



## Announcement

13 November 2014

### NeuroSearch A/S – Status announcement for the period 1 January to 30 September 2014

The NeuroSearch Group (NEUR) posted an operating loss of DKK 11 million (Q1-Q3 2013: a loss of DKK 8 million). Performance was adversely affected by a provision of DKK 5 million made in relation to the judgement by the City Court of Copenhagen discussed below. A loss after tax of DKK 6 million was recorded (Q1-Q3 2013: a profit of DKK 8 million). NeuroSearch posted a profit of approximately DKK 1.6 million from discontinued operations in Q3. At 30 September 2014, cash and cash equivalents totalled DKK 83 million (30 September 2013: DKK 94 million).

### Update on the company's activities

- On 8 August 2014, NeuroSearch was convicted of share price manipulation in violation of the rules of the Danish Securities Trading Act in an action brought by the Public Prosecutor for Special Economic and International Crime (SEIC) as a result of the conviction of the company's then CEO for share price manipulation. NeuroSearch was ordered to pay a fine of DKK 5 million.
- On 18 August, NeuroSearch appealed the decision of the City Court of Copenhagen to the Eastern High Court as the Board of Directors believed there is no basis for convicting the company of share price manipulation, and that a fine, if any, of DKK 5 million would be far too harsh. The Board of Directors further considered, based on an overall assessment, that it would be in the interest of the company's shareholders that the matter be submitted to the High Court.

Against that background, it must be expected that a clarification of the company's future will have to await the outcome of the appeal. The Eastern High Court has set the hearing of the case for late September 2015.

### Update on the company's assets

In October 2014, NeuroSearch A/S signed an agreement with Saniona ApS for the transfer of its rights to the development candidates NS2359 and NS2330 (tesofensine).

NeuroSearch has for several years worked to raise capital for the further development of these two development candidates without success, or as an alternative to enter into agreements with third parties for the further development of the projects. It has been decided to transfer the rights to NS2359 and NS2330 to Saniona. Under the agreement, Saniona assumes the costs of maintaining the partially intertwined patent rights to NS2359 and NS2330. NeuroSearch will not receive any cash or other consideration in connection with the signing of the agreement, but under the agreement with Saniona, NeuroSearch is entitled to up to 20% of any milestones and royalties that Saniona may obtain in connection with the further development of NS2359 and NS2330 as well as of any potential drugs based on NS2359 or NS2330 that may reach the market.

This leaves the patent portfolio with only the two dopidines that are related to the compound Huntexil® which was sold in 2012 to and is now being developed by Teva Pharmaceuticals, namely:

- Seridopidine for the treatment of CNS disorders (completed Phase I)
- Ordopidine for the treatment of CNS disorders (completed Phase I)



NeuroSearch will seek to divest the two compounds "as is", as we are not in a position to handle the further clinical development of the compounds in-house.

*Moreover, the company has investments in:*

- NsGene: 26.8%
- Atonomics: 5.2% (In October 2014, Atonomics completed a new financing. NeuroSearch elected not to participate, and our ownership interest is now 5.2%)

*Licence agreements:*

- Potential milestone payments from Teva Pharmaceuticals of up to DKK 55 million relating to the development of Huntexil®
- Potential payments from Saniona in the form of milestone payments and royalties and/or repayment of the loan of EUR 340,000 (DKK 2.5 million) provided by NeuroSearch in connection with the transfer agreement entered into with Saniona in 2012, see announcement no. 20-12
- Potential payments from Saniona in the form of milestone payments and royalties of up to 20% in respect of development candidates NS2359 and NS2330 (tesofensine), which Saniona took over in October 2014, see announcement no. 13-14

The value of the assets listed above is subject to substantial uncertainty as no established market exists for such assets.

In addition, NeuroSearch calculated the value as of 31 December 2013 of its unrecognised tax losses carried forward at approximately DKK 1.8 billion, and deductible timing differences at approximately DKK 0.5 billion, or a total of DKK 2.3 billion. Under certain conditions, a potential buyer of NeuroSearch may be able to exploit the unrecognised tax assets in full or in part.

#### **Outlook for 2014**

In 2014, NeuroSearch expects an operating loss of approximately DKK 15 million. This does not include any loss or profit arising out of a potential sale of NeuroSearch's remaining assets.

#### **Contact**

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#### **About NeuroSearch**

NeuroSearch A/S (NEUR) is listed on NASDAQ Copenhagen A/S.