30 June 2024 and the notes to those consolidated interim financial statements:

· comply with International Accounting Standard 34 and NZ IAS 34 *Interim Financial Reporting*; and

· present fairly, in all material respects, the financial position as at 30 June 2024 and of the performance for the half-year ended on that date of Neuren and its subsidiaries.

In the Directors' opinion there are reasonable grounds to believe that Neuren will be able to pay its debts as and when they become due and payable.

This report is signed and the declaration is made in accordance with a resolution of the Board of Directors dated 27 August 2024.

On behalf of the directors

Patrick Davies
Non-Executive Chair

Joe Basile
Non-Executive Director

26 August 2024
Melbourne

Neuren Pharmaceuticals Ltd
Consolidated interim statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Revenue			
Revenue from contracts with customers	6	24,327	62,926
Other income	7	7,779	1,479
Total income		32,106	64,405
Expenses			
Research and development costs		(17,889)	(11,739)
Corporate and administrative costs		(2,374)	(3,044)
Total expenses		(20,263)	(14,783)
Profit before income tax expense		11,843	49,622
Income tax expense	8	(3,827)	(1,817)
Profit after income tax expense for the half-year attributable to the owners of Neuren Pharmaceuticals Ltd		8,016	47,805
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		3,513	(13)
Other comprehensive income for the half-year, net of tax		3,513	(13)
Total comprehensive income for the half-year attributable to the owners of Neuren Pharmaceuticals Ltd		11,529	47,792
		Cents	**Cents**
Basic earnings per share	3	6.28	37.84
Diluted earnings per share	3	6.13	36.76

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

Neuren Pharmaceuticals Ltd
Consolidated interim statement of financial position
As at 30 June 2024

	Note	As at 30 Jun 2024 $'000	As at 31 Dec 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		2,571	17,094
Short term investments		210,602	211,445
Trade and other receivables		14,868	18,617
Total current assets		228,041	247,156
Non-current assets			
Plant and equipment		35	43
Deferred tax asset		75	771
Total non-current assets		110	814
Total assets		228,151	247,970
Liabilities			
Current liabilities			
Trade and other payables		4,476	3,418
Derivative liabilities		306	2,226
Income tax payable		4,188	37,119
Total current liabilities		8,970	42,763
Non-current liabilities			
Provisions		29	-
Total non-current liabilities		29	-
Total liabilities		8,999	42,763
Net assets		219,152	205,207
Equity			
Share capital	9	175,696	173,127
Share option reserve		4,229	4,382
Currency translation reserve		(7,177)	(10,690)
Retained earnings		46,404	38,388
Total equity		219,152	205,207

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

Neuren Pharmaceuticals Ltd
Consolidated interim statement of changes in equity
For the half-year ended 30 June 2024

	Share capital $'000	Share option reserve $'000	Currency translation reserves $'000	Accumulated deficit $'000	Total equity $'000
Balance at 1 January 2023	167,740	3,222	(10,680)	(118,693)	41,589
Profit after income tax expense for the half-year	-	-	-	47,805	47,805
Other comprehensive income for the half-year, net of tax	-	-	(13)	-	(13)
Total comprehensive income for the half-year	-	-	(13)	47,805	47,792
Transactions with owners in their capacity as owners:					
Loan funded shares converted	1,104	-	-	-	1,104
Issue costs on conversion of loan funded shares	(7)	-	-	-	(7)
Share based payments	-	1,035	-	-	1,035
Transfer on conversion of loan funded shares	421	(421)	-	-	-
Balance at 30 June 2023	169,258	3,836	(10,693)	(70,888)	91,513

	Share capital $'000	Share option reserve $'000	Currency translation reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2024	173,127	4,382	(10,690)	38,388	205,207
Profit after income tax expense for the half-year	-	-	-	8,016	8,016
Other comprehensive income for the half-year, net of tax	-	-	3,513	-	3,513
Total comprehensive income for the half-year	-	-	3,513	8,016	11,529
Transactions with owners in their capacity as owners:					
Loan funded shares converted	277	-	-	-	277
Issue costs on conversion of loan funded shares	(9)	-	-	-	(9)
Share-based payments	-	765	-	-	765
Transfer on conversion of loan funded shares and options	918	(918)	-	-	-
Share options exercised	1,383	-	-	-	1,383
Balance at 30 June 2024	175,696	4,229	(7,177)	46,404	219,152

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

Neuren Pharmaceuticals Ltd
Consolidated interim statement of cash flows
For the half-year ended 30 June 2024

	Note	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Cash flows from operating activities			
Receipts from license agreement		24,429	59,810
Income tax paid		(34,163)	-
Withholding tax paid		(1,222)	(2,910)
Interest received		5,929	766
GST refunded		221	130
Payments for employees and directors		(2,193)	(2,993)
Payments to other suppliers		(13,537)	(9,925)
Net cash (used in)/from operating activities	5	(20,536)	44,878
Cash flows from investing activities			
Purchase of plant and equipment		(3)	(18)
Less cash transferred from/(to) short-term investments (i)		843	(47,286)
Net cash from/(used in) investing activities		840	(47,304)
Cash flows from financing activities			
Proceeds from issue of shares	9	1,660	1,104
Payment of share issue expenses	9	(9)	(7)
Net cash from financing activities		1,651	1,097
Net decrease in cash and cash equivalents		(18,045)	(1,329)
Cash and cash equivalents at the beginning of the financial half-year		17,094	40,180
Effects of exchange rate changes on cash and cash equivalents		3,522	(462)
Cash and cash equivalents at the end of the financial half-year		2,571	38,389

(i) Following the receipt of the first commercial sale milestone payment from Acadia, the Company is holding more funds than are required to meet currently forecast short-term cash commitments. As a result, the Company has reclassified cash held in short-term deposits from Cash and Cash Equivalents to Short-term Investments.

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

Neuren Pharmaceuticals Ltd
Notes to the consolidated interim financial statements
30 June 2024

Note 1. Nature of the business

Neuren Pharmaceuticals Limited ("Neuren" or the "Company"), and its subsidiaries (collectively the "Group") is a publicly listed biopharmaceutical company developing drugs for neurological disorders.

The Company is a limited liability company incorporated in New Zealand. The address of its registered office in New Zealand is at the offices of Lowndes Jordan, Level 15 HSBC Tower, 188 Quay Street, Auckland 1141. Neuren operates in Australia and its ordinary shares are listed on the Australian Securities Exchange (ASX code: NEU).

These consolidated interim financial statements were approved for issue by the Board of Directors on 27 August 2024.

Note 2. Material accounting policy information

Basis of preparation
These condensed consolidated interim financial statements are for the half-year ended 30 June 2024 and have been prepared in accordance with, and comply with International Accounting Standard 34 and NZ IAS 34 *Interim Financial Reporting*.

The Group is a Tier 1 for-profit entity under the External Reporting Board Accounting Standards Framework in New Zealand.

New or amended Accounting Standards and Interpretations adopted
There have been no significant changes in accounting policies during the current period. The accounting policies that materially affect the measurement of the Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Consolidated Interim Statement of Financial Position, Consolidated Interim Statement of Changes in Equity and the Consolidated Interim Statement of Cash Flows have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 December 2023 and the unaudited interim financial statements for the half-year ended 30 June 2023.

There is no cyclical seasonality of interim operations.

On 1 January 2024, the Group changed its' functional currency from Australian dollars to US dollars. At 30 June 2024, the presentation currency of the Group is Australian dollars and the functional currency is US dollars.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 31 December 2023.

Going concern assumption
The Directors monitor the Group's cash position and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives. The Group recorded a profit after tax of $8.0 million for the period ended 30 June 2024 and had negative operating cash flows for the period of $20.5 million. The Group had cash of $2.6 million and short-term investments (term deposits) of $210.6 million at 30 June 2024.

It is the considered view of the Directors that the group will have access to adequate resources to meet its ongoing obligations for at least a period of 12 months from the date of signing these financial statements. On this basis, the Directors have assessed it is appropriate to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Comparatives
Where deemed necessary, the comparatives have been reclassified to achieve consistency with the current financial half-year.

Note 3. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the equity holders of the company by the weighted average number of ordinary shares on issue during the period excluding shares held as treasury stock.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Note 3. Earnings per share (continued)

	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Profit after income tax attributable to the owners of Neuren Pharmaceuticals Ltd	8,016	47,805
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	127,674,028	126,336,947
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	3,145,014	3,712,184
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,819,042	130,049,131
	Cents	**Cents**
Basic earnings per share	6.28	37.84
Diluted earnings per share	6.13	36.76

Note 4. Operating segments

Identification of reportable operating segments
The segment reporting reflects the way information is reported internally to the chief operating decision maker. The Board of the Group has been identified as the chief operating decision maker. The Board assesses the financial performance and position of the group and makes strategic decisions. The Group has two reportable operating segments, commercial products and research and development.

Reportable segment	Principal activities
Commercial products	Milestone and royalty revenue from licence of intellectual property.
Research & development	Development of pharmaceutical products for the treatment of neurodevelopmental disorders.

	Commercial products		Research & development		Corporate		Total	
	Jun-24 $'000	Jun-23 $'000	Jun-24 $'000	Jun-23 $'000	Jun-24 $'000	Jun-23 $'000	Jun-24 $'000	Jun-23 $'000
Revenue	24,327	62,926	-	-	-	-	24,327	62,926
Research and development costs	-	(57)	(17,889)	(11,682)	-	-	(17,889)	(11,739)
Interest income	-	-	-	-	5,836	684	5,836	684
Other income	-	-	-	-	1,943	795	1,943	795
Other expenses	-	-	-	-	(2,374)	(3,044)	(2,374)	(3,044)
Profit before income tax	**24,327**	**62,869**	**(17,889)**	**(11,682)**	**5,405**	**(1,565)**	**11,843**	**49,622**
Income tax expense	-	-	-	-	(3,827)	(1,817)	(3,827)	(1,817)
Profit after income tax	24,327	62,869	(17,889)	(11,682)	1,578	(3,382)	8,016	47,805

All revenue from licences of intellectual property is from Acadia Pharmaceuticals Inc. (Acadia) and is from the United States.

Assets and liabilities are not allocated to segments and are therefore not reported.

Note 5. Reconciliation of profit after income tax to net cash (used in)/from operating activities

	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Profit after income tax expense for the half-year	8,016	47,805
Adjustments for:		
Depreciation of property, plant and equipment	11	6
Share based payments expense	765	1,035
Foreign exchange loss/(gain)	20	(250)
Unrealised gain on financial assets	(1,920)	(131)
Change in working capital:		
Decrease/(increase) in trade and other receivables	3,749	(7,526)
(Decrease)/increase current and deferred taxes	(32,235)	1,817
Increase in trade and other payables	1,058	2,122
Net cash (used in)/from operating activities	(20,536)	44,878

Note 6. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers
The Group derives revenue from the sale of goods and services at a point in time under the following major business activities:

	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Revenue from contracts with customers		
Licenses of intellectual property - milestone payments	-	59,434
Royalty income	24,327	3,492
Revenue from contracts with customers	24,327	62,926

All revenue from licences of intellectual property is from the United States.

Neuren is eligible to receive quarterly royalty income, calculated as a percentage of net sales of DAYBUE in North America and is recognised in the period the Acadia makes the sales of DAYBUE. Sales of DAYBUE commenced in April 2023. The royalty rate for ≤US$250 million of annual net sales is 10%. The royalty rate then increases to 12% for annual net sales greater than US$250 million but less than or equal to US$500 million.

Neuren is also eligible to receive milestone payments of up to US$350 million on achievement of a series of four thresholds of total annual net sales. The first sales milestone payment of US$50 million is due for the first calendar year in which net sales exceed US$250 million.

Note 7. Other income

	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Interest income	5,836	684
Net foreign currency gains	23	664
Gain on financial derivatives measured at fair value through profit or loss	1,920	131
Other income	7,779	1,479

Note 8. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half-year ended 30 June 2024 is 30%.

	Half year ended Jun 2024 $'000	Half year ended Jun 2023 $'000
Income tax expense		
Current tax	2,994	2,910
Deferred tax - origination and reversal of temporary differences	700	(1,093)
Under provision in prior years	133	-
Aggregate income tax expense	3,827	1,817
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	700	(1,093)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	11,843	49,622
Tax at the statutory tax rate of 30%	3,553	14,887
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development incentives	(181)	-
Share-based payments	230	310
Other	96	(66)
	3,698	15,131
Under provision in prior years	133	-
Utilisation of previously unrecognised tax losses	-	(12,497)
Recognition of deferred tax asset for deductible temporary differences	-	(1,093)
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	276
Difference in overseas tax rates	(4)	-
Income tax expense	3,827	1,817

Note 9. Share capital

	Half-year ended 30 June 2024 Shares	Year ended 31 December 2023 Shares	Half-year ended 30 June 2024 $'000	Year ended 31 December 2023 $'000
Ordinary shares - issued	130,065,676	129,665,676	175,696	173,127

Ordinary shares
At 30 June 2024, 127,815,676 ordinary shares (31 December 2023: 127,265,676) are quoted on the ASX, and 2,250,000 unquoted ordinary shares (31 December 2023: 2,400,000) were held as treasury stock in respect of the Loan Funded Share Plan described below.

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 based payments
During the half-year to 30 June 2024 $0.77 million (30 June 2023: $1.0 million) was recognised in share-based payments expense.

Loan funded shares
At 30 June 2024 2.25 million Loan Funded Shares are held in trust, of which all were vested. During the half-year ended 30 June 2024, 150,000 vested loan funded shares were converted to issued ordinary shares upon repayment of the loan.

Movements in the number of Loan Funded Shares were as follows:

	Loan funded shares	Weighted average exercise price	Exercisable	Weighted average exercise price
Outstanding at 31 December 2023	2,400,000	$1.84	2,400,000	$1.84
Loan repaid and shares transferred to participant	(150,000)	$1.84	(150,000)	$1.84
Outstanding at 30 June 2024	2,250,000	$1.84	2,250,000	$1.84

The exercise price for the 2.25 million Loan Funded Shares is $1.84 per share.

Options to acquire ordinary shares
At 30 June 2024, there are 1.5 million options to acquire ordinary shares on issue to employees and consultants. During the half-year ended 30 June 2024, 400,000 vested options to acquire ordinary shares were exercised, and 300,000 options to acquire ordinary shares were forfeited due to non-performance vesting conditions not being met.

On 7 February 2024, options to acquire 700,000 ordinary shares were granted to employees and consultants. Options to acquire ordinary shares vest subject to remaining an employee or consultant if and when the following non-market performance vesting conditions are met:

i. on the first dosing of a subject in a Phase 3 or Phase 2B clinical trial	33.33%
ii. on the first dosing of a subject in a Phase 3 or Phase 2B clinical trial for a second indication	33.33%
iii. on the last patient last visit in a Phase 3 or Phase 2B clinical trial	33.33%

Note 9. Share capital (continued)

Each of these vesting conditions shall be tested separately from the other vesting conditions.

The estimated fair value of the options to acquire ordinary shares has been determined using the Black-Scholes valuation model. The significant inputs into the model were the share price on date of valuation, the estimated future volatility of the share price, the risk-free rate, the expected life and a dividend yield of 0%. The estimated future volatility of the share price was derived by analysing the historic volatility of the share price on a daily basis during the two years prior to the issue date of 7 February 2024, as this period is reflective of the anticipated volatility in the future.

Details of the options to acquire ordinary shares during the half year ended 30 June 2024, the estimated fair value and variable inputs into the valuation model are shown in the following tables:

Number of shares under option	700,000
Issue date	7 February 2024
Exercise price per share option1	$23.09
Share price on date of valuation	$22.91
Estimated future volatility	53.87%
Annual risk-free rate	3.72%

	Vesting condition (i)	Vesting condition (ii)	Vesting condition (iii)
Fair value per share option	$7.25	$8.14	$9.64
Expected life	1.95	2.46	3.46

[1] The exercise price for the options to acquire ordinary shares is the 5-day weighted average price at which the shares were traded on the ASX in the 5 days preceding the issue of the options.

Movements in the number of Share Options were as follows:

	Share options	Weighted average exercise price	Exercisable	Weighted average exercise price
Outstanding at 31 December 2023	1,500,000	$3.59	1,500,000	$3.59
Granted during the year	700,000	$23.09	-	
Forfeited during the year	(300,000)	$23.09	-	
Exercised during the year	(400,000)	$3.46	(400,000)	$3.46
Outstanding at 30 June 2024	1,500,000	$8.81	1,100,000	$3.61

The weighted average exercise price for the options to acquire ordinary shares is $8.81.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Key management personnel disclosures

Key management personnel remuneration is disclosed in the annual financial report.

During the half year ended 30 June 2024, 150,000 vested loan funded shares were converted to issued ordinary shares upon repayment of the loan. There were no loan funded shares or share options issued to key management personnel in the half year ended 30 June 2024.

Note 12. Commitments and contingencies

(a) Legal claims
The Group had no significant legal matter contingencies at 30 June 2024 (30 June 2023: nil).

(b) Commitments
The Group was not committed to the purchase of any property, plant or equipment or intangible assets as at 30 June 2024 (30 June 2023: nil).

As at 30 June 2024, the Group had commitments under product development contracts at the end of the reporting period but not recognised as liabilities amounting to approximately $9.9 million, including approximately US $6.3 million.

(c) Contingent liabilities
The Group had no contingent liabilities at 30 June 2024 (30 June 2023: nil) that require disclosure.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Independent Auditor's Review Report

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To the Shareholders of Neuren Pharmaceuticals Limited

Report on the Review of the Condensed Consolidated Interim Financial Statements

Conclusion

We reviewed the condensed consolidated interim financial statements (the "financial statements") of Neuren Pharmaceuticals Limited and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as at 30 June 2024, and the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six month period ended on that date, and a summary of material accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements on pages 7 to 17 do not present fairly, in all material respects, the consolidated interim financial position of Neuren Pharmaceuticals Limited as at 30 June 2024, and of its consolidated interim financial performance and consolidated interim cash flows for the six month period ended on that date, in accordance with *New Zealand equivalents to International Accounting Standard 34 Interim Financial Reporting ('NZ IAS 34')* issued in New Zealand by the New Zealand Accounting Standards Board.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Neuren Pharmaceuticals Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as assurance practitioner, we have no relationship with, or interests in, Neuren Pharmaceuticals Limited.

Directors' Responsibilities for the Financial Statements

The Directors are responsible, on behalf of the Group, for the preparation and fair presentation of the financial statements in accordance with NZ IAS 34 issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 issued in New Zealand by the New Zealand Accounting Standards Board.

A review of the financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those

performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on those financial statements.

Restriction on use of our review report

This review report on the financial statements is made solely to the shareholders, as a body. Our limited assurance work has been undertaken so that we might state to the shareholders, as a body, those matters which we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Neuren Pharmaceuticals Limited and the shareholders, as a body, for our work, for this review report or for the conclusion we have formed.

Grant Thornton New Zealand Audit Limited

D Alamar

Partner

Auckland

26th August 2024