



Newron Pharmaceuticals

Acquisition of Hunter-Fleming

Conference Call Presentation

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Presenters:

Luca Benatti, CEO

Ravi Anand, CMO

Stefan Weber, CFO

Dial-in-details:

+39 02 802 09 11

USA toll free number +1 866 239 6425

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Agenda



- **Hunter-Fleming overview**
- **Transaction rationale**
- **Combined pipeline/new compounds**
- **Financials**
- **Acquisition highlights**
- **Concluding remarks**
- **Q&A**

Hunter-Fleming overview

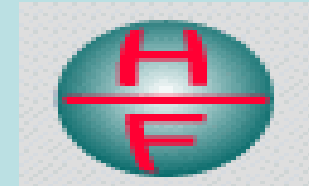
- Private UK biopharmaceutical company
- An outstanding opportunity in the fields of neurodegeneration and inflammation (AD, Pain and RA, large growing markets)
- Three compounds in clinical development, one discovery program and an equity holding in Trident (preclinical compound)
- Founded in 1999 by Dr. James Murray, Dr. John Fox (former senior executives from Shire) and Professor Ernst Wulfert (former Research Director at Fournier & UCB)
- 13 employees
- Virtual research facilities, relies on collaborations with academic groups and contract laboratories
- Lead investor MTI Partners Ltd (UK)
- A total of £20m raised since inception from shareholders including the founders plus institutional investors such as Advent International, Omega Fund, ITX Corp. and Toyama Chemicals Ltd (Japan)

Transaction rationale: Accelerating Newron's growth



- **Safinamide**
 - In phase III for early and late stage PD
 - Partnership with Merck Serono
- **Ralfinamide** in phase II for neuropathic and inflammatory pain
- **NW3509** in preclinical development for CNS and pain indications

- **Building a leading CNS company**
- **Significantly increases Newron's upside potential**
- **Broadened clinical pipeline = improved risk return profile**
- **Expanded CNS/ neuro-inflammation expertise**



- **HF0220**
 - In phase II for AD
 - Phase II in RA to be initiated in 2008
- **HF0420** in phase I for anti-cancer therapy induced neuropathy
- **HF 0299** in phase I for neuropathic pain
- **HF1220** series, neuroprotection program

Newron's late-stage CNS pipeline



		Lead	Preclinical	Phase I	Phase II	Phase III
Safinamide ⁽¹⁾	Adjunctive to dopamine agonist <i>Early Stage Parkinson's disease</i>	[Progress bar spanning Lead, Preclinical, Phase I, Phase II, and Phase III]				
	Adjunctive to levodopa <i>Mid to late Stage Parkinson's disease</i>	[Progress bar spanning Lead, Preclinical, Phase I, Phase II, and Phase III]				
Ralfinamide	<i>Neuropathic pain</i>	[Progress bar spanning Lead, Preclinical, Phase I, and Phase II]				
	<i>Post surgical (dental) pain</i>	[Progress bar spanning Lead, Preclinical, Phase I, and Phase II]				
Others	NW-3509 <i>CNS-related disorders and pain</i>	[Progress bar spanning Lead and Preclinical]				
	Ion Channel Programs <i>CNS-related disorders and pain</i>	[Progress bar in Lead]				

(1) Newron is undertaking Phase III trials with safinamide for the treatment of PD on behalf of its partner Merck Serono

Post Acquisition: CNS focus maintained, pipeline broadened



		Lead	Preclinical	Phase I	Phase II	Phase III
Safinamide ⁽¹⁾	Adjunctive to dopamine agonist Early Stage PD	█				
	Adjunctive to levodopa Mid to late Stage PD	█				
Ralfinamide	Neuropathic pain	█				
	Post surgical (dental) pain	█				
HF 0220	Alzheimer's disease	█				
	Rheumatoid Arthritis	█				
HF 0420	Anti-cancer therapy induced neuropathy	█				
HF 0299	Neuropathic pain	█				
NW 3509	CNS-related disorders/pain	█				
HF 1220 Series	Neuroprotection	█				
IC ⁽²⁾	CNS-related disorders/pain	█				

(1) Newron is undertaking Phase III trials with safinamide for the treatment of PD on behalf of its partner Merck Serono

(2) IC = Ion Channel Program

(3) HF 1020 in preclinical development for asthma is part of Newron's equity holding in Trident

Neuro-inflammation added to existing CNS expertise



- Strong link between neuro-degeneration and chronic inflammation
- Brain damage in chronic CNS disorders is associated with the release of inflammatory mediators
- Etanercept, a widely used treatment for RA, showed sustained improvement of cognitive function in AD
- HF0220 potentially a “first-in-class disease-modifying agent” for chronic neurodegenerative diseases and for RA with a unique mechanism of action

HF lead compound: HF0220

- Patented, new mechanism of action offers new paradigm for treatment of neuro-degenerative and inflammatory diseases
- A first-in-class therapeutic with powerful cytoprotective and regenerative effects
- Naturally occurring human steroid (7 β -hydroxy-epiandrosterone)
- Ongoing phase II safety and tolerability study with exploration of biological markers in patients with Alzheimer's disease
- Phase II study in RA to be initiated in late 2008

HF0420



- Prevention of anti-cancer therapy induced neuropathy, in phase I
- A low molecular weight oligosaccharide for neuronal repair and protection
- Extensive use of anti-cancer compounds offers significant market opportunity
- Side effects of anti-cancer therapy limits the dose levels tolerated in patients
- Additional potential for an orphan indication in paediatric patients
- Series of use patents

Additional HF compounds

HF0299

- Naturally occurring human steroid
- In phase I, with potential in the treatment of neuropathic pain
- Series of use patents

HF1220

- Second generation neuroprotective compound series
- Discovery stage
- New composition of matter patent

HF1020 – Trident SPV (Special purpose vehicle)

- In pre-clinical development for asthma, phase I expected to commence 2008
- Funded by Advent International, Omega Fund et al.
- Hunter-Fleming owns non-dilutable 17 % of shares
- No further financing required from Hunter-Fleming
- Exit via trade sale of SPV

Commercial potential: HF0220

- HF0220 as disease-modifying agent for AD and RA:
 - No drugs approved for the broad indication “neuro-protection”
 - Combined market size of AD and PD \$ 8.8b with growth rate > 15%
 - Blockbuster potential
 - Major classes of drugs approved for RA sell > \$10b
 - HF0220 may have potential as disease modifying agent in RA, offering significant market share opportunity

Commercial potential: HF0420, HF0299

- HF0420 as prevention in anti-cancer therapy induced neuropathy
 - Chemoradiotherapy most common approach for cancer treatment
 - Toxicities and neurotoxicities are common side effects
 - Offers great opportunity to penetrate cancer market
- HF0299 in pain (neuropathic and inflammatory)
 - One of largest pharmaceutical markets: analgesics - \$23b;
 - Very high medical need for innovative compounds
 - Blockbuster potential

Financials: right deal, right price

- Stock purchase agreement signed 9 February, 2008
 - Providing for the acquisition of 100% of HF issued share capital
 - Conditional to confirmation by appraiser and Newron shareholders' approval (April 2008)
 - Newron pays €8m upfront, minus net debt, for the fully diluted share capital of Hunter-Fleming, in newly issued Newron shares
 - Newron to pay success-based milestone payments relating to further progression of the HF programs, to a maximum of €17m, over a period of 5 years (potential extension to 6 years), in newly issued Newron shares, upon:
 - Approval of an IND for HF0220 (AD excluded)
 - Out-licensing of HF0220
 - Phase II proof of concept for HF0220
 - Trade sale of the Trident SPV

Newron's financial position post transaction

- Strong cash position of approximately €62m by year-end 2007
- Operative cash burn 2008 will increase by approx €7m in event of development of all programs
- Newron's cash position will fully support the ongoing operations into 2010 (and beyond, in event of successful completion of ongoing programs/activities)

Anticipated upcoming milestones

- Ralfinamide phase II data in post surgical (dental) pain
- Safinamide phase III data in add-on study to L-dopa
- Start of phase I of HF1020 in Trident SPV
- Start of ralfinamide phase IIb/III study in neuropathic pain
- Start of phase II trial with HF0220 in RA
- Completion of phase II safety and tolerability study with HF0220 in AD

HF Acquisition highlights

- Outstanding opportunity to enter neuro-inflammation field
- Fully in-line with Newron's growth strategy to become a leading CNS company
- Three new compounds in clinical development and one discovery program
- Opportunity for early, significant development milestones upon investment of minimal funds
- CNS expertise expanded into neuro-inflammation
- Low upfront payment and limited success based milestones