neuren
pharmaceuticals

Improving the lives of people with neurodevelopmental disabilities

Neuren Pharmaceuticals Limited

ANNUAL REPORT 2024

Neuren Pharmaceuticals is developing new therapies for debilitating neurodevelopmental disorders that emerge in early childhood and are characterised by impaired connections and signalling between brain cells. Incorporated in New Zealand and based in Melbourne, Australia, Neuren is listed on the ASX under the code NEU.

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NEUREN'S VALUE PROPOSITION

Maximise value of **NNZ-2591** as a multiple indication platform

- ✓ Positive Phase 2 results for **Phelan-McDermid syndrome**
- ✓ Positive Phase 2 results for **Pitt Hopkins syndrome**
- ✓ Positive Phase 2 results for **Angelman syndrome**

Long-term income growth from Acadia's successful global commercialization of Daybue (trofinetide)

A$359 million pro-forma cash[1]

Value

THE 2024 NUMBERS – A RECORD YEAR OF INCOME FOR SHAREHOLDERS

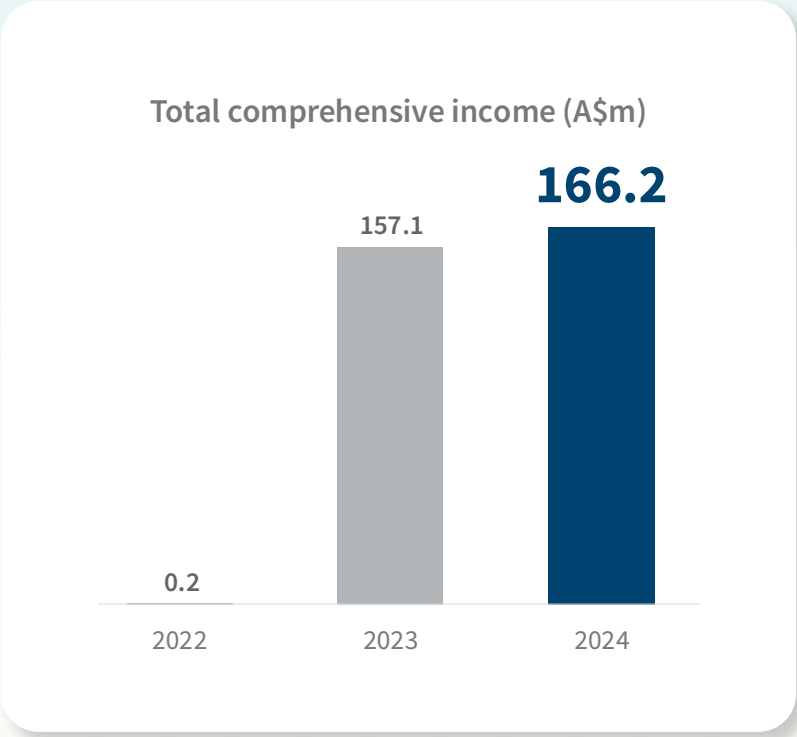
Comprehensive income (CI)
A$166m

CI margin
73%

NPAT
A$142m

FX gain
A$24m

Corporate & admin costs
A$5m



R&D investment in NNZ-2591
A$33m

DAYBUE™ revenue 23 & 24
A$445m

Pro-forma cash[1]
A$359m

1 A$222 million cash and short-term investments at 31 December 2024, adjusted to include receipt in Q1 2025 of PRV sale proceeds, sales milestone and Q4 2024 royalty and payment in Q1 2025 of Q4 2024 tax. This is a non-IFRS measure and is relevant to illustrate the expected cash and short-term investments position, due to the large proportion of 2024 revenue being earned in Q4 2024 and received in Q1 2025.

CHAIR AND CEO MESSAGE

PATRICK DAVIES & JON PILCHER

2024 was another highly successful year for the Neuren business, with record financial performance, record sales of DAYBUE™ and two more successful Phase 2 trial results for NNZ-2591.

For the second year in succession Neuren received the Australian Growth Company of the Year Award for Health and Life Sciences. Across 2023 and 2024 our income from Acadia for DAYBUE was A$445 million at 100% pre-tax margin, which led to pro-forma cash of A$359 million at 31 December 2024. That cash has come from income and not from capital raising. This puts us in an enviable position to pursue the realisation of the value of NNZ-2591, which can potentially be many multiples of DAYBUE. Relative to our peers, we believe this provides a unique proposition for investors – a valuation backstop as well as the potential to add much more value using existing funds.

Despite this progress and "buy" recommendations from all nine analysts that cover Neuren, the share price has fallen significantly from its peak, which is frustrating and disappointing. Neuren was the best performing ASX 200 stock in 2023, a year in which DAYBUE was approved and launched, together with a first positive Phase 2 trial result for NNZ-2591. In 2024 we were impacted negatively by momentum trading, initially triggered by a switch to negative sentiment about DAYBUE sales. In the early launch period with limited experience there was heavy focus in the investment community on quarterly sales rather than the long-term opportunity for Neuren. We continue to maintain that the launch has been very successful and better than comparators, with net sales reaching US$348 million in the first full year of sales. Acadia has committed substantial additional resources to expand DAYBUE in the USA and has forecast continued growth in 2025. More than 60% of patients currently on therapy have now been treated for more than 12 months. This provides a very stable base which means that sales have become much more predictable. There are still 70% of the expanding pool of diagnosed patients in the US who have not yet tried treatment. This, together with the coming expansion into Canada, Europe, Japan and potentially other countries, provides substantial upside and a long-term growth opportunity for Neuren. Acadia has done an impressive job so far and with new commercial leadership and initiatives in place is now in an even better position to maximise that global opportunity. Most importantly, the stories from families of benefits that children and adults with Rett syndrome are experiencing on DAYBUE are heartening and extremely motivating for the Neuren team.

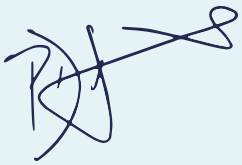
For NNZ-2591, we were excited that during 2024 the positive Phase 2 trial results for Pitt Hopkins syndrome and Angelman syndrome were consistent with the Phelan-McDermid syndrome results, validating our thesis that NNZ-2591 can potentially have a broad impact on neurodevelopmental conditions. We were very pleased with the outcome of our End of Phase 2 Meeting with the FDA for Phelan-McDermid syndrome, enabling us to move straight to Phase 3 with a similar program to the successful DAYBUE program in Rett syndrome. Efficacy endpoints are always the most complex issue when you are leading the way as a first treatment and there is no precedent to follow. We went through a similar journey with FDA to align on efficacy endpoints for Rett syndrome. Overall, we believe that the success of DAYBUE de-risks the NNZ-2591 programs, given the similarities in clinical profile, scientific rationale, trial design and endpoints. Building on the Rett syndrome experience, we are eager to embark on the first ever Phase 3 trial in Phelan-McDermid syndrome, aiming to provide a first treatment option to that community.

We are excited to also now be targeting hypoxic-ischemic encephalopathy (HIE), a devastating type of brain injury in newborns. We believe that NNZ-2591 can potentially provide a highly differentiated form of treatment continuing beyond acute treatment in the neonatal intensive care unit to target both the acute effects and the long term neurodevelopmental impairments resulting from HIE.

During the past year we have been transitioning Neuren's capabilities from Phase 2 development to Phase 3 development. That has required some changes in the skills and location of roles as well as a major focus on uplifting the sophistication of Neuren's quality systems. We thank the Neuren team for their diligence through this transition and for all their many achievements during the year.

We are also grateful to all our supportive shareholders and can assure you that we will continue to evaluate all options to maximise shareholder value.

Last but not least, we thank the patient communities across the indications we are pursuing for their support, determination and courage, which is so critical to achieving the outcomes we are all striving for.



Patrick Davies
Chair

Jon Pilcher
CEO

CHAIR AND CEO MESSAGE

CONTINUED

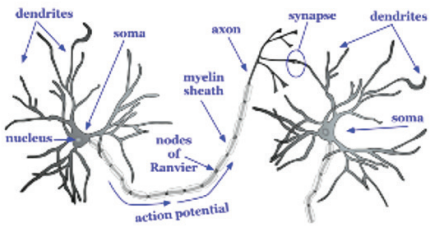
NEUREN'S VALUES

- We are passionate about making a difference to the lives of patients and their families
- We aim to earn the respect of everyone we deal with
- We are determined and creative to break through barriers
- We harness the power of collaboration and different perspectives
- We recognise the importance of all stakeholders and endeavour to use financial resources efficiently
- We apply a quality mindset to everything we do

OPERATING REVIEW

Treating neurodevelopmental disorders

Rett	Fragile X	Phelan-McDermid	Angelman	Pitt Hopkins	Prader-Willi
MECP2	*FMR1*	*SHANK3*	*UBE3A*	*TCF4*	*15q11-q13*



Impaired communication between neurons, abnormal formation/pruning of dendrites & chronic inflammation

Neuren's drugs target the critical role of **IGF-1** in this upstream process, using analogs of peptides that can be taken orally as liquids

Severe impact on nearly every aspect of life		
walking and balance issues	anxiety and hyperactivity	seizures
impaired communication	intellectual disability	impaired social interaction
impaired hand use	sleep disturbance	gastrointestinal problems

NEUREN'S GROUND-BREAKING THERAPIES

Neuren focuses on developing treatments for debilitating neurodevelopmental disorders that emerge in early childhood and stem from problems in brain development which lead to a wide range of serious issues affecting nearly every aspect of life. These neurodevelopmental disorders have severe life-long impact on the patients and their families. Each neurodevelopmental disorder is caused by a different genetic mutation, but in many cases, they share similar symptoms and the common characteristic of impaired connections and signalling between brain cells.

Neuren currently has two novel patented drugs, trofinetide and NNZ-2591, which potentially have broad utility in the treatment of neurological disorders. Both drugs are synthetic analogues of important molecules that occur naturally in the brain and are involved in the biology of IGF-1, a growth factor stimulated by growth hormone. In the central nervous system, IGF-1 is produced by both of the major types of brain cells – neurons and glia. IGF-1 in the brain is critical both for normal development and to maintain or restore the biological balance required for normal functioning. During development, the brain and the cells that comprise it change rapidly and in complex ways.

IGF-1 and its metabolites play a significant role in regulating these changes. In the mature brain, these molecules play an important role in responding to disease, stress and injury.

Trofinetide and NNZ-2591 mimic the function of the natural molecules in the brain, however each drug is designed to have a longer half-life in circulation, be suitable for use as an oral medication, more readily cross the blood brain barrier and have better stability for longer and easier storage and shipping. Whereas many drugs typically exert a specific effect on a specific target related to one symptom, trofinetide and NNZ-2591 exert diverse effects which can help to control or normalise abnormal biological processes in the brain. This means that the target is to have a broad impact on the disorder rather than aiming to treat one symptom. An important feature is that both drugs can be administered orally in a patient-friendly liquid dose.

A critical feature of Neuren's work to develop therapies for each of these disorders is close collaboration with the leading specialist physicians and with the well-organised patient advocacy organisations.

OPERATING REVIEW

CONTINUED

THE IMPORTANCE OF ORPHAN DRUG DESIGNATION

The US Food and Drug Administration (FDA) and European Medicines Agency (EMA) have both granted Orphan Drug designation for trofinetide in Rett syndrome and Fragile X syndrome and for NNZ-2591 in each of Phelan-McDermid, Angelman and Pitt Hopkins syndromes. The FDA has also granted Orphan Drug designation for Prader-Willi syndrome.

Orphan Drug designation is a special status that the regulators may grant to a drug to treat a rare disease or condition. Amongst other incentives, Orphan Drug designation qualifies the sponsor of the drug for exclusivity periods during which the regulators will not approve a generic competitor product. These marketing exclusivity periods are extremely valuable for the commercialisation of Orphan Drugs. They provide additional protection, along with patents, against generic competitors and potentially can continue to provide protection after patent expiry. The exclusivity periods after marketing authorisation of products approved for pediatric use are 7.5 years in the United States and 12 years in the EMA region. Japan, South Korea and Taiwan also have Orphan Drug programs.

As well as the exclusivity periods, Orphan Drugs have many other commercial advantages compared with existing markets that have apparently attractive large sales in which established products and companies have to be displaced. The serious and urgent unmet need results in a more supportive regulatory and pricing environment and strong engagement from the patient community and leading physicians. Historical data indicates a higher probability of achieving regulatory approval and the potential for immediate access to known patients means that a large sales organisation is less important.

In short, the Orphan Drug business model targets a leadership position in markets with urgent need, at an attractive price and with a higher probability of getting to market.

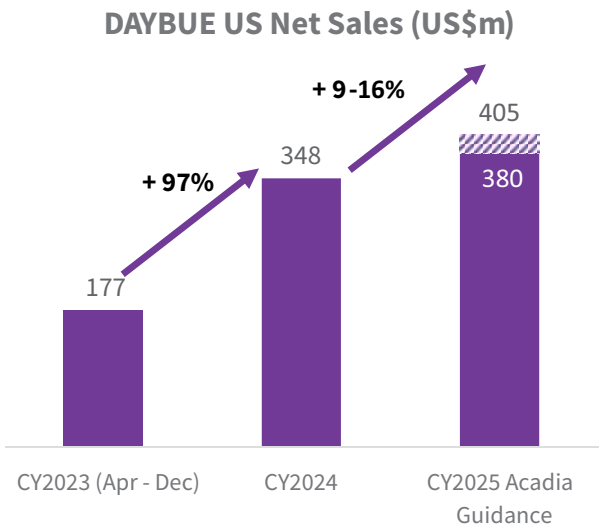
The neurodevelopmental disorders that Neuren is aiming to treat are “rare diseases”, however they are not “ultra-rare”, and in each disorder there are tens of thousands of potential patients around the world.

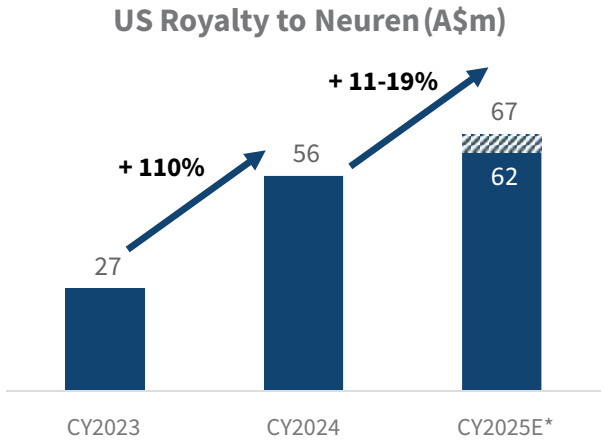
COMMERCIAL EXCLUSIVITY

In addition to the primary protection of the important exclusivity periods from Orphan Drug designation explained above, Neuren has additional commercial protection from issued patents and pending patent applications, which extend as far as 2041. Since trofinetide and NNZ-2591 are new chemical entities, following the first marketing authorisation for each drug, the term of one patent may potentially be extended by up to 5 years in many countries, including the United States, Europe and Japan.

TROFINETIDE FOR RETT SYNDROME

Growing, sustainable income to Neuren from DAYBUE™ (trofinetide) in the United States





* Based on CY25 Acadia DAYBUE US Net Sales Guidance of US$380-405m, 10% of DAYBUE net sales up to US$250m and 12% of DAYBUE net sales between US$250m and US$500m, and AUDUSD of 0.65

In March 2023, Neuren’s partner for trofinetide, Acadia Pharmaceuticals (NASDAQ: ACAD), received FDA approval of DAYBUE™ (trofinetide) for the treatment of Rett syndrome in adult and pediatric patients two years of age and older. On 17 April 2023, Acadia launched DAYBUE™ (trofinetide) in the United States as the first ever approved treatment for Rett syndrome. Access to DAYBUE has been well supported by Medicaid and private health insurance payors.

OPERATING REVIEW

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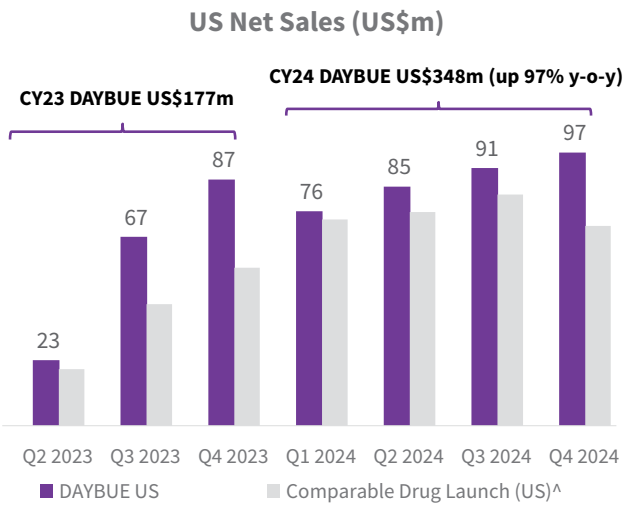
Net sales of DAYBUE in 2024 were US$348.4 million, with sequential growth in each quarter and record net sales of US$96.7 million in Q4 2024. These sales generated royalty income for Neuren in 2024 of A$56 million.



^ For illustrative purposes only. Comparable Orphan Drug has different patient/clinician experience, approval and distribution/logistical dynamics

920 patients received DAYBUE in Q4 2024 and 62% of currently active patients had been on therapy for 12 months or longer. Acadia continues to collect and report real-world experience in the LOTUS study, with the majority of caregivers reporting meaningful improvements in patients.

A characteristic of all long-term medicines is that not all patients who commence treatment will persist with treatment. Furthermore, for patients and caregivers, adjusting to a novel treatment regimen can take time, especially when it is the first treatment ever to become available. The number of patients commencing treatment and the proportion that persist with treatment long-term are key factors in the sales outcome. That persistency rate in the real world has consistently tracked at more than 10 percentage points above the clinical trial experience and has been stable at approximately 50% after 12 months of treatment. In Q4 2024 discontinuations improved by approximately 15% compared with Q3. The LOTUS study indicates that initial dose titration improves tolerability, suggesting that the future persistence rate for new patients can be higher than the early experience after launch.

The number of diagnosed Rett patients in the US has grown from approximately 4,500 at the launch of DAYBUE to between 5,500 and 5,800. Prevalence studies suggest the total number of patients may be 6,000 to 9,000. Acadia has provided guidance for growth in US net sales in 2025 to between US$380 million and US$405 million. Q1 2025 net sales will be lower than Q4 2024 due to seasonal impacts, which is consistent with the previous year. With 70% of the diagnosed patients yet to try DAYBUE, there is substantial potential for growth in the US. In January 2025, Acadia announced initiatives to accelerate adoption, in particular among the 65% of patients that are treated outside the Rett syndrome Centers of Excellence. Acadia is expanding its field force by approximately 30%, optimizing patient support, launching branded Direct-to-Consumer campaigns to showcase DAYBUE benefits and utilizing a range of communication channels to bring the DAYBUE clinical data to life for both physicians and families.

Further information about DAYBUE, including prescribing information can be accessed at www.DAYBUE.com

OPERATING REVIEW

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NEUREN'S ATTRACTIVE ECONOMICS FROM DAYBUE (TROFINETIDE) IN NORTH AMERICA

In 2024, Neuren earned income from DAYBUE of A$213 million. In addition to royalties of A$56 million, Neuren received a sales milestone payment of A$80.5 million earned on achievement of the first in a series of four thresholds of total annual net sales of DAYBUE in North America, due to net sales for 2024 exceeding US$250 million.

Neuren also earned A$76.5 million from Acadia, being one third of the market value of the Rare Pediatric Disease Priority Review Voucher (PRV) that was awarded to Acadia by the FDA upon marketing authorisation of DAYBUE. Acadia completed the sale of the PRV for US$150 million in December 2024.

Neuren is eligible to receive ongoing royalties on net sales of trofinetide in North America, plus milestone payments of up to US$350m on achievement of a series of four thresholds of total annual net sales. No royalties or similar costs are payable by Neuren to third parties, which means Neuren's revenue from Acadia flows through to pre-tax profit. The royalty rates and sales milestone payments are related to the total amount of annual net sales of trofinetide in all indications in North America, as set out in the following tables:

North America	
✓ **US$10m**	**upfront in 2018**
✓ **US$10m**	**in 2022 following acceptance of NDA for review**
✓ **US$40m**	**in 2023 following 1st commercial sale in the US**
✓ **US$50m**	**In 2024 one third share of Priority Review Voucher awarded to Acadia (sold for US$150m)**
US$55m	Milestone payments related to Fragile X

Tiered Royalty Rates (% of net sales)

Annual Net Sales	Rates
≤US$250m	**10%**
>US$250m, ≤US$500m	**12%**
>US$500m, ≤US$750m	**14%**
>US$750m	**15%**

Sales Milestones

Net Sales in one calendar year	US$m
≥US$250m	✓ **50**
≥US$500m	**50**
≥US$750m	**100**
≥US$1bn	**150**

In October 2024, Health Canada approved Acadia's New Drug Submission for DAYBUE and Acadia anticipates first sales in Q3 2025, pending price negotiations. Canada net sales will be added to US net sales to give total net sales for calculation of Neuren's North America royalties and sales milestone payments. In Canada, the prevalence of Rett Syndrome is estimated to be 600 to 900 patients.

LONG TERM GROWTH OPPORTUNITY FOR TROFINETIDE THROUGH GLOBAL EXPANSION

In July 2023 Neuren and Acadia expanded their partnership for trofinetide from North America to worldwide. Neuren received US$100 million up-front and is eligible to receive milestone payments and royalties related to development and commercialization of trofinetide outside North America as set out in the table below.

Outside North America	
✓ **US$100m**	**upfront in 2023**
US$35m	following 1st commercial sale in Europe
US$15m	following 1st commercial sale in Japan
US$10m	following 1st commercial sale of a 2nd indication Europe
US$4m	following 1st commercial sale of a 2nd indication Japan
Sales milestones	On achievement of escalating annual net sales thresholds: Europe: up to **US$170m** Japan: up to **US$110m** RoW : up to **US$83m**
Tiered royalties	**Mid - teens to low - 20s %** of net sales

A redacted version of the expanded licence agreement between Neuren and Acadia was filed with the US Securities and Exchange Commission as a material contract exhibit to Acadia's 2023 10-K Annual Report, which is available to view via the SEC Filings section of Acadia's website.

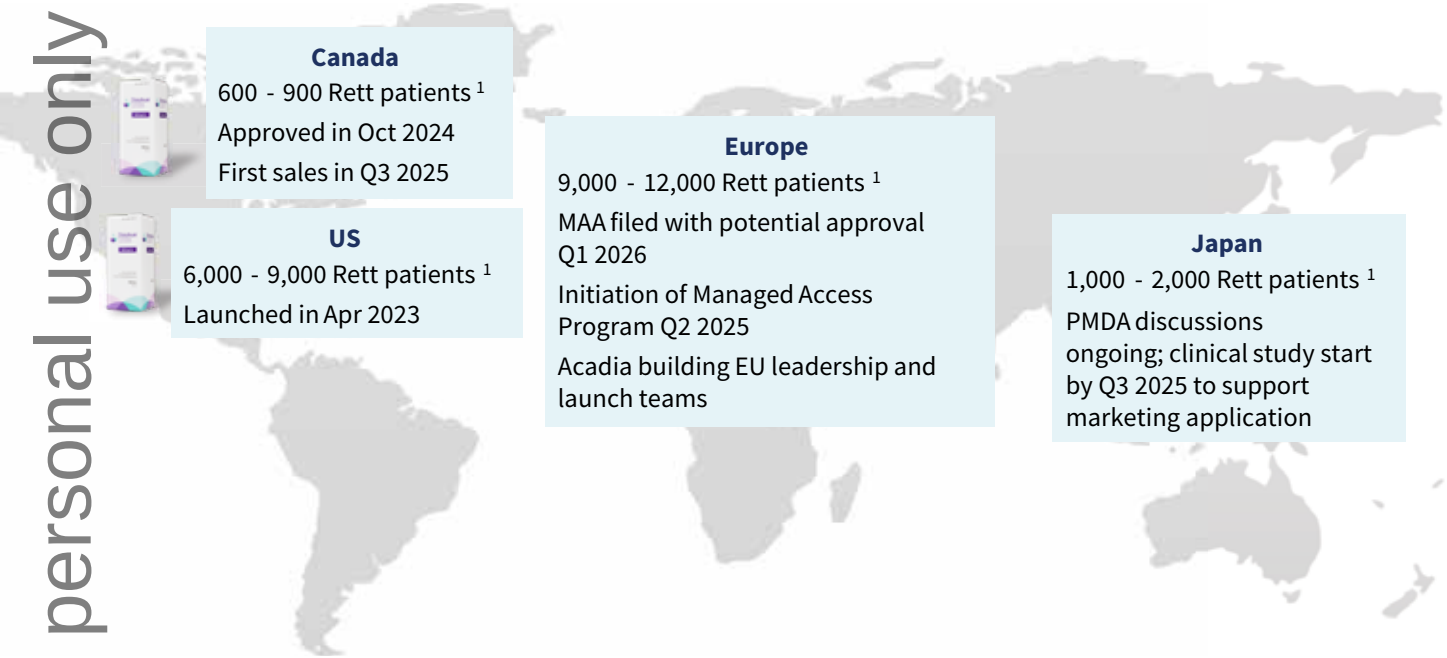
In January 2025, Acadia submitted a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) for trofinetide for the treatment of Rett syndrome in adults and pediatric patients two years of age and older. Acadia anticipates potential approval in Q1 2026. If granted marketing authorization, trofinetide will be the first and only approved therapy for Rett syndrome in the European Union. In the meantime, Acadia anticipates initiating Managed Access Programs in Europe in Q2 2025, which will provide valuable real-world experience of treatment for European families and physicians in advance of full commercial launch.

OPERATING REVIEW

CONTINUED

For Japan, Acadia has had productive discussions with the regulatory agency (PMDA) and plans to initiate a small clinical study by Q3 2025 to support a marketing application.

There is urgent unmet need for a treatment for Rett syndrome around the world, evidenced by communications received from families, patient support groups and physicians. Acadia is assessing a strategic approach to make DAYBUE available in select markets through named patient programs in 2025.



Canada

600 - 900 Rett patients [1]

Approved in Oct 2024

First sales in Q3 2025

US

6,000 - 9,000 Rett patients [1]

Launched in Apr 2023

Europe

9,000 - 12,000 Rett patients [1]

MAA filed with potential approval Q1 2026

Initiation of Managed Access Program Q2 2025

Acadia building EU leadership and launch teams

Japan

1,000 - 2,000 Rett patients [1]

PMDA discussions ongoing; clinical study start by Q3 2025 to support marketing application

1 Acadia estimates

ABOUT RETT SYNDROME

Rett syndrome is a seriously debilitating and life-threatening neurological disorder. It is first recognized in infancy and seen predominantly in girls, but can occur very rarely in boys. At diagnosis, Rett syndrome has often been misdiagnosed as autism, cerebral palsy, or non-specific developmental delay. Most cases of Rett syndrome are caused by mutations on the X chromosome on a gene called *MECP2*. Rett syndrome strikes all racial and ethnic groups and has been estimated to occur worldwide in 1 of every 10,000 to 15,000 female births, causing problems in brain function that are responsible for cognitive, sensory, emotional, motor and autonomic function. These problems can include learning, speech, sensory sensations, mood, movement, breathing, cardiac function, and even chewing, swallowing, and digestion. Rett syndrome symptoms appear after an early period of apparently normal or near normal development until six to eighteen months of life, when there is a slowing down or stagnation of skills. A period of regression then follows, with loss of communication skills and purposeful hand use, loss or impairment of walking, and the onset of stereotypic hand movements. Other problems frequently include seizures and erratic breathing patterns, an abnormal side-to-side curvature of the spine (scoliosis), and sleep disturbances.

OPERATING REVIEW

CONTINUED

NNZ-2591 FOR MULTIPLE NEURODEVELOPMENTAL DISORDERS

Neuren is developing NNZ-2591 for multiple serious neurodevelopmental disorders with different genetic origins that emerge in early childhood and have no or limited approved treatment options. The estimated number of potential patients being targeted across these disorders is more than five times larger than Rett syndrome.

Neuren's programs for Phelan-McDermid syndrome (PMS), Pitt Hopkins syndrome (PTHS), Angelman syndrome (AS) and Prader-Willi syndrome (PWS) have all been granted Orphan Drug designation by the FDA and are being developed under Investigational New Drug (IND) applications. In designing and executing the NNZ-2591 development program, Neuren has been able to leverage the extensive and highly relevant experience the Neuren team has gained from the trofinetide Rett syndrome program across manufacturing, non-clinical, clinical and regulatory.

The FDA has also granted Rare Pediatric disease Designation for NNZ-2591 in each of PMS, PTHS and AS. With this designation in place, Neuren may be awarded a PRV if the Rare Pediatric Disease PRV program is reauthorized by the US Congress and NNZ-2591 receives marketing authorisation for any of these indications by the FDA. The Rare Pediatric Disease PRV program is designed to incentivize drug development for serious rare pediatric diseases. If awarded, a PRV can be redeemed to receive priority review for a different product or sold to another sponsor. As noted above, Neuren's partner Acadia received a PRV on marketing authorization of DAYBUE in Rett syndrome and sold the PRV for US$150 million.

Successful Phase 2 clinical trials across three syndromes

In May 2024, Neuren announced positive top-line results from the Phase 2 clinical trial of NNZ-2591 in children with PTHS. After treatment for 13 weeks, 9 out of 11 children showed improvement assessed by clinicians and significant improvement was observed by both clinicians and caregivers in clinically important aspects of PTHS, including communication, social interaction, cognition and motor abilities. NNZ-2591 was well tolerated and demonstrated a good safety profile. Neuren recently announced that the FDA has granted Fast Track designation for NNZ-2591 for the treatment of PTHS. Fast Track is designed to facilitate the development and expedite the review of drugs to treat serious conditions.

In August 2024, Neuren announced positive top-line results from the Phase 2 clinical trial of NNZ-2591 in children with AS. After treatment for 13 weeks, 11 out of 13 children showed improvement assessed by clinicians, with improvements seen in clinically important aspects of AS. In the 3-12 years age group all 8 children showed improvement.

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 PMS.

Phase 2 trial results validating multi-indication platform

	Phelan-McDermid syndrome (PMS) N=18, 13 weeks	Pitt Hopkins syndrome (PTHS) N=11, 13 weeks	Angelman syndrome (AS) N=13, 13 weeks	
Safety & tolerability	Safe and well tolerated, with no meaningful trends in laboratory values or other safety parameters during treatment			
Efficacy			*All*	*3-12 years*
Clinician Global Impression of Improvement mean score (% of patients improved)	2.4 (89%)	2.6 (82%)	3.0 (85%)	*2.8 (100%)*
Caregiver Impression of Change mean score (% of patients improved)	2.7 (83%)	3.0 (73%)	3.2 (67%)	*2.6 (100%)*
# patients with Clinical Global Impression of Severity improvement (% of patients)	7 (39%)	6 (55%)	4 (31%)	
Consistent improvement in clinically important aspects	Communication, behavior, cognition, social	Communication, social, cognition, motor	Communication, behavior, cognition, motor	

OPERATING REVIEW

CONTINUED

Preparation for the first ever Phelan-McDermid syndrome Phase 3 program

During 2024, at a Type B End of Phase 2 Meeting, Neuren achieved alignment with the FDA on key features of the Phase 3 clinical trial program for PMS. A single pivotal Phase 3 trial will be a randomised, double-blind, placebo-controlled trial of treatment for 13 weeks in children aged 3 to 12 years with PMS. Participants may continue into an open-label extension study continuing treatment until commercial launch. There will be one active treatment group versus placebo, with a target dose equivalent to the dose tested in the Phase 2 trial. Based on the safety data from the Phase 2 clinical trial, Neuren proposed a less burdensome safety monitoring plan for the Phase 3 and open label extension trials, which was considered reasonable by the FDA, subject to review of the final protocol. This study will be the first ever pivotal clinical trial in PMS, which means there is no precedent for efficacy assessment. This will be the subject of a further Type C Meeting with the FDA, scheduled in early April 2025, to seek alignment on the primary efficacy endpoints in the Phase 3 clinical trial. In parallel with the FDA interaction, Neuren is continuing the extensive preparations for the trial, planning for mid-2025 commencement.

Phelan-McDermid syndrome has an overwhelming unmet medical need

PMS is caused by a deletion or other change in the 22q13 region of chromosome 22, which includes the SHANK3 gene, or a mutation of the gene. PMS is also known as 22q13 deletion syndrome. The SHANK3 gene codes for the shank3 protein, which supports the structure of synapses between nerve cells in the brain. PMS has severe quality of life impacts for those living with the syndrome, as well as parents and siblings. There are no approved treatments for PMS despite its severely debilitating impact.

The estimated prevalence of PMS is 1% of people diagnosed with autism, or between 1 in 8,000 and 1 in 15,000 males and females. It has historically been underdiagnosed, but this is changing with rising awareness and enhancement of genetic testing technologies. In November 2022, an important Externally-Led Patient Focused Drug Development (EL-PFDD) Meeting was held, in order for the FDA and other key stakeholders to hear directly from patients, their families, caregivers, and patient advocates about the impact PMS has on patients' daily lives. The meeting content was collated in a "Voice of the Patient" report. In 2023 for the first time an International Classification of Disease (ICD) code was assigned to PMS.

FROM THE PHELAN-MCDERMID SYNDROME VOICE OF THE PATIENT REPORT:

"**PMS has an overwhelming unmet medical need.** *There are no FDA approved treatments for PMS despite its severely debilitating manifestations. Parents and caregivers are open to trying almost anything to try to relieve their child's suffering; most have tried an incredibly high number of treatments and approaches for symptom management, with very little success. Some received medications that caused more harm than good."*

"**PMS has severe quality of life impacts on those living with the disease, as well as on parents and siblings.** *Most activities of daily life, including communicating needs or wants, self-care (bathing, dressing, toileting) and socializing with peers/ siblings are affected. Most individuals living with PMS rely on their parents and caregivers for all their daily needs, and many require 24-hour care."*

Other indications

Neuren recently announced the initiation of development of NNZ-2591 to treat hypoxic-ischemic encephalopathy (HIE), a devastating type of brain injury caused when a baby's brain does not receive enough oxygen or blood flow before or shortly after birth. About two to three in every 1,000 births in high income countries and 10-30 per 1,000 births in low- and middle-income countries will be affected by HIE, which means that many thousands of babies and children experience HIE every year. It is one of the leading causes of neonatal death and neurodevelopmental disability worldwide. Neuren believes that NNZ-2591 can potentially provide a highly differentiated form of treatment continuing beyond acute treatment in the neonatal intensive care unit to target both the acute effects and chronic impairments resulting from HIE. Neuren anticipates that NNZ-2591 in HIE will qualify for Orphan Drug and Rare Pediatric disease designations from the FDA. Leveraging the platform of clinical, non-clinical and manufacturing data that Neuren has built for NNZ-2591, a pre-IND meeting with the FDA is targeted in Q4 2025 before initiating a clinical trial in HIE patients.

As part of the expanded global partnership with Acadia signed in July 2023, Neuren granted Acadia exclusive worldwide licence for NNZ-2591 solely in Rett syndrome and Fragile X syndrome, which enabled coordinated global development and removed restrictions on Neuren for NNZ-2591 in those two indications. Neuren retains worldwide rights to NNZ-2591 in all other indications. Potential future payments to Neuren related to NNZ-2591 in Rett syndrome and Fragile X syndrome are identical to the payments for trofinetide in each of North America and outside North America. Acadia is responsible for all costs of development and commercialization in those two indications.

OPERATING REVIEW

CONTINUED

Strong foundations built for NNZ-2591

Neuren has meticulously built strong foundations to enable clinical development of NNZ-2591 in multiple indications.

Clear and consistent efficacy in mouse models of all four disorders

The studies in these models compared normal mice ("wild type") and mice with a disrupted gene ("knockout"). The knockout mice exhibit behavioural and biochemical deficits that mimic each disorder in humans. The wild type mice and the knockout mice were each treated with placebo and NNZ-2591. In all four models, treatment with NNZ-2591 for 6 weeks eliminated all the deficits so that the knockout mice were indistinguishable from the wild type mice. Treatment had no impact on the wild type mice which is important from a safety point of view. Following review of the data from the mouse models and the mechanistic rationale for treatment, FDA granted Orphan Drug designation for NNZ-2591 in each of the four disorders.

Optimum dose identified

In the Phelan-McDermid syndrome model, the effect of four escalating dose levels was investigated. The results of this dose ranging study were consistent across all 8 behavioral tests and the incidence of seizures, demonstrating that the second highest dose was the optimum dose level in the mouse model. Comparison with human pharmacokinetic data from the Phase 1 clinical trial has informed the equivalent human dose for the clinical trials in patients.

A further observation was that the optimum dose in this 6-week study showed better efficacy than the same dose in an earlier study for 3 weeks, indicating that efficacy increases with treatment duration.

Effects on biochemistry and brain cell structure confirmed

Biochemical testing in the Phelan-McDermid model showed that the abnormal length of dendritic spines between brain cells, the excess activated ERK protein (pERK) and the depressed level of IGF-1 in the knockout mice were all normalised after treatment with NNZ-2591.

Blood-brain barrier penetration confirmed

As well as very high oral bioavailability, good penetration of the blood-brain barrier by NNZ-2591 has been demonstrated in a rodent study. A single dose was administered at 2 dose levels, with the high dose twice the low dose. The concentration of NNZ-2591 in the blood and cerebrospinal fluid was determined after 1.5 hours and again after 4 hours. The amount in the brain tissue was also measured after 4 hours. In each case the concentration was approximately proportional to the dose and after 4 hours the concentration in blood and brain tissue was approximately equivalent.

Large scale manufacturing process developed

Neuren has successfully developed a proprietary process for manufacturing drug substance at large scale with exceptional purity and high yield.

Positive Phase 1 clinical trial results

Neuren completed a Phase 1 clinical trial, in which twice daily oral dosing of NNZ-2591 for seven days was safe and well tolerated in healthy volunteers at doses expected to be within the effective therapeutic range. This was an important milestone for NNZ-2591 to be able to move forward to Phase 2 clinical trials in patients.

Positive Phase 2 clinical trial results

Neuren has completed three Phase 2 clinical trials, in Phelan-McDermid, Pitt Hopkins and Angleman syndromes. The trials examined safety, tolerability, pharmacokinetics and efficacy over the 13-week treatment period with NNZ-2591. The data generated from these trials is used to inform the design of subsequent registration trials.

TO FIND OUT MORE ABOUT THESE SYNDROMES:

pmsf PHELAN-McDERMID SYNDROME FOUNDATION
www.pmsf.org

angelman SYNDROME FOUNDATION
FAMILIES. RESEARCH. CLINICS. COMMUNITY.
WITH YOU FOR THE JOURNEY.
www.angelman.org

PITT HOPKINS RESEARCH FOUNDATION
www.pitthopkins.org

FOUNDATION FOR PRADER-WILLI RESEARCH
www.fpwr.org

OPERATING REVIEW

CONTINUED

FINANCE

Summary Financials	2024 $'m	2023 $'m
Revenue from contracts with customers	213.2	231.9
Interest income	11.0	5.7
Gain on financial derivatives measured at fair value	3.6	–
Foreign exchange gain	–	2.4
Total income	**227.8**	**240.0**
Research & Development	(33.0)	(26.8)
Corporate & Administration	(4.7)	(5.9)
Loss on financial derivatives measured at fair value	–	(2.2)
Net foreign currency loss	(7.2)	–
Profit before tax	**182.9**	**205.1**
Income tax	(40.9)	(48.0)
Profit after tax	**142.0**	**157.1**
Other comprehensive income - foreign currency translation	24.2	–
Total comprehensive income	**166.2**	**157.1**
Cash flow received from operations	(11.3)	184.9
Cash flow used in investing	4.1	(211.5)
Cash flow received from financing	(8.8)	3.6
Effect of exchange rates on cash balances	2.0	(0.1)
Cash and short-term investments at 31 December	**222.2**	**228.5**

The consolidated financial statements are presented on pages 24 to 47. All amounts in the consolidated Financial Statements are shown in Australian dollars unless otherwise stated.

Total comprehensive income for shareholders was A$166.2 million, comprising A$142.0 million profit after tax and A$24.2 million foreign currency translation gain.

In accordance with applicable Accounting Standards, effective 1 January 2024 the Company changed its functional currency from Australian dollars to US dollars, however the Group retained Australian dollars as its reporting currency. In a year in which the A$/US$ exchange rate fell from 0.68 at 31 December 2023 to 0.62 at 31 December 2024, the change in functional currency significantly impacted the Financial Statements compared with 2023. Profit before tax for 2024 includes A$7.2 million net foreign currency loss, mainly due to the translation of cash and short-term investments held in Australian dollars to the US dollars functional currency. However, the translation from the US dollars functional currency to the Australian dollars presentation currency resulted in a gain of A$24.2 million, which is included in Total Comprehensive Income and increased shareholders' equity via the currency translation reserve. The gain in Comprehensive Income is mainly due to the translation to Australian dollars of the cash and short-term investments held in US dollars.

OPERATING REVIEW

CONTINUED

	2024 $'m	2023 $'m
Profit after tax adjusted to exclude FX translation impacts[1]	**145.6**	**156.9**
Gain/(loss) on revaluation of A$/US$ forward contracts	3.6	(2.2)
Gain on translation to A$ functional currency	n/a	2.4
Loss on translation to US$ functional currency	(7.2)	n/a
Reported Profit after Tax	**142.0**	**157.1**
Gain on translation from US$ functional currency to A$ presentation currency	24.2	n/a
Reported Total Comprehensive Income	**166.2**	**157.1**
A$/US$ exchange rate at 31 December	0.62	0.68

Total income of A$227.8 million in 2024 includes A$213.2 earned under the licence agreement with Acadia Pharmaceuticals. This comprised quarterly royalty income of A$56.2 million (2023: A$26.8 million), milestone revenue of A$80.5 million (2023: A$59.4 million) and A$76.5 million as Neuren's one third share of the net proceeds of the Rare Disease Priority Review Voucher sold by Acadia. The milestone revenue for 2024 was earned on achievement of the first in a series of four thresholds of total annual net sales of DAYBUE, due to net sales for the year exceeding US$250 million, whilst the milestone payment for 2023 was for the first commercial sale of DAYBUE. Revenue for 2023 also included an upfront of A$145.7 million under the expanded global licence agreement with Acadia.

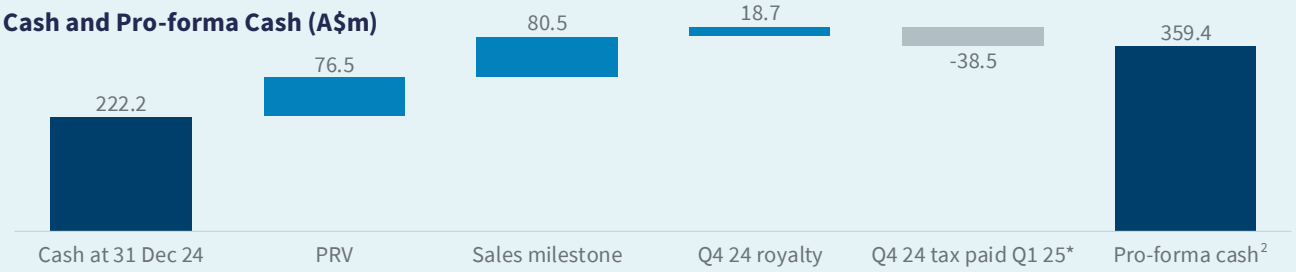
Other income includes finance income of A$11.0 million (2023: A$5.7 million) and a gain of A$3.6 million on the fair value of outstanding forward contracts to sell Australian dollars and buy US dollars (2023: A$2.2 million loss).

Research and development costs increased by A$6.2 million, due to higher expenditure relating to 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$1.2 million, mainly due to bonuses paid in 2023 following the marketing authorisation of DAYBUE by the FDA. Income tax expense for 2024 was A$40.9 million (2023: A$48.1 million), reduced by the recognition of previously unrecognised New Zealand tax losses.

The basic earnings per share for the year to 31 December 2024 was A$1.112 (2023: A$1.236) based on a weighted average number of shares outstanding of approximately 127.8 million (2023: 127.1 million).

Total cash and short-term investments at 31 December 2024 were A$222.2 million (2023: A$228.5 million). As shown in the chart below, adjustments to include the receipt in Q1 2025 of the PRV sale proceeds, sales milestone payment and Q4 2024 royalty (all of which are included in 2024 income) and the payment in Q1 2025 of Q4 2024 tax, results in pro-forma cash and short-term investments of A$359.4 million[2].

Cash and Pro-forma Cash (A$m)



Net cash used in operating activities was A$11.3 million compared with net cash generated of A$184.9 million for the year ended 31 December 2023. This is mainly due to the first sales milestone and sale of priority review voucher being earned in Q4 2024 and received in Q1 2025. Neuren made tax payments of A$37.2 million in 2024, which included A$34 million for 2023 tax, compared with nil payments made in 2023. Net cash used in financing activities for 31 December was A$8.8 million, comprising A$10.4 million of payments for the share buy-back, offset by A$1.7 million of proceeds received on conversion of loan funded shares and exercise of options.

1 This is a non-IFRS measure and is relevant to show comparable information for 2023 and 2024, due to the change in functional currency from Australian dollars to US dollars effective 1 January 2024.

2 This is a non-IFRS measure and is relevant to illustrate the expected cash and short-term investments position, due to the large proportion of 2024 revenue received in Q1 2025.

* Includes US withholding tax on Q4 24 royalty and sales milestone payment.

BOARD

PATRICK DAVIES

Non-Executive Chair

B EC, MBA

Patrick joined the Neuren Board in 2018. He has held executive management roles in the Australian and New Zealand healthcare industry for over twenty five years having performed successfully in senior roles across many industry sectors including pharmacy, primary care, pharmaceutical and consumer products. During his ten year period as Chief Executive Officer of EBOS Group Limited (and previously Symbion), the enterprise value of the group achieved compound annual growth in enterprise value of +20% (from circa $450M to in excess of $3.1B). He is a director on other corporate boards and provides strategic advice to a range of healthcare businesses and investors.

JON PILCHER

Chief Executive Officer/Managing Director

BSc (Hons), FCA

Jon joined Neuren in 2013 as CFO and was appointed CEO in May 2020. He has played a central role in all aspects of Neuren's R&D, commercial and corporate activities. Before joining Neuren he was a member of the leadership team at Acrux throughout a period that included Acrux's IPO and listing on the ASX, the development and FDA approval of three novel pharmaceutical products and a transforming licensing deal with Eli Lilly in 2010. He formerly spent seven years in a series of executive positions in the R&D and corporate functions of international pharmaceutical groups Medeva and Celltech, which are now part of UCB. Jon is a Chartered Accountant and holds a degree in Biotechnology from the University of Reading in the UK.

DIANNE ANGUS

Non-Executive Director

BSc (Hons), Master of Biotechnology, IPTA

Dianne joined the Neuren Board in 2018. She has extensive executive managerial and company director experience in the biotechnology, biopharmaceutical, medical device, agritech and healthcare industries. Dianne has created numerous global industry partnerships to yield innovative and competitive medical, pharmaceutical and agricultural products. She has also successfully driven the development path for novel neurological pre-clinical agents to late-stage clinical assets before the FDA and European regulators. With over twenty five years' experience in ASX and NASDAQ listed companies, she has expertise in business development, capital raising and investor relations together with corporate governance and compliance capabilities. Her current roles include Non-Executive Chair of Argenica Therapeutics (ASX:AGN) and Non-Executive Director of Cyclopharm (ASX: CYC), she is also a council member of Deakin University. Dianne is a registered patent and trade mark attorney and is a member of Australian Institute of Company Directors (AICD).

DR JENNY HARRY

Non-Executive Director

BSc (Hons), PhD

Jenny joined the Neuren Board in 2018. She has 20 years' experience in executive management of companies in the biotechnology and biopharmaceutical industry and is an accomplished CEO and Managing Director with experience in growing companies from start-up to commercialisation. She has served on Boards of a number of listed and unlisted companies and is currently a Non-Executive Director of Aeris Environmental Limited (ASX:AEI), Genetic Signatures Limited (ASX:GSS) and Lumitron Technologies Inc. Jenny is a graduate of the Harvard Business School General Manager Program and the Australian Institute of Company Directors.

MR JOE BASILE

Non-Executive Director

FIPA, FFA

Joe joined the Neuren Board in March 2023. He has held a number of executive roles in the pharmaceutical industry for over 30 years, most recently as Group CFO at iNova Pharmaceuticals based in Singapore and prior to that with Novartis in senior Finance leadership and Commercial Sales leadership roles in Australia and Asia.

EXECUTIVE TEAM

JON PILCHER

Chief Executive Officer/Managing Director

BSc (Hons), FCA

Refer to page 22 for biography.

LARRY GLASS

Chief Science Officer

BA (Biology)

Larry joined Neuren in 2004 and was an Executive Director from 2012 to 2018. He directs Neuren's scientific and non-clinical development, as well as playing a leading role in clinical and regulatory strategy. Larry has more than 30 years' experience in the life sciences industry, including clinical trials, basic and applied research, epidemiologic studies, diagnostics and pharmaceutical product development. Before he joined Neuren, he worked as an independent consultant for a number of biotech companies in the US and internationally provided management, strategic and business development services. Prior to that, he was CEO of a contract research organisation that provided preclinical research and clinical trials support for major pharmaceutical and biotechnology companies and the US government. Larry is a biologist with additional graduate training in epidemiology and biostatistics.

LIZA SQUIRES, M.D.

Chief Medical Officer

Liza joined Neuren in 2022 and leads the medical, clinical and regulatory aspects of Neuren's development programs. Liza is a board certified physician in General Pediatrics and Neurology with Special Competence in Child Neurology. Over the past 20 years, she has held positions of increasing responsibilities in both early and late-stage drug development at Johnson and Johnson, Shire Pharmaceuticals, Lumos Pharma, Aevi Genomic Medicine and Origin Biosciences. She has led and contributed to multiple New Drug Applications resulting in global regulatory approvals and has extensive experience in orphan drug development. Liza received her B.S. from the University of Michigan and M.D. from Michigan State University. She trained in general pediatrics at Yale University and did her residency in Child Neurology at Massachusetts General Hospital.

DR CLIVE BLOWER

Chief Operations Officer

BSc (Hons), PhD

Clive joined Neuren in 2014, bringing over twenty years of global drug development experience. He has led all aspects of CMC (Chemistry, Manufacturing and Controls) development of both trofinetide and NNZ-2591. Before joining Neuren, Clive was at Acrux for seven years as Director of Product Development and Technical Affairs and then Chief Operating Officer. During this period he led the CMC development of the company's lead product through Phase 3 clinical trials, FDA approval and commercial launch. Clive formerly served in senior management positions at Hospira Inc. (previously Faulding Pharmaceuticals, then Mayne Pharma), including leading the Injectable Drug Development Group. He earned a Doctorate in Chemistry from Monash University in 1992 and has experience in all stages of drug development, from concept to commercialisation, having contributed to the development and launch of more than 25 pharmaceutical products.

LAUREN FRAZER

Chief Financial Officer & Company Secretary

BBus (Acc), CA

Lauren joined Neuren in 2020 and brings over fifteen years of experience in accounting and finance. Prior to joining Neuren, Lauren was at Boundary Bend, one of Australia's leading agribusinesses and owner of Australian olive oil brands Cobram Estate and Red Island. Lauren was at Boundary Bend for ten years as Financial Controller and then Senior Manager of Accounting & Tax. Lauren is a Chartered Accountant and began her career with Pitcher Partners.

GERRY ZHAO

Chief Business Officer

B Com (Hons Finance), B Law (Hons)

Gerry joined Neuren in 2022 and has more than 16 years of global investment banking and financial services experience, with approximately 12 years at Bank of America Merrill Lynch responsible for healthcare investment banking coverage. He has advised numerous local and international corporations and private equity funds on public and private mergers and acquisitions, capital management and financing. Since 2019, Gerry has been consulting to several Australian and global biotech companies regarding strategic projects, including successfully facilitating the A$400m strategic licence and commercial partnership between China Grand Pharmaceutical and Healthcare Holdings and Telix Pharmaceuticals in November 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

GREENHOUSE GAS EMISSIONS

Neuren's small workforce of 19 people all work from home and no office or other facility is maintained. Neuren engaged a third-party to confirm Neuren's Scope 1 and 2 operational emissions for the year ended 31 December 2024. The emission boundary has been defined based on the operational control approach. Scope 1 emissions are direct Greenhouse Gas (GHG) emissions emitted from sources that are owned or controlled by the disclosing organisation, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, or emissions from chemical production in owned or controlled process equipment. Scope 2 emissions are GHG emissions from the generation of purchased electricity consumed by the organisation. For the year ended 31 December 2024, Neuren had zero Scope 1 and 2 emissions, certified in accordance with *The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard*, World Resources Institute/World Business Council for Sustainable Development (the GHG Protocol).

SOCIAL IMPACT

Neuren's work to develop treatments for serious neurodevelopmental disorders that have no approved medicines and have a devastating impact on families potentially has a very high positive social impact, which is also highly motivating for Neuren's workforce. Throughout its development programs, Neuren works closely with the patient communities for each of the disorders and provides financial support to events organised by patient advocacy organisations.

DAYBUE, which is licensed by Neuren to Acadia Pharmaceuticals, is the only product in the world approved to treat Rett syndrome. It is widely available to Rett syndrome patients in the United States, at nominal cost to families through coverage by health insurance and government programs. Acadia is preparing for launch in Canada and Europe and conducting a clinical trial to support registration in Japan. Neuren's second product NNZ-2591 has the potential to be the first ever treatment for children with Phelan-McDermid and Pitt Hopkins syndromes.

Neuren's policy of full time working from home provides people with high flexibility and enables optimum work/life balance. It also enables Neuren to engage highly skilled people wherever they are located. The small size of the team and relatively flat structure facilitates opportunities to experience and take responsibility for a broader range of activities than would typically be available in larger companies.

CORPORATE GOVERNANCE STATEMENT

Neuren's board of directors ("Board") aims to ensure that the Company and its subsidiaries (the "Group") operates with a corporate governance framework and practices that promote an appropriate governance culture throughout the organisation and that are relevant, practical and cost-effective for the current size and stage of development of the business. This Statement is current as at 31 March 2025 and has been approved by the Board of Neuren Pharmaceuticals Limited.

This Statement provides a description of the framework and practices, laid out under the structure of the ASX Listing Rules and the Corporate Governance Principles (the "Principles") and Recommendations (the "Recommendations") 4th Edition.

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is responsible for the overall corporate governance of the Group. The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders as well as other regulatory and ethical expectations and obligations. The Board is responsible for identifying areas of significant business risk and ensuring mechanisms are in place to manage those risks adequately. In addition, the Board sets the overall strategic goals and objectives, and monitors achievement of goals.

The Board appoints the principal executive officer, currently the Chief Executive Officer. The Board has delegated the responsibility for the operation and administration of the Group to the Chief Executive Officer and senior management. The Board ensures that the management team is appropriately qualified to discharge its responsibilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

The Board ensures management's objectives and activities are aligned with the expectations and risks identified by the Board through a number of mechanisms including the following:

- establishment of the overall strategic direction and leadership of the Group;
- approving and monitoring the implementation by management of the Group's strategic plan to achieve those objectives;
- reviewing performance against its stated objectives, by receiving regular management reports on business situation, opportunities and risks;
- monitoring and review of the Group's controls and systems including those concerned with regulatory matters to ensure statutory compliance and the highest ethical standards; and
- review and adoption of budgets and forecasts and monitoring the results against stated targets.

The Board sets the corporate strategy and financial targets with the aim of creating long-term value for shareholders.

In accordance with Recommendation 1.2, the Board undertakes appropriate checks before appointing a new director, or putting forward to shareholders a candidate for election and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Group has a written agreement with each director and senior executive, setting out the terms of their appointment, in accordance with Recommendation 1.3. The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board, in accordance with Recommendation 1.4.

At this stage of the Group's development, considering the very small size of the workforce and the specialist nature of most positions, the Board has chosen not to establish a formal diversity policy or formal objectives for gender diversity, as recommended in Recommendation 1.5.

The Group does not discriminate on the basis of age, ethnicity, religion, gender or sexuality and when a position becomes vacant the Group seeks to employ the best candidate available for the position. At 31 December 2024 there were three male and two female directors. Two of the five senior executives were female. The Group had nineteen employees and consultants, of which eleven were female.

In accordance with Recommendation 1.6, there is a process to evaluate periodically the performance of the Board, its committees and individual directors. During the year ended 31 December 2024, each director completed a quantitative evaluation questionnaire and was able to provide qualitative comments. The responses were collated by the Company Secretary and reported to the Board for discussion.

In accordance with Recommendation 1.7, there is a process for the Board to evaluate periodically the performance of the Chief Executive Officer and for the Chief Executive Officer to evaluate periodically the performance of senior executives. The evaluation of the Non-Executive Chair is part of the board performance evaluation process. For the evaluation of senior executives, an individual discussion is held after each senior executive complete a qualitative questionnaire, covering past individual and team achievements and challenges, as well as forward-looking outcomes and areas of personal focus. Evaluations were undertaken during 2024.

PRINCIPLE 2. STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The Board has not considered it necessary or value-adding to establish a separate Nomination Committee (Recommendation 2.1). The selection, appointment and retirement of directors is considered by the full Board, within the framework of the skills matrix described below. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's specifications. The composition of the board is discussed regularly and each director may propose changes for discussion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

In accordance with Recommendation 2.2, the Company has a skills matrix setting out the mix of skills that the Board is looking to achieve in its membership. The matrix is summarised in the table below.

Skill	Requirements Overview
Professional Director Skills	
Risk & Compliance	Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
Financial & Audit	Experience in accounting and finance to analyze statements, assess financial viability, contribute to financial planning, oversee budgets and oversee funding arrangements.
Strategy	Ability to identify and critically assess strategic opportunities and threats to the organization. Develop strategies in context to our policies and business objectives.
Policy Development	Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organization should operate.
Executive Management	Experience in evaluating performance of senior management, and oversee strategic human capital planning.
Previous Board Experience	The board's directors should have director experience and have completed formal training in governance and risk.
Industry Specific Skills	
Pharmaceutical product development	Experience in and/or understanding of the issues in clinical development, interactions with international regulators and/or CMC development.
International pharmaceutical commercialisation	Experience in and/or understanding of the issues in entering international pharmaceutical markets, including pricing, distribution and exclusivity.
Pharmaceutical partnering	Experience in and/or understanding of the issues in partnering transactions and/or relevant contacts in international pharma companies.
Risk capital management	Experience in raising funding from equity markets and/or relevant contacts in relevant funds and/or investment banks.
Intellectual property	Understanding of the importance and value of market exclusivity and the various ways of protecting it across different jurisdictions, including patents and data exclusivity.
Interpersonal Skills	
Leadership	Make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favourably. Analyse issues and contribute at board level to solutions. Recognise the role of the board versus the role of management.
Ethics and Integrity	Understand role as director and continue to self educate on legal responsibility, ability to maintain board confidentiality, declare any conflicts.
Contribution	Ability to constructively contribute to board discussions and communicate effectively with management and other directors.
Crisis Management	Ability to constructively manage crises, provide leadership around solutions and contribute to communications strategy with stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

The Board is highly engaged in the oversight and direction of the business. Six members served during the year to 31 December 2024, as set out in the table below. Details of the relevant skills, experience and expertise of each Board member are set out on page 14 of this report.

	Appointment	Retirement	Role	Independent	Committees
Patrick Davies	Appointment as director: 2018 Appointment as Chair: 2020		Non-executive chair	Yes	Member of Audit Committee and Remuneration Committee
Trevor Scott	2002	30 June 2024	Non-executive director	Yes[1]	Member of Audit Committee and Remuneration Committee
Dianne Angus	2018		Non-executive director	Yes	Member of Audit Committee and Remuneration Committee
Jenny Harry	2018		Non-executive director	Yes	Member of Audit Committee and Chair of Remuneration Committee
Jon Pilcher	2021		Chief Executive Officer and Managing Director	No[2]	
Joe Basile	2023		Non-executive director	Yes	Chair of Audit Committee and member of Remuneration Committee

[1] Given the length of his tenure, in accordance with the Recommendations the Board has considered the nature of the relationships of Trevor Scott with management and substantial shareholders and has concluded that he remains independent.

[2] Jon Pilcher is not considered independent due to his executive role.

There is a majority of independent directors in accordance with Recommendation 2.4. The chair is independent and the chair and chief executive officer roles are separate (Recommendation 2.5). The directors believe that the structure and membership profile of the Board has provided and continues to provide the maximum value to the business at its stage of its development.

In accordance with Recommendation 2.6, the Company has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

PRINCIPLE 3. INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

In accordance with Recommendation 3.1, the Group has articulated its values, which are disclosed on the Company website.

- We are passionate about making a difference to the lives of patients and their families
- We aim to earn the respect of everyone we deal with
- We are determined and creative to break through barriers
- We harness the power of collaboration and different perspectives
- We recognise the importance of all stakeholders and endeavour to use financial resources efficiently
- We apply a quality mindset to everything we do

The Board has established a Code of Conduct (Recommendation 3.2), which requires that Board members and executives:

- will act honestly, in good faith and in the best interests of the whole Company
- owe a fiduciary duty to the Company as a whole
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- will undertake diligent analysis of all proposals placed before the Board
- will act with a level of skill expected from Directors and key executives of a publicly listed Company
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

- will demonstrate commercial reasonableness in decision-making
- will not make improper use of information acquired as Directors and key executives
- will not disclose non-public information except where disclosure is authorised or legally mandated
- will keep confidential information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or required by law
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company
- will not take advantage of Company property or use such property for personal gain or to compete with the Company
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes
- will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company
- have an obligation to be independent in judgement and actions and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals
- will not engage in conduct likely to bring discredit upon the Company
- will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith
- will give their specific expertise generously to the Company
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code of Conduct

Neuren is committed to the highest standards of conduct and ethical behaviour in all business activities. The Group's Whistleblower Policy is available on the Company website (Recommendation 3.3). Any material breaches of the Whistleblower Policy are to be reported to the Board.

The Group's Anti-bribery and Corruption is available on the Company website (Recommendation 3.4). Any material breaches of the Anti-bribery and Corruption Policy are to be reported to the Board.

PRINCIPLE 4. SAFEGUARD INTEGRITY OF CORPORATE REPORTS

The Board has an Audit Committee, which consists of only independent non-executive directors, has at least 3 members and is chaired by an independent director as suggested in Recommendation 4.1. The Committee met twice during 2024, attended by all members.

The Committee operates under a charter approved by the Board, a summary of which is available on the Neuren website. It is responsible for undertaking a broad review of, ensuring compliance with, and making recommendations in respect of, the Group's internal financial controls and legal compliance obligations. In respect of financial reporting, it is also responsible for:

- review of audit assessment of the adequacy and effectiveness of internal controls over the Company's accounting and financial reporting systems, including controls over computerised systems;
- review of the audit plans and recommendations of the external auditors;
- evaluating the extent to which the planned scope of the audit can be relied upon to detect weaknesses in internal control, fraud and other illegal acts;
- review of the results of audits, any changes in accounting practices or policies and subsequent effects on the financial statements and make recommendations to management where necessary and appropriate;
- review of the performance and fees of the external auditor;
- audit of legal compliance including trade practices, corporations law, occupational health and safety and environmental statutory compliance , and compliance with the Listing Rules of the ASX; and
- supervision of special investigations when requested by the Board

In undertaking these tasks the Audit Committee meets separately with management and external auditors where required.

In accordance with Recommendation 4.2, the Board also, before it approves the entity's financial statements for a financial period, receives a declaration in writing from the Chief Executive Officer and the Chief Financial Officer that the financial records of the company have been properly maintained and that the financial statements are in accordance with New Zealand Equivalents to International

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

Financial Reporting Standards (NZ FRS) and present a true and fair view, in all material respects, of the Group's financial position and performance and that this opinion is founded on a sound system of risk management and internal control that is operating effectively in all material respects with regard to business and financial reporting risks. The Board received those assurances for the annual financial statements on 27 February 2025.

For other periodic corporate reports released to the market that are not audited or reviewed by an external auditor, processes are in place to ensure that the reports are materially accurate, balanced and provide investors with appropriate information to make informed investment decisions (Recommendation 4.3). Reports are prepared by the Chief Financial Officer and reviewed by the Chief Executive Officer, or are prepared by the Chief Executive Officer and reviewed by the Board. The Board receives a declaration in writing from the Chief Financial Officer and Chief Executive Officer regarding those reports.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

Neuren is required to comply with the continuous disclosure requirements as set out in the ASX Listing Rules, disclosing to the ASX any information that a reasonable person would expect to have a material effect on the price or value of Neuren's securities, unless certain exemptions from the obligation to disclose apply.

In accordance with Recommendation 5.1, the Board has approved policies and procedures to ensure that it complies with its disclosure obligations and that disclosure is timely, factual, clear and objective. The Board has designated the company secretary as the person primarily responsible for implementing and monitoring those policies and procedures. A summary of the policies and procedures is available on the Neuren website. All information disclosed to the ASX is placed on the Neuren website after it has been published by the ASX, and the Board receives copies of all material market announcements promptly after they have been made (Recommendation 5.2).

All investor or analyst presentations with new information are released on the ASX Market Announcements Platform ahead of such presentations, in accordance with Recommendation 5.3.

PRINCIPLE 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board strives to communicate effectively with shareholders, give them ready access to balanced and understandable information about the business and make it easy for them to participate in shareholder meetings.

In accordance with Recommendation 6.1, comprehensive information about the Company and its governance is provided via the website www.neurenpharma.com. This includes information about the Board and senior executives, as well as corporate governance policies. All announcements, presentations, financial information and meetings materials disclosed to the ASX are placed on the website, so that current and historical information can be accessed readily.

The Company's investor relations program facilitates effective two-way communication with investors (Recommendation 6.2). The Chief Executive Officer interacts with institutional investors, private investors, analysts and media on an ad hoc basis, conducting meetings in person or by video/teleconference and responding personally to enquiries.

The Board seeks practical and cost-effective ways to promote informed participation at shareholder meetings (Recommendation 6.3). This includes providing access to clear and comprehensive meeting materials and electronic proxy voting. The Annual Shareholders' Meeting in 2024 was conducted as a hybrid meeting, with participation both in-person and by electronic means.

All resolutions at the Company's Annual Shareholders' Meeting in 2024 were decided by a poll (Recommendation 6.4)

In accordance with Recommendation 6.5, shareholders are provided with and encouraged to use electronic methods to communicate with the Company and with the share registry.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

The Board has established policies for the oversight and management of material business risks, a summary of which is available on the Neuren website. The Board does not have a separate committee to oversee risk, judging that the whole Board is better able to conduct that function efficiently and effectively, given the small size of the Board and the specialised nature of the business (Recommendation 7.1).

In accordance with Recommendation 7.2, the Board reviews the Group's risk management framework at least annually to satisfy itself that it continues to be sound. A review was conducted in 2024.

The size and complexity of the Group's business is not sufficient to warrant an internal audit function (Recommendation 7.3). The risk management policy is designed to involve the entire organisation in risk management and to ensure that the effectiveness of the risk management and internal control processes are continually improved.

The Group does not have a material exposure to environmental or social sustainability risks (Recommendation 7.4).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTINUED

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

Neuren believes having highly skilled and motivated people will allow the organisation to best pursue its mission and achieve its goals for the benefit of shareholders and stakeholders more broadly. The ability to attract and retain the best people is critical to the Company's future success. The Board believes remuneration policies are a key part of ensuring this success.

The Board has a Remuneration Committee, which consists of only independent non-executive directors, has at least three members and is chaired by an independent director as suggested in Recommendation 8.1. The Committee met twice during 2024.

The Committee operates under a charter approved by the Board, a summary of which is available on the Neuren website. It is responsible for undertaking a broad review of, ensuring compliance with, and making recommendations in respect of, the Group's remuneration policies. It is also responsible for:

- setting and reviewing compensation policies and practices of the Company;
- setting and reviewing all elements of remuneration of the directors and members of the executive team; and
- setting and reviewing long term incentive plans for employees and/or directors.

In undertaking these tasks the Remuneration Committee meets separately with management where required.

The Group's remuneration policies and practices are summarised below, in accordance with Recommendation 8.2.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executive directors and senior executives on a regular basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality executive team. To assist in achieving these objectives, the nature and amount of executive remuneration is linked to the Company's performance. Remuneration consists of fixed cash remuneration, including superannuation contributions required by law, and equity-based remuneration. Fixed cash remuneration takes into account labour market conditions, as well as the scale and nature of the Group's business.

Equity-based remuneration is provided by participation in a share option plan and/or a loan funded share plan. These are designed to ensure that key executives are aligned with shareholders through an interest in the long-term growth and value of the Company. Senior executive service agreements generally include a requirement for 3 months' notice of termination by the executive or the Group. There are no other termination payments. Termination for misconduct does not require notice or payment. The Group does not operate a short-term incentive plan, however discretionary bonuses may be approved to recognise exceptional achievement. There were no bonuses paid in 2024.

Remuneration of non-executive directors comprises fixed cash fees only. The fees are determined by the Board within the aggregate limit for directors' fees approved by shareholders. Non-executive directors on payroll receive retirement benefits as part of their fixed fee.

Participants in equity based remuneration schemes are not permitted to enter into transactions which limit the economic risk of participating in the scheme (Recommendation 8.3).

PRINCIPLE 9. ADDITIONAL RECOMMENDATIONS

Neuren is incorporated in New Zealand and ensures meetings of security holders are held at a reasonable place and time (Recommendation 9.2).

Since Neuren is incorporated in New Zealand and applies New Zealand financial reporting standards, its auditor is located in New Zealand. The Board has considered it impractical and an unnecessary expense for the auditor to travel to Australia to attend the annual general meeting in person, as suggested in Recommendation 9.3. The Company's constitution enables the Board to convene virtual shareholder meetings, with participation by electronic means.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the company as at 31 December 2024 and its financial performance for the year ended on that date.

The directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the directors

Patrick Davies
Non-Executive Chair

Joe Basile
Director

27 February 2025
Melbourne

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Revenue from contracts with customers	6	213,243	231,925
Finance income		11,014	5,687
Gain on financial derivatives measured at fair value through profit and loss		3,587	–
Net foreign currency gain		–	2,434
Other income		2	17
Total income		227,846	240,063
Expenses			
Research and development costs		(32,970)	(26,751)
Corporate and administrative costs		(4,701)	(5,946)
Loss on financial derivatives measured at fair value through profit and loss		–	(2,226)
Net foreign currency loss		(7,235)	–
Total expenses		(44,906)	(34,923)
Profit before income tax expense		182,940	205,140
Income tax expense	8	(40,897)	(48,059)
Profit after income tax expense for the year attributable to the owners of Neuren Pharmaceuticals Limited		142,043	157,081
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		24,198	(10)
Other comprehensive income for the year, net of tax		24,198	(10)
Total comprehensive income for the year attributable to the owners of Neuren Pharmaceuticals Limited		166,241	157,071
		Cents	**Cents**
Basic earnings per share	9	111.17	123.62
Diluted earnings per share	9	108.61	120.12

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	10	3,153	17,094
Short term investments	11	219,089	211,445
Trade and other receivables	12	157,967	5,817
Contract assets	13	17,756	12,800
Derivative financial instruments	15	1,362	–
Total current assets		399,327	247,156
Non-current assets			
Plant and equipment		31	43
Deferred tax asset	8	10,348	771
Total non-current assets		10,379	814
Total assets		409,706	247,970
Liabilities			
Current liabilities			
Trade and other payables	14	2,895	3,418
Derivative financial instruments	15	–	2,226
Income tax payable	8	42,866	37,119
Total current liabilities		45,761	42,763
Non-current liabilities			
Employee benefits	14	41	–
Total non-current liabilities		41	–
Total liabilities		45,802	42,763
Net assets		363,904	205,207
Equity			
Share capital	16	165,270	173,127
Share option reserve		4,695	4,382
Currency translation reserve		13,508	(10,690)
Retained earnings		180,431	38,388
Total equity		363,904	205,207

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital $'000	Share Option Reserve $'000	Currency Translation Reserve $'000	(Accumulated deficit)/ retained earnings $'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 year	–	–	–	157,081	157,081
Other comprehensive income for the year, net of tax	–	–	(10)	–	(10)
Total comprehensive income for the year	–	–	(10)	157,081	157,071
Transactions with owners in their capacity as owners:					
Share issue costs	(18)	–	–	–	(18)
Loan funded shares converted	1,104	–	–	–	1,104
Transfer on conversion of loan funded shares	420	(420)	–	–	–
Share options exercised	2,533	–	–	–	2,533
Transfer on exercise of options	1,348	(1,348)	–	–	–
Share based payments	–	2,928	–	–	2,928
Balance at 31 December 2023	173,127	4,382	(10,690)	38,388	205,207

	Share Capital $'000	Share Option Reserve $'000	Currency Translation Reserve $'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 year	–	–	–	142,043	142,043
Other comprehensive income for the year, net of tax	–	–	24,198	–	24,198
Total comprehensive income for the year	–	–	24,198	142,043	166,241
Transactions with owners in their capacity as owners:					
Share issue costs	(9)	–	–	–	(9)
Loan funded shares converted	277	–	–	–	277
Transfer on conversion of loan funded shares	105	(105)	–	–	–
Share options exercised	1,383	–	–	–	1,383
Transfer on exercise of options	813	(813)	–	–	–
Share-based payments	–	1,231	–	–	1,231
On-market share buy-back	(10,426)	–	–	–	(10,426)
Balance at 31 December 2024	165,270	4,695	13,508	180,431	363,904

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Cash flows from operating activities			
Receipts from licence agreement		51,421	221,004
Income tax paid		(37,221)	–
Withholding tax paid		(2,517)	(11,840)
Receipts from Australian R&D Tax Incentive		–	882
Interest received		11,297	4,360
GST refunded		353	272
Payments for employees and directors		(4,145)	(5,161)
Payments to other suppliers		(30,458)	(24,592)
Net cash (used in)/from operating activities	5	(11,270)	184,925
Cash flows from investing activities			
Purchase of plant and equipment		(10)	(40)
Less cash transferred from/(to) short-term investments[(i)]		4,144	(211,445)
Net cash from/(used in) investing activities		4,134	(211,485)
Cash flows from financing activities			
Proceeds from issue of shares	16	1,660	3,637
Payment of share issue expenses	16	(9)	(18)
Payments for share buy-back	16	(10,426)	–
Net cash (used in)/from financing activities		(8,775)	3,619
Net decrease in cash and cash equivalents		(15,911)	(22,941)
Cash and cash equivalents at the beginning of the financial year		17,094	40,180
Effects of exchange rate changes on cash and cash equivalents		1,970	(145)
Cash and cash equivalents at the end of the financial year	10	3,153	17,094

(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 statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 financial statements were approved for issue by the Board of Directors on 27 February 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

These general-purpose consolidated financial statements of the Group are for the year ended 31 December 2024 and have been prepared in accordance with and comply with generally accepted accounting practice in New Zealand (GAAP), New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board which comply with International Financial Reporting Standards, the requirements of the Financial Markets Conduct Act 2013, and other applicable Financial Reporting Standards as appropriate for profit-oriented entities that fall into Tier 1 as determined by the New Zealand External Reporting Board.

Basis of preparation

Entities Reporting

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2024 and the results of all subsidiaries for the year then ended. Neuren Pharmaceuticals Limited and its subsidiaries, which are designated as profit-oriented entities for financial reporting purposes, together are referred to in these financial statements as the Group.

Statutory Base

Neuren is registered under the New Zealand Companies Act 1993. Neuren is also registered as a foreign company under the Australian *Corporations Act 2001*.

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention as modified by certain policies below. Amounts are expressed in Australian Dollars and are rounded to the nearest thousand, except for earnings per share.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Going concern basis

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 $142.0 million for the year ending 31 December 2024 and had negative operating cash flows of $11.3 million for the year ended 31 December 2024. The Group had cash of $3.2 million and short-term investments (term deposits) of $219.1 million and $158.0 million of trade and other receivables at 31 December 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 its consolidated financial statements. The consolidated financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Changes in accounting policies

There are no material changes in accounting policies for the year ended 31 December 2024.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Comparatives
Where deemed necessary, the comparatives have been reclassified to achieve consistency with the current financial year. This includes prior year royalty receivables of $12.8 million which have been reclassified as contract assets.

Principles of Consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Foreign Currency Translation

Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operation (the functional currency). On 1 January 2024, the Group changed its functional currency from Australian dollars to US dollars. At 31 December 2024, the presentation currency of the Group is Australian dollars and the functional currency is US dollars.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at financial year-end exchange rates are recognised in profit or loss.

Foreign operations/translation to presentation currency
The results and financial position of operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated using the closing rate at the reporting date
- revenues and expenses are translated using the average exchange rates, which approximate the rates at the dates of the transactions, for the period
- all resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to a separate component of equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue

NZ IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for licensing rights and intellectual property access to a customer. The five-step process is as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Licence revenue
Licence revenues in connection with licensing of the Group's intellectual property to customers are recognised as a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted. This is because the contracts for the licence of intellectual property are distinct and do not require, nor does the customer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

reasonably expect, that the Group will undertake further activities that significantly affect the intellectual property to which the customer has rights.

Although the Group is entitled to sales-based royalties from sales of goods and services to third parties using the intellectual property transferred, these royalty arrangements do not of themselves indicate that the customer would reasonably expect the Group to undertake such activities, and no such activities are undertaken or contracted in practice. Accordingly, the promise to provide rights to the Group's intellectual property is accounted for as a performance obligation satisfied at a point in time.

The following consideration is received in exchange for licences of intellectual property:

(i) Up-front payments – These are fixed amounts and are recognised at the point in time when the Group transfers the intellectual property to the customer.

(ii) Milestone payments – This is variable consideration that is contingent on the customer reaching certain clinical, regulatory or commercial targets in relation to the intellectual property licenced. Variable consideration is estimated using the most likely amount method, variable consideration is constrained such that amounts are only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration (that is, the customer meeting the conditions) is subsequently resolved. Milestone payments that are not in control of the Group, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received.

(iii) Sales-based royalties – Licenses of intellectual property include royalties, which are variable consideration that are based on the sale of products that are produced using the intellectual property. The specific exception to the general requirements of estimating variable consideration for sales or usage-based royalties promised in a licence of intellectual property is applied. The exception requires such revenue to be recognised at the later of when (a) subsequent sales or usage occurs and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (or partially satisfied).

(iv) Rare Disease priority review voucher – This is variable consideration, that is contingent on the customer selling or using a Rare Disease priority review voucher from the Food and Drug Administration (FDA) on approval of an New Drug Application (NDA). Variable consideration is estimated using the most likely amount method, variable consideration is constrained such that amounts are only recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration (that is, the customer meeting the conditions) is subsequently resolved. Sale of the Rare Disease priority review voucher is not in control of the Group, and is not considered highly probable of being achieved until it is sold.

Interest income

Interest income is recognised as it is earned using the effective interest method.

Research and development

Research costs include direct and directly attributable overhead expenses for drug discovery, research and pre-clinical and clinical trials. Research costs are expensed as incurred.

Income tax

The income tax expense or benefit for the period is the tax payable on the period's taxable income or loss using tax rates enacted or substantively enacted at the reporting date, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are realised or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that the temporary differences will reverse in the foreseeable future and future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and services tax (GST)

The financial statements have been prepared so that all components are presented exclusive of GST. All items in the statement of financial position are presented net of GST, with the exception of receivables and payables, which include GST invoiced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits held with established financial institutions and highly liquid investments, which have maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are held to meet currently forecast short-term cash commitments.

Short-term investments

Short-term investments comprise short-term deposits, which have maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. When the Group is holding more short-term deposits than are required to meet currently forecast short-term cash commitments, these are held as short-term investments.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group assesses trade receivables on an individual basis, and uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity estimates the royalty income based on the quarterly sale of products that are produced using intellectual property, and the consolidated entity is yet to establish an unconditional right to consideration. Amounts are transferred to Trade Receivables when the final amount has been determined and invoiced to the customer. Contract assets are treated as financial assets for impairment purposes.

Employee benefits

Wages and salaries, annual leave, long service leave and superannuation

Liabilities for wages and salaries, bonuses, annual leave, long service leave and superannuation expected to be settled within 12 months of the reporting date are recognised in accrued liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when the obligation to pay them arises.

Share-based payments

Neuren operates a loan funded share plan and share option plan. Both plans are accounted for as share options and the loan is not recognised as an asset. The fair value of the services received in exchange for the grant of the options or shares is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares at grant date. At each reporting date, except for options that are subject to a market condition for vesting, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of these revisions, if any, in the Statement of Profit or loss and other comprehensive Income, and a corresponding adjustment to equity over the remaining vesting period.

When options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A financial liability is derecognised when it is extinguished, i.e. the obligation is discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15 'Revenue from contracts with customers', all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance cost or finance income, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, short-term investments and trade receivables fall into this category of financial instruments.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables and derivative financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, trade and other payables are measured at amortised cost using the effective interest method.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains or losses on derivative financial instruments are recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as discussed below.

The Group has assessed that all research and development expenditure to date does not meet the requirements for capitalisation as an intangible asset because it is not yet probable that the expected future economic benefits that are attributable to the asset will flow. The Group's current assessment is that future expenditure will not meet that requirement prior to the approval of a New Drug Application by the US Food and Drug Administration.

The Group is subject to income taxes in Australia because it is domiciled in that country. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Group measures the fair value of loan funded shares and options to acquire ordinary shares with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The estimated fair value of the shares is determined using the Black-Scholes valuation model, taking into account the terms and conditions upon which the instruments were granted. Some judgements are made on the inputs into the valuation model, including the expected life and volatility.

The Group accrues for royalty income with reference to the sales published by its partner, Acadia Pharmaceuticals, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	
	Dec-24 $'000	Dec-23 $'000	Dec-24 $'000	Dec-23 $'000	Dec-24 $'000	Dec-23 $'000	Dec-24 $'000	Dec-23 $'000
Revenue	213,243	231,925	–	–	–	–	213,243	231,925
Research and development costs	–	(66)	(32,970)	(26,685)	–	–	(32,970)	(26,751)
Finance income	–	–	–	–	11,014	5,687	11,014	5,687
Other income	–	–	–	–	2	17	2	17
Other expenses	–	–	–	–	(4,701)	(5,946)	(4,701)	(5,946)
Net foreign currency (loss)/gain	–	–	–	–	(7,235)	2,434	(7,235)	2,434
Gain/(loss) on financial derivatives					3,587	(2,226)	3,587	(2,226)
Profit before income tax	213,243	231,859	(32,970)	(26,685)	2,667	(34)	182,940	205,140
Income tax expense	–	–	–	–	(40,897)	(48,059)	(40,897)	(48,059)
Profit after income tax	213,243	231,859	(32,970)	(26,685)	(38,230)	(48,093)	142,043	157,081
Other comprehensive income	–	–	–	–	24,198	(10)	24,198	(10)
Total comprehensive income	213,243	231,859	(32,970)	(26,685)	(14,032)	(48,103)	166,241	157,071

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH (USED IN)/FROM OPERATING ACTIVITIES

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Profit after income tax expense for the year	142,043	157,081
Adjustments for:		
Depreciation of plant and equipment	22	17
Share based payments expense	1,231	2,928
Foreign exchange loss	7,235	136
Unrealised (gain)/loss on financial assets	(3,587)	1,526
Unrealised foreign exchange gain in other comprehensive income	3,201	–
Change in working capital:		
Increase in trade and other receivables	(152,150)	(15,551)
Increase in contract assets	(4,956)	–
(Decrease)/increase current and deferred taxes	(3,830)	36,348
(Decrease)/increase in trade and other payables	(479)	2,440
Net cash (used in)/from operating activities	(11,270)	184,925

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The Group derives revenue from license agreements with customers at a point in time under the following major business activities:

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Revenue from contracts with customers		
Licenses of intellectual property - royalty income	56,223	26,780
Licenses of intellectual property - up-front payments	–	145,711
Licenses of intellectual property - milestone payments	80,502	59,434
Licenses of intellectual property - Rare Disease priority review voucher	76,518	–
Revenue from contracts with customers	213,243	231,925

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 that 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. For the year ended 31 December 2024, Neuren earned the first sales milestone payment of US$50 million, as net sales for the year exceeded US$250 million.

Under the license agreement with Acadia, Neuren is eligible to receive variable consideration that is contingent on Acadia selling or using the Rare Disease priority review voucher. During the year ended 31 December 2024, Acadia sold the voucher for net proceeds of US$146.5 million and therefore Neuren has recognised the net variable consideration of US$48.8 million (A$76.5 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. EXPENSES

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Profit before income tax includes the following specific expenses:		
Remuneration of auditors		
Audit of the financial statements (Grant Thornton New Zealand Audit Limited)	77	76
Review of financial statements (Grant Thornton New Zealand Audit Limited)	38	23
	115	99
Employee benefits expense		
Short-term benefits	2,236	2,970
Post-employment benefits	222	212
Other employee benefits	5	39
Share based payments	892	1,388
	3,355	4,609
Directors' compensation		
Short-term benefits	1,066	1,444
Post-employment benefits	47	43
Share based payments	18	289
	1,131	1,776
Other		
Consultants - share based payments	321	1,251

8. INCOME TAX

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Income tax expense		
Current tax	52,523	48,102
Deferred tax	(9,211)	(771)
(Over)/under provision in prior years	(3,413)	–
Adjustment[1]	998	728
Aggregate income tax expense	40,897	48,059
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(9,211)	(771)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	182,940	205,140
Tax at the statutory tax rate of 30%	54,882	61,542
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development incentives	(289)	(324)
Non-deductible share option expenses	369	879
Other non-deductible expenses/(non-assessable income)	2,210	99
Adjustment[1]	998	728
	58,170	62,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

8. INCOME TAX (CONTINUED)

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
(Over)/under provision in prior years	(3,413)	–
Utilisation of previously unrecognised tax losses	(3,233)	(13,905)
Recognition of deferred tax asset for carried forward tax losses	(10,428)	–
Recognition of deferred tax asset for deductible temporary differences	–	(689)
Adjustment to deferred tax balances as a result of change in statutory tax rate	–	(138)
Difference in overseas tax rates	(199)	(133)
Income tax expense	40,897	48,059

1 For the year ended 31 December 2024, an adjustment to tax expense was made for foreign income tax offsets unable to be used. For the year ended 31 December 2023, the adjustment to tax expense relates to the utilisation of a foreign income tax offset rather than previously unrecognised tax losses in relation to the prior year income tax return.

$17.0m of New Zealand gross tax losses were recognised as credits to the income tax expense in the current financial year, being $6.6m to offset taxable income from the current and previous financial years, and $10.4m recorded as a deferred tax asset.

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current tax liabilities		
Opening balance	37,119	–
Income tax	52,523	48,102
Withholding tax credits	(6,468)	(10,983)
Over provision in prior years	(3,045)	–
Tax paid during the year	(37,221)	–
Other	(42)	–
Closing balance	42,866	37,119

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Patents	66	197
Capital raising costs	73	199
Employee benefits	163	139
Unrealised foreign exchange	(408)	668
Interest receivable	–	(459)
Tax losses [(a)]	10,428	–
Other temporary differences	26	27
Deferred tax asset	10,348	771
Movements:		
Opening balance	771	–
Credited to profit or loss	9,211	771
Over provision in prior years	366	–
Closing balance	10,348	771
Gross tax losses for which no deferred tax asset has been recognised [(a)]	–	62,475

(a) At 31 December 2023, there were $62.5 million of New Zealand gross tax losses for which no deferred tax asset was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. INCOME TAX (CONTINUED)

At 31 December 2024, all of the available losses were utilised or recognised on the balance sheet, relating to the historical and future Trofinetide royalty and milestone payments. As a result, $17.0m was recorded as credits to the income tax expense in the current financial year:

- $23.7 million of New Zealand gross tax losses were utilised during the current financial year in relation to the 31 December 2023 and 31 December 2024 tax years.
- $37.2 million of New Zealand gross tax losses carried forward, for which a Deferred Tax Asset (DTA) of $10.4 million is recognised on the balance sheet.

There are no New Zealand imputation credits available for use as at 31 December 2024 (2023: nil).

Australian Franking credits

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Franking credits available at the reporting date based on a tax rate of 30%	28,021	(8,962)
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	42,752	37,119
Franking credits available for subsequent financial years based on a tax rate of 30%	70,773	28,157

9. 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.

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Profit after income tax attributable to the owners of Neuren Pharmaceuticals Limited	142,043	157,081

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	127,769,432	127,069,512
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	3,010,190	3,698,975
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,779,622	130,768,487

	Cents	Cents
Basic earnings per share	111.17	123.62
Diluted earnings per share	108.61	120.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current assets		
Cash at bank	3,153	17,094

11. SHORT TERM INVESTMENTS

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current assets		
Short-term investments	219,089	211,445

Following the receipt of the first commercial sale milestone payment, the upfront payment for the expansion of the partnership with Acadia Pharmaceuticals for Trofinetide to a worldwide exclusive licence and quarterly royalties, Neuren is holding more funds than are required to meet currently forecast short-term cash commitments. As a result, the Company has classified short-term deposits as short-term investments.

12. TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current assets		
Trade receivables	155,154	–
Other receivables	1,167	80
Interest receivables	1,249	1,532
Prepayments	397	4,205
	157,967	5,817

Trade receivables includes amounts receivable under the license agreement with Neuren's partner, Acadia Pharmaceuticals. The amounts outstanding from Acadia at 31 December 2024 were related to the revenue recognised for the sales milestone payment and the consideration in relation to the priority review voucher. The consideration for the priority review voucher was received in early February 2025, and the sales milestone payment is expected to be received in Q1 2025.

The Group applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on an individual basis due to the limited number of receivables.

The expected loss rates are based on the payment profile of the individual receivable including historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Trade receivables are written off (i.e. de-recognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangements amongst others are considered indicators of no reasonable expectation of recovery. No credit losses have been determined for the current year (2023: nil) and all outstanding invoices are within payment terms at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. CONTRACT ASSETS

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current assets		
Accrued income	17,756	12,800
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	12,800	–
Additions	56,191	12,800
Transfer to trade receivables	(51,235)	–
Closing balance	17,756	12,800

14. TRADE AND OTHER PAYABLES

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current liabilities		
Trade payables	1,449	675
Accruals	943	2,174
Employee benefits	503	569
	2,895	3,418
Non-current liabilities		
Employee benefits	41	–
Total Trade and other payables	2,936	3,418

Trade payables and accruals relate to operating expenses, primarily research and development expenses. Trade payables comprise amounts invoiced prior to the reporting date and accruals comprise the value of goods or services received but not invoiced at each reporting date.

Refer to Note 20 for further information on financial instruments and risk management.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current assets		
Forward exchange contracts	1,362	–

	As at 31 Dec 2024 $'000	As at 31 Dec 2023 $'000
Current liabilities		
Forward exchange contracts	–	2,226

Refer to Note 20 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. SHARE CAPITAL

	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - issued	129,262,624	129,665,676	165,270	173,127

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 January 2023	128,965,676	167,740
Loan Funded Shares repaid and transferred to participant		–	1,524
Shares issued on exercise of options		700,000	3,881
Share issue expenses - issue costs		–	(18)
Balance	31 December 2023	129,665,676	173,127
Loan Funded Shares repaid and transferred to participant		–	382
Shares issued on exercise of options		400,000	2,196
Share issue expenses - issue costs		–	(9)
Shares bought back during the year		(803,052)	(10,426)
Balance	31 December 2024	129,262,624	165,270

Ordinary shares

At 31 December 2024, 127,012,624 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. On 2 December 2024 Neuren commenced a share buy-back program, buying back 803,052 shares in the period to 31 December 2024.

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 year to 31 December 2024 $1.2 million (31 December 2023: $2.9 million) was recognised in share-based payments expense.

Loan funded shares

The Company has a Loan Funded Share Plan to support the achievement of the Company's business strategy by linking executive reward to improvements in the financial performance of the Company and aligning the interests of executives with shareholders. Under the Loan Funded Share Plan, loan funded shares may be offered to employees or consultants ("Participants"). The Company issues new ordinary shares, which are placed in a trust to hold the shares on behalf of the Participant. The trustee issues a limited-recourse, interest-free loan to the participant, which is equal to the number of shares multiplied by the issue price. A limited-recourse loan means that the repayment amount will be the lesser of the outstanding loan and the market value of the shares that are subject to the loan. The trustee continues to hold the shares on behalf of the Participant until all vesting conditions have been satisfied and the Participant chooses to settle the loan, at which point ownership of the shares is transferred from the trust to the Participant. Any dividends paid by the Company while the shares are held by the trust are applied as repayment of the loan at the after-tax value of the dividend. On request by the Participant, the Company may dispose of, or buy back, vested shares and utilise the proceeds to settle the outstanding loan. The directors may apply vesting conditions to be satisfied before the shares can be transferred to the Participant. Before the loan can be given, the New Zealand Companies Act requires the Company to disclose to shareholders the provision of financial assistance to the Participant. The maximum loan term is 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. SHARE CAPITAL (CONTINUED)

All loan funded shares under the plan during the year ended 31 December 2024 vest subject to remaining an employee or consultant if and when the following non-market performance vesting conditions are met:

	Vesting conditions	Date met
i.	40% of the Loan Funded Shares shall vest on acceptance by the US Food and Drug Administration of the filing of a New Drug Application for Trofinetide; and	September 2022
ii.	40% of the Loan Funded Shares shall vest when the Company determines to progress NNZ-2591 to a Phase 2b or Phase 3 clinical trial following a positive Phase 2 clinical trial outcome, or executes a partnering transaction for NNZ-2591;	February 2024
iii.	20% of the Loan Funded Shares shall vest when the Company executes a partnering transaction for trofinetide outside North America, or submits a Marketing Authorisation Application for trofinetide in the European Union, the United Kingdom, or Japan.	July 2023

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

The estimated fair value of the 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, a dividend yield of 0%, an expected life of 5 years, and an annual risk-free interest rate of 0.4%. The estimated future volatility of the share price was derived by analysing the historic volatility of the share price during the relevant period.

At 31 December 2024, 2.25 million Loan Funded Shares are held in trust, of which all were vested. During the year ended 31 December 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
Outstanding at 31 December 2022	3,000,000	$1.84
Exercised during the year	(600,000)	$1.84
Outstanding at 31 December 2023	2,400,000	$1.84
Loan repaid and shares transferred to participant	(150,000)	$1.84
Outstanding at 31 December 2024	2,250,000	$1.84
Vested and exercisable at 31 December 2024	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 31 December 2024, there are 1,430,000 options to acquire ordinary shares on issue to employees and consultants. During the year ended 31 December 2024, 400,000 vested options to acquire ordinary shares were exercised, and 370,000 options to acquire ordinary shares were forfeited due to service 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 for NNZ-2591	33.33%
ii.	on the first dosing of a subject in a Phase 3 or Phase 2B clinical trial for a second indication for NNZ-2591	33.33%
iii.	on the last patient last visit in a Phase 3 or Phase 2B clinical trial for NNZ-2591	33.33%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. SHARE CAPITAL (CONTINUED)

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 interest 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 year ended 31 December 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 option[1]	$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.

The share options included in the outstanding balance at 31 December 2024, vest subject to remaining an employee or consultant if and when the following non-market performance vesting conditions are met:

	950,000 share options	500,000 share options	750,000 share options
i. on acceptance by the US Food and Drug Administration of the filing of a New Drug Application for trofinetide	–	40%	–
ii. when the Company determines to progress NNZ-2591 to a Phase 2b or Phase 3 clinical trial following a positive Phase 2 clinical trial outcome, or executes a partnering transaction for NNZ-2591	60%	40%	60%
iii. when the Company executes a partnering transaction for trofinetide outside North America, or submits a Marketing Authorisation Application for trofinetide in the European Union, the United Kingdom, or Japan	40%	20%	40%

Each of these vesting conditions shall be tested separately from the other vesting conditions. The first vesting condition (i) was met in September 2022, the second vesting condition (ii) was met in February 2024 and the third vesting condition (iii) was met in July 2023.

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 interest rate, a dividend yield rate of 0% and an expected life of 2.75 years. 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, as this period is reflective of the anticipated volatility in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. SHARE CAPITAL (CONTINUED)

Movements in the number of Share Options were as follows:

	Share options	Weighted average exercise price
Outstanding at 31 December 2022	2,200,000	$3.59
Exercised during the year	(700,000)	$3.62
Outstanding at 31 December 2023	1,500,000	$3.57
Granted during the year	700,000	$23.09
Forfeited during the year	(370,000)	$23.09
Exercised during the year	(400,000)	$3.46
Outstanding at 31 December 2024	1,430,000	$8.11
Vested and exercisable at 31 December 2024	1,100,000	$3.61

The weighted average exercise price for the options to acquire ordinary shares is $8.11.

17. DIVIDENDS

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

18. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**As at 31 Dec 2024 %**	**As at 31 Dec 2023 %**
Neuren Pharmaceuticals Inc.	United States of America	100%	100%
Neuren Pharmaceuticals (Australia) Pty Ltd	Australia	100%	100%
Neuren Trustee Limited	New Zealand	100%	100%

All subsidiaries have a reporting date of 31 December.

19. COMMITMENTS AND CONTINGENCIES

(a) Legal claims

The Group had no legal matter contingencies at 31 December 2024 (31 December 2023: nil).

(b) Commitments

The Group was not committed to the purchase of any plant or equipment or intangible assets as at 31 December 2024 (31 December 2023: nil).

As at 31 December 2024, the Group had commitments under product development contracts at the end of the reporting period but not recognised as liabilities amounting to approximately $7.8 million, including approximately US $4.7 million.

(c) Contingent liabilities

The Group had no contingent liabilities at 31 December 2024 (31 December 2023: nil) that require disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Categories of financial instruments

		At amortised cost		At fair value through profit or loss	
		Interest Bearing $'000	**Non-Interest Bearing $'000**	**Non-Interest Bearing $'000**	**Total $'000**
2024					
Financial assets					
Cash and cash equivalents	10	3,153	–	–	3,153
Short term investments	11	219,089	–	–	219,089
Trade and other receivables	12	–	156,321	–	156,321
Derivative financial instruments - forward exchange contracts	15	–	–	1,362	1,362
Total financial assets		222,242	156,321	1,362	379,925
Financial liabilities					
Trade and other payables	14	–	2,392	–	2,392
2023					
Financial assets					
Cash and cash equivalents	10	17,094	–	–	17,094
Short term investments	11	211,445	–	–	211,445
Trade and other receivables	12	–	14,332	–	14,332
Total financial assets		228,539	14,332	–	242,871
Financial liabilities					
Trade and other payables	14	–	2,849	–	2,849
Derivative financial instruments - forward exchange contracts	15	–	–	2,226	2,226
Total financial liabilities		–	2,849	2,226	5,075

At 31 December 2024, the carrying value of all financial instruments approximated their fair value.

(b) Risk management

The Group is subject to a number of financial risks which arise as a result of its activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Foreign currency risk

During the normal course of business the Group enters into contracts with overseas customers or suppliers or consultants that are denominated in foreign currency. As a result of these transactions there is exposure to fluctuations in foreign exchange rates. The Company also has a net investment in a foreign operation, whose net assets are exposed to foreign currency translation risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The principle currency risk faced by the business is the exchange rate between the Australian dollar and the US dollar. The Group holds cash denominated in US dollars and Australian dollars and has material revenue and expenditure in each of these currencies. Where possible, the Group matches foreign currency income and foreign currency expenditure as a natural hedge, holding foreign currency cash to facilitate this natural hedge. When foreign currency expenditure exceeds foreign currency revenue and foreign currency cash, the group purchases foreign currency to meet anticipated requirements under spot and forward contracts. The Group does not designate formal hedges.

At 31 December 2024, there were three forward contracts to convert Australian dollars to US dollars outstanding. Adjustment of these financial instruments to fair value as measured at 31 December 2024 resulted in a gain of $3.6 million. This fair value measurement is categorised within Level 2 of the fair value hierarchy. A summary of the forward contracts outstanding at 31 December 2024 is as follows:

	Buy USD $'000	Sell AUD $'000	Term	Weighted average exchange rate
Buy US dollar / sell AU dollar	28,315	44,175	3 months or less	0.6410

During the year, the US dollar fluctuated against the Australian dollar. A net foreign exchange loss of $7.2 million is included in results for the year ended 31 December 2024 (2023: $2.4 million gain), this includes a $nil gain on the milestone revenue from Acadia (2023: $1.9 million gain).

The carrying amounts of Australian dollar (2023: US dollar) denominated financial assets and liabilities are as follows:

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Assets		
US dollars	–	168,688
Australian dollars	104,030	–
	104,030	168,688
Liabilities		
US dollars	–	2,760
Australian dollars	230	–
	230	2,760

For the prior period, an increase of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have decreased the consolidated profit after income tax by $18,418,196. A decrease of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have increased the consolidated profit after income tax by $22,511,129. An increase of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have decreased equity by $51,743. A decrease of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have increased equity by $63,242.

During the current period the functional currency of the Group changed from Australian dollars to US dollars. An increase of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have increased the consolidated profit after income tax by $5,428,109. A decrease of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have decreased the consolidated profit after income tax by $6,639,911. An increase of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have decreased equity by $36,280,789. A decrease of 10% in the rate of the Australian dollar against the US dollar as at the reporting date would have increased equity by $44,142,672.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group is exposed to changes in market interest rates as entities in the Group hold cash and cash equivalents and short-term investments.

The effective interest rates on financial assets are as follows:

Financial Assets	2024 $'000	2023 $'000
Cash and cash equivalents		
Australian dollar cash deposits	102,014	59,858
Australian dollar interest rate	4.67%	4.79%
US dollar cash deposits	120,174	168,688
US dollar interest rate	4.27%	4.67%

The Company and Group do not have any interest-bearing financial liabilities. Trade and other receivables and payables do not bear interest and are not interest rate sensitive.

A 5% change in average market interest rates would have changed reported profit after tax by approximately $494,963 (2023: $537,400). A 5% increase/decrease in the average market interest rates would have no impact on other components of equity.

Credit risk

The Group incurs credit risk from transactions with financial institutions. The total credit risk on cash and cash equivalents and short-term investments, which have been recognised in the statement of financial position, is the carrying amount. The Company and its subsidiaries do not retain any collateral or security to support transactions with financial institutions. Cash and cash equivalents and short-term deposits are held and transacted with National Australia Bank, Commonwealth Bank, Westpac, ANZ, Western Union and Primis bank.

Liquidity risk

The Group's financial liabilities, comprising trade and other payables and derivatives, are generally repayable within 1 – 3 months. The maturity and availability of financial assets, comprising cash and cash equivalents, short-term investments and trade and other receivables, are monitored and managed to ensure financial liabilities can be repaid when due.

Capital management

The Group monitors capital including share capital, retained earnings and reserves and the cash and cash equivalents and short-term investments presented in the consolidated statement of financial position. The Group has no debt. The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can sustain the future development of the research and development activities being performed by the Group.

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

The Key Management Personnel of the Group (KMP) include the directors of the Company and employees who reporting directly to the Managing Director. Compensation for KMP was as follows:

	Year ended Dec 2024 $'000	Year ended Dec 2023 $'000
Short-term employee benefits	1,864	3,266
Post-employment benefits	158	169
Long-term benefits	37	74
Share-based payments	98	1,446
	2,157	4,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

22. RELATED PARTY TRANSACTIONS

Parent entity

Neuren Pharmaceuticals Limited is the ultimate parent entity ("Parent").

Subsidiaries

Interests in subsidiaries are set out in Note 18. The Parent funds the activities of the subsidiaries throughout the year as needed. All amounts due between entities are payable on demand and bear no interest.

Key management personnel

Disclosures relating to key management personnel are set out in Note 21.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

23. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 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 Report

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To the Shareholders of Neuren Pharmaceuticals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Neuren Pharmaceuticals Limited (the "Company") and its subsidiaries (the "Group") on pages 24 to 47 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand*) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Why the audit matter is significant	How our audit addressed the key audit matter
Share Based Payments During the year ended 31 December 2024, the Group issued share options to key employees and contractors,	Our procedures included: • Obtaining an understanding of the key terms and conditions of the share options by reviewing the relevant agreements.

which have been accounted for as share based payments under *IFRS 2 Share-Based Payments*. Share-based payments is an accounting area involving complex calculations which requires the use of assumptions and judgements from management to derive the fair value of the options issued during the year. The fair value of the options was determined using the Grant-Date Method via a Black-Scholes valuations model as described in Note 16 in the financial statements. Management's judgements and estimates included the estimated future volatility of the share price, and an annual risk-free interest rate. We included the valuation of the share options as a key audit matter, due to the high estimation uncertainty within the assumptions and the impact these have on the fair value of the shares.	• Engaging with our financial advisory services team as our auditor's expert to assess the reasonableness of the methodology as well as the key assumptions used in deriving the fair value of the share options. • Ensuring the mathematical accuracy of the fair valuation model. • Performing a sensitivity analysis using key inputs and assessing the impact on the fair value. • Reviewing the adequacy of the financial statement disclosures, including the disclosures around significant judgments involved and the accounting policies adopted.

Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Directors' responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's 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 Company and its shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

D Alamar

Partner

Auckland, New Zealand

27 February 2025

ADDITIONAL INFORMATION

BOARD AND COMMITTEE ATTENDANCE

The table below shows the number of Board and Committee meetings each Director was eligible to attend and attended during the financial year ended 31 December 2024:

	Board		Audit and Risk		Remuneration	
Director	**Held [(i)]**	**Attended**	**Held [(i)]**	**Attended**	**Held [(i)]**	**Attended**
Patrick Davies	12	12	2	2	2	2
Dr Trevor Scott	6	6	1	1	–	–
Dianne Angus	12	12	2	2	2	2
Dr Jenny Harry	12	12	2	2	2	2
Jonathan Pilcher	12	12	2	2	–	–
Joe Basile	12	12	2	2	2	2

(i) Number of meetings held during the time the Director was a member of the Board or Committee

INTERESTS REGISTER

The Company is required to maintain an interests register in which particulars of certain transactions and matters involving Directors must be recorded. Details of the entries in this register for each of the Directors during and since the end of 2024 are as follows:

Director	Ordinary Shares Purchased/(Sold)	Consideration Paid/(Received)	Date of Transaction
Joe Basile	5,000	$97,450	11-Jun-24
Joe Basile	6,406	$100,766	16-Aug-24

INFORMATION USED BY DIRECTORS

During the year the Board received no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Neuren has entered into a deed of indemnity, insurance and access with Directors and Officers, which provides that Directors and Officers generally will incur no monetary loss as a result of actions undertaken by them as Directors and Officers. The indemnity does not cover criminal liability or liability in respect of a breach of a director's duty to act in good faith and in what the director believes to be the best interests of the Company or a breach of any fiduciary duty owed to the Company or a subsidiary.

DONATIONS

No donations were made by the Company or its subsidiary companies during the year (2023: $nil).

ADDITIONAL INFORMATION

CONTINUED

REMUNERATION OF DIRECTORS

2024	Salary/fees $	Bonus $	Super–annuation $	Share based payments $	Total $
Non–Executive Directors					
Patrick Davies	157,500	–	–	–	157,500
Dr Trevor Scott (retired 30 June 2024)	37,500	–	–	–	37,500
Dianne Angus	78,627	–	8,873	–	87,500
Dr Jenny Harry	80,869	–	9,131	–	90,000
Joe Basile	90,000	–	–	–	90,000
	444,496	**–**	**18,004**	**–**	**462,500**
Executive Directors					
Jon Pilcher	621,334	-	28,665	18,402	668,402
Total	**1,065,830**	**-**	**46,670**	**18,402**	**1,130,902**

2023	Salary/fees $	Bonus $	Super–annuation $	Share based payments $	Total $
Non–Executive Directors					
Patrick Davies	125,000	–	–	–	125,000
Dr Trevor Scott	75,000	–	–	–	75,000
Dianne Angus	67,720	–	7,280	–	75,000
Dr Jenny Harry	67,720	–	7,280	–	75,000
Joe Basile	60,124	–	2,376	–	62,500
	395,564	**–**	**16,935**	**–**	**412,499**
Executive Directors					
Jon Pilcher	548,654	500,000	26,346	289,404	1,364,404
Total	**944,219**	**500,000**	**43,280**	**289,404**	**1,776,903**

Loan Funded Shares

Jon Pilcher has an interest in 1,500,000 Loan Funded Shares held by Neuren Trustee Limited. As detailed in Note 16 to the Financial Statements, the Loan Funded Shares are subject to repayment of a loan amounting to $1.84 per share ($2,760,000) before they can be transferred to Jon.

ADDITIONAL INFORMATION

CONTINUED

EMPLOYEE REMUNERATION

The number of employees, not being directors of the Company, who received remuneration and benefits in their capacity as employees totalling NZ $100,000 or more during the year, shown in bands denominated in Australian dollars, was as follows:

Excluding share based payments

	2024 $'000	2023 $'000
$120,000 – $129,999	1	–
$150,000 – $159,999	1	–
$180,000 – $189,999	1	–
$190,000 – $199,999	–	1
$200,000 – $209,999	–	1
$210,000 – $219,999	1	–
$220,000 – $229,999	–	1
$250,000 – $259,999	1	–
$260,000 – $269,999	1	–
$280,000 – $289,999	–	1
$290,000 – $299,999	1	–
$300,000 – $309,999	–	1
$320,000 – $329,999	1	–
$330,000 – $339,999	1	–
$480,000 – $489,999	–	1
$510,000 – $519,999	–	1
$640,000 – $649,999	–	1

Including share based payments

	2024 $'000	2023 $'000
$120,000 – $129,999	1	–
$180,000 – $189,999	1	–
$190,000 – $199,999	–	1
$200,000 – $209,999	–	1
$220,000 – $229,999	–	1
$270,000 – $279,999	1	–
$280,000 – $289,999	1	–
$300,000 – $309,999	1	–
$340,000 – $349,999	1	–
$360,000 – $369,999	1	–
$390,000 – $399,999	–	–
$480,000 – $489,999	1	–
$510,000 – $519,999	–	1
$590,000 – $599,999	–	1
$630,000 – $639,999	–	1
$650,000 – $659,999	–	1
$660,000 – $669,999	1	–
$1,200,000 – $1,209,999	–	1

ADDITIONAL INFORMATION

CONTINUED

AUDITORS

Grant Thornton New Zealand Audit Limited ('Grant Thornton') is the independent auditor of the Company. Audit fees in relation to the annual and interim financial statements were $115,358 (2022: $98,963). Grant Thornton did not receive any other fees in relation to other financial advice and services. No amounts were payable to an auditor by subsidiary companies in 2024 or 2023.

EQUITY SECURITIES HELD BY DIRECTORS AS AT 14 MARCH 2025

	Interests in Ordinary Shares		Interests in Loan Funded Shares
Director	**Direct**	**Indirect**	**Indirect**
Dianne Angus	30,000	–	–
Patrick Davies	–	264,634	–
Jenny Harry	–	29,663	–
Jonathan Pilcher[1]	–	398,207	1,500,000
Joe Basile	10,000	11,406	–

1 Jon Pilcher has an interest in 1.5 million Loan Funded Shares held by Neuren Trustee Limited. As detailed in Note 16 to the Financial Statements, the Loan Funded Shares are subject to repayment of a loan amounting to $1.84 per share ($2,760,000) before they can be transferred to Jon.

DIRECTORS OF SUBSIDIARY COMPANIES AT 31 DECEMBER 2024

	Jon Pilcher	**Larry Glass**	**Patrick Davies**
Neuren Pharmaceuticals Inc.	√	√	
Neuren Pharmaceuticals (Australia) Pty Ltd	√	√	
Neuren Trustee Limited			√

AUSTRALIAN STOCK EXCHANGE DISCLOSURES

Neuren Pharmaceuticals Limited is incorporated in New Zealand under the Companies Act 1993.

The Company is not subject to Chapter 6, 6A, 6B and 6C of the Corporations Act, Australia, dealing with the acquisition of shares (such as substantial holdings and takeovers).

Limitations on the acquisition of shares imposed under New Zealand law are as follows:

(a) In general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers and overseas investment.

(b) The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares.

(c) The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas interest. In general terms, the consent of the New Zealand Overseas Investment Office may be required where an 'overseas person' acquires shares in the Company that amount to 25 % or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding.

ADDITIONAL INFORMATION

CONTINUED

EQUITY SECURITIES INFORMATION

The Company has only one class of shares, being ordinary shares. Each ordinary share is entitled to one vote when a poll is called; otherwise on a show of hands at a shareholder meeting every member present in person or by proxy has one vote. There are no securities subject to escrow.

On 2 December 2024, the Company commenced an on-market share buy-back program, The on-market share buy-back program has a buy-back period of up to 12 months and will not exceed 5% of the total shares on issue in Neuren as at the date 12 months prior to the commencement of the buy-back.

The following information is based on share registry information processed up to and including 14 March 2025.

The number of ordinary shareholdings held in less than marketable parcels at 14 March 2025 was 961, holding 21,790 ordinary shares.

DISTRIBUTION OF SECURITY HOLDERS

Listed ordinary shares

Size of holding	Number of ordinary shares	%	Number of holders	%
100,001 and Over	87,748,126	69.31	124	1.07
10,001 to 100,000	24,100,242	19.04	827	7.13
5,001 to 10,000	5,064,985	4.00	680	5.87
1,001 to 5,000	7,358,815	5.81	2,999	25.87
1 to 1,000	2,323,853	1.84	6,963	60.06
Total	**126,596,021**	**100.00**	**11,593**	**100.00**

UNLISTED SECURITIES

1,950,000 Loan Funded Shares, held as treasury stock, with a weighted average exercise price of $1.84, with an expiry date of 13 July 2025. There are 2 holders of 100,001 and over.

1,360,000 Employee Share Scheme options, with a weighted average exercise price of $7.34, of which 650,000 have an expiry date of 3 February 2026, 450,000 have an expiry date of 8 July 2026 and 260,000 have an expiry date of 7 February 2029. There are 6 holders of 100,001 and over.

ADDITIONAL INFORMATION

CONTINUED

TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

		Number of ordinary shares	% of issued share capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,684,031	13.97
2	CITICORP NOMINEES PTY LIMITED	13,225,277	10.45
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,906,867	10.20
4	CAMERON RICHARD PTY LTD	4,355,222	3.44
5	BNP PARIBAS NOMS PTY LTD	4,056,178	3.20
6	STUART ANDREW PTY LTD	2,790,348	2.20
7	ESSEX CASTLE LIMITED	2,322,678	1.83
8	LINWIERIK SUPER PTY LTD	1,800,000	1.42
9	SMITHLEY SUPER PTY LTD	1,584,000	1.25
10	SHARESIES AUSTRALIA NOMINEE PTY LIMITED	1,497,609	1.18
11	NATIONAL NOMINEES LIMITED	1,143,545	0.90
12	FIRST COLBYCO PTY LTD	829,200	0.65
13	BNP PARIBAS NOMINEES PTY LTD	765,775	0.60
14	DR ROBIN LANCE CONGREVE	671,637	0.53
15	MJHFT PTY LTD	600,000	0.47
16	NETWEALTH INVESTMENTS LIMITED	560,073	0.44
17	CUSTODIAL SERVICES LIMITED	554,271	0.44
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	490,918	0.39
19	EMANCIPAYTE PTY LTD	463,141	0.37
20	BNP PARIBAS NOMINEES PTY LTD	434,135	0.34
	Total	**68,734,905**	**54.29**
	Balance of share register	57,861,116	45.71
	Total ordinary shares quoted on ASX	**126,596,021**	**100.00**

SUBSTANTIAL SECURITY HOLDERS

The following have filed substantial holding notifications based on the last notice lodged on the ASX:

	Number held	Percentage
The Vanguard Group, Inc. and its controlled entities[1]	6,492,295	5.023%

1 As disclosed in substantial holder notice dated 11 March 2025.

neuren
pharmaceuticals

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