Investor presentation
15 May 2006
NeuroSearch is focused on discovery and development of medicines to satisfy unmet medical needs.

NeuroSearch’s core business focuses on diseases of the central nervous system primarily treated through modulation of ion channels and other membrane-bound transporters.
Company profile

- Characterized by large unmet needs
- Largest therapeutic area
- Sales of EUR 72 billion (2005)

Sales in 2005 (EUR billion)

- Depression 15.8
- Epilepsy 9.3
- Alzheimer's disease 3.2
- Parkinson's disease 2.2
- Schizophrenia 12.9
- Migraine 2.5
- Other CNS diseases 26.1

Source: IMS Health 2006

The CNS Market
**Company Profile**

**Shares:** NEUR.CO  
IPO in 1996  
Market cap.: EURm 197  
Raised EURm 100  
15,000 shareholders

**Corporate ventures**  
Ownership in 6 biotechs  
Raised > EURm 150  
BAVA: EURm 20 (15x)  
Sophion: Product launch in 2005

**Financials**  
Cash+guarantees EURm 80  
GlaxoSmithKline – alliance  
> EURm 150 from partners

**R&D Alliances**  
GlaxoSmithKline  
Abbott Labs.  
TopoTarget  
Milestones up to EURm 120

**Product pipeline**  
4 in Phase II (7 indications)  
2 in Phase I  
4 in preclinical dev. (GMP/tox)  
Expected Phase III entry in 2007

**Drug Discovery and Development**  
1 NCE p.a. in clinical development  
2 new NCE’s in 2005  
191 employees – 130 in R, 40 in D  
935 issued patents

**NeuroSearch in brief**
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NeuroSearch in brief
## Cash flow outlook

<table>
<thead>
<tr>
<th></th>
<th>Guaranteed income</th>
<th>Milestones in partnered clinical projects</th>
<th>GSK option fee per new product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash available</td>
<td>59</td>
<td>100</td>
<td>32-90</td>
</tr>
<tr>
<td>Guaranteed</td>
<td>21</td>
<td></td>
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</tr>
</tbody>
</table>

**EURm 80**

- New license agreements optional
- Target for 2006: Two new agreements: Tesofensine and NSD-503

**Partner funding:** development, production, marketing  
**NeuroSearch receives double digit royalties from future sales**

Large upside – low financial risk
Business Strategy

Strengths

- Technology platform within CNS and ion channels
- In-house development organization
- Broad experience in R&D collaborations

Product pipeline

Growth, Value

- Broad alliance
  - GlaxoSmithKline
- License agreements
  - Abbott, TopoTarget…
- Own development
  - Tesofensine, NS1209, NSD-503…
- Corporate ventures
  - Bavarian Nordic, Sophion, NsGene…

Large upside – low financial risk
<table>
<thead>
<tr>
<th></th>
<th>2005 (12 mths.)</th>
<th>Forecast 2005 (12 mths.)</th>
<th>Q1 2006 (3 mths.)</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>177</td>
<td>190</td>
<td>17</td>
</tr>
<tr>
<td>Total cost</td>
<td>(199)</td>
<td>(200)</td>
<td>(54)</td>
</tr>
<tr>
<td>Financial income</td>
<td>4</td>
<td>5</td>
<td>(4)</td>
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<tr>
<td>Profit before ass. comp.</td>
<td>(18)</td>
<td>(5)</td>
<td>(41)</td>
</tr>
<tr>
<td>Associated companies</td>
<td>(9)</td>
<td>(20)</td>
<td>(4)</td>
</tr>
<tr>
<td>Value adjustments</td>
<td>28</td>
<td>0</td>
<td>-</td>
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<tr>
<td>Net result</td>
<td>1</td>
<td>(25)</td>
<td>(45)</td>
</tr>
<tr>
<td>Cash position</td>
<td>437</td>
<td>450</td>
<td>410</td>
</tr>
<tr>
<td><strong>Net result forecast 2006</strong></td>
<td>-</td>
<td>-</td>
<td><strong>(110-130)</strong></td>
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</table>
Future growth strategy

NeuroSearch has a strong position within CNS Drug Discovery and Drug Development with strong industry alliances and a solid financial position.

The future growth strategy – 3 key elements:

- **Growth in size**
  Increase company value through broadening The Development Pipeline

- **Growth in retained value**
  Retain a growing share of the value chain in the products developed

- **Growth to reduce product dependency**
  Reduce the share volatility and increase company value
## Development Pipeline

<table>
<thead>
<tr>
<th>Development program</th>
<th>Partners</th>
<th>Precl. dev.</th>
<th>Phase I</th>
<th>Phase II</th>
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<tbody>
<tr>
<td>NS2359 - Depression</td>
<td>GSK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NS2359 - ADHD</td>
<td>GSK</td>
<td></td>
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<tr>
<td>Tesofensine – Obesity</td>
<td>Own program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NS1209 - Epilepsy, pain</td>
<td>Own program</td>
<td></td>
<td></td>
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<tr>
<td>ABT-894- Neuropathic pain</td>
<td>Abbott Labs.</td>
<td></td>
<td></td>
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<tr>
<td>Endovion - Cancer</td>
<td>TopoTarget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSD-503 - COPD</td>
<td>Own program</td>
<td></td>
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<tr>
<td>NSD-551 - Cancer</td>
<td>TopoTarget</td>
<td></td>
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<tr>
<td>Abbott PR1 – Dementia, schizo.</td>
<td>Abbott Labs.</td>
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<td>Abbott PR1 – Dementia.</td>
<td>Abbott Labs.</td>
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</tr>
</tbody>
</table>
The pipeline – NS2359 - Depression

• SNDRi’s – Triple Mode of Action
• Higher efficacy
• Improved side effect profile
• Address cognitive impairment

• Tested in 215 humans
• 6 mths tox finalized
• Patent exclusivity >2024

• GSK has decided to start Phase II studies in depression

'The Triple Mode Of Action’
The pipeline – NS2359 - Depression

Breaking News on Drug Discovery

Triple reuptake inhibitors will inherit depression market

Source: Decision Resources, 2005

Next generation of antidepressants
**The pipeline - NS2359 - Depression**

Current market size: EUR 16 billion (2005)

<table>
<thead>
<tr>
<th>SSRI’s</th>
<th>SNRI’s</th>
<th>NDRI’s</th>
<th>SNDRI’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prozac (fluoxetine)</td>
<td>Cymbalta (duloxetine)</td>
<td>Wellbutrin (bupropion)</td>
<td>NS2359/ GSK’475</td>
</tr>
<tr>
<td>Celexa (citalopram)</td>
<td>Effexor (venlafaxine)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lexapro (escitalopram)</td>
<td></td>
<td></td>
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<tr>
<td>Luvox (fluvoxamine)</td>
<td></td>
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<tr>
<td>Paxil (paroxetine)</td>
<td></td>
<td></td>
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<tr>
<td>Zoloft (sertraline)</td>
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</tr>
</tbody>
</table>

NS2359 is first-in-class of SNDRI’s

Main groups of antidepressants
The pipeline - NS2359 - ADHD

- ADHD: 2-5% of all school-age children (50% carry over to adults)
- Current market size 2-3bn USD
- PET-study completed: activity shown in brain regions important for cognitive functions
- Single-dose Phase II study completed: significant improvement of cognitive functions
- GSK has decided to start Phase II study in 2006

Clinical effect in Power of Attention

**Novel treatment of ADHD**

Attention Deficit Hyperactivity Disorder (ADHD)
NeuroSearch and GlaxoSmithKline

5 year alliance + NS2359

- Technology access agreements
- Secured financing EURm 82
- Milestone payment EURm 10
- Research programmes > 120 FTE’s
- New development candidates
- NS2359 for MDD
- NS2359 for ADHD

Milestone payment EURm 10
The pipeline - Tesofensine (NS2330) - Obesity

- **Clinical PoC established**
  - Significant effect in 312 obese patients in AD and PD trial
  - Study design in AD and PD trials were not directed towards body weight loss (i.e. length of study, no diet, no motivation for weight loss etc.)

- **Body weight loss**
  - Comparable to published data on sibutramine (Reductil®), orlistat (Xenical®) and rimonabant (Acomplia®)

- **Diabetes markers**
  - Preclinical study supports tesofensine as new obesity treatment - also measured on diabetes markers such as insulin and glucose levels

- **Safety profile**
  - Tesofensine has a well established safety profile (all preclinical safety studies completed)

- **Phase II studies in obesity are being prepared - start in 2006**
The pipeline – Tesofensine
Scientific rationale

- Triple monoamine uptake inhibition is a novel treatment for obesity
- Pathological overeating and obesity can be caused by decreased dopamine function in reward center
- In obese rats:
  - Tesofensine increases energy consumption via metabolic center
  - Tesofensine decreases body weight, body fat, improves glucose metabolism and increases insulin sensitivity
The pipeline - Tesofensine

Placebo normalized, obese Parkinson and Alzheimer patients (N=312; BMI =27-43)

Body weight loss

* p< 0.05
The pipeline – Tesofensine

Study in diet-induced obese rats

Body weight loss – preclinical study
Glucose induced insulin response after daily treatment for 28 days

Vehicle  Sibutramine 7.5 mg/kg  Tesofensine 1 mg/kg  Tesofensine 2.5 mg/kg  Pair fed to tesofensine 2.5 mg/kg

* p ≤ 0.001 compared to pair fed
# p < 0.05 compared to Vehicle

Insulin sensitivity – preclinical study
Plasma cholesterol levels at the end of study

Vehicle | Sibutramine 7.5 mg/kg | Testofensine 1 mg/kg | Testofensine 2.5 mg/kg | Pair fed to testofensine 2.5 mg/kg
--- | --- | --- | --- | ---
0 | 1 | 2 | 3

*p < 0.05 compared to Vehicle

Glucose induced insulin response after daily treatment for 28 days

Vehicle | Sibutramine 7.5 mg/kg | Testofensine 1 mg/kg | Testofensine 2.5 mg/kg | Pair fed to testofensine 2.5 mg/kg
--- | --- | --- | --- | ---
0 | 50 | 75 | 100 | 125

# p < 0.05 compared to Vehicle

Fat (g)

Vehicle | Sibutramine 7.5 mg/kg | Testofensine 1 mg/kg | Testofensine 2.5 mg/kg | Pair fed to testofensine 2.5 mg/kg
--- | --- | --- | --- | ---
0 | 25 | 50 | 75 | 100

* p < 0.005 compared to Pair fed

Reduction in fat depot at the end of study compared to vehicle

NEUROSEARCH
Tesofensine – New clinical obesity study (TIOP-1)

- Tesofensine In Patients with Obesity (TIOP-1)
- International advisory board
- New clinical study in 200 patients with BMI $\geq 30$
- Treatment in 6 months; three doses of tesofensine and placebo
- All groups receive the same diet and exercise program before and after treatment
- IMPD filing in May 2006
- Patient enrollment in Q3 2006
The pipeline – Tesofensine
Market overview for obesity

- 110 million obese adults in 7 major countries in 2004
- Accounts for between 2 to 8 % of healthcare costs in Europe (International Obesity Task Force – IOFT)
- 32 million type 2 diabetics are obese or overweight (BMI ≥ 25) (7 major countries)
- Sales in 2005: EUR 1 billion


Obesity – market potential
The pipeline – Tesofensine – Alzheimer’s disease

Tesofensine in combination with Aricept in Alzheimer’s patients

Study 1198.022: ADAS cog change from baseline (N=92)

Tesofensine – Alzheimer’s combination treatment
The pipeline – Tesofensine – Parkinson’s disease

**Study 1198.101: % OFF time (N=254)**

- **FAS-Placebo**
  - Treatment phase
  - Wash-out phase

**Graph**

- **Time since first drug administration (weeks)**
- **% OFF time**
- **Drug Doses**:
  - Placebo
  - 0.125 mg
  - 0.25 mg
  - 0.5 mg
  - 1 mg

* Significant difference, p ≤ 0.01

Tesofensine – in advanced Parkinson’s disease
The pipeline – NS1209 – Epilepsy

- Glutamate/AMPA antagonist
- NS1209 effectively inhibits ongoing seizures
- Phase II SE studies ongoing – 60 patients
- Incidence of SE estimated to 44-65 cases per 100,000 per year
- Possible “Fast track” – estimated market size > $½ billion USD
- Patent exclusivity >2017

Status Epilepticus (SE) – Phase II
The pipeline – NS1209 – Pain

• **NS1209 is effective in preclinical models for neuropathic pain**

• **Target product profile:** Treatment of post-operative pain, market size > 5 billion USD

• **Phase I/II study ongoing in neuropathic pain following nerve damage**

Population with postoperative pain in 2004 (Total 81 million)

- **US:** 39.7
- **UK:** 8.2
- **Spain:** 5.5
- **France:** 8.3
- **Italy:** 7.9
- **Germany:** 11.4

Neuropathic pain – Phase I/II
The pipeline – ABT-894 - Pain

• Nicotinic Receptors
  – Modulators of neuronal nicotinic acetylcholine receptors comprising several subtype selective profiles

• ABT-894; the replacement of morphine
  – ABT-894 in Phase I for the treatment of neuropathic pain
  – Phase I single-dose study completed with satisfactory results
  – Phase I multiple-dose ongoing – Phase II start planned for 2006

• Two new development candidates for dementia and schizophrenia selected in Q1 2006

• NeuroSearch will receive milestones + royalties per new product

• Market for pain treatment is more than USD 20 billion
The pipeline – Endovion and NSD-551 - Cancer

- **Endovion**
  - Blocker of VRAC ion channels
  - Anti-angiogenesis and anti-metastatic effects
  - Well tolerated in a Phase I clinical study
  - Promising data in preclinical models for colon cancer

- **NSD-551**
  - New development candidate
  - Activates the BK ion channel
  - Potential to enhance the uptake of known anti-cancer drugs (cytostatics) in brain tumors

- **Collaboration with TopoTarget**

New approaches in cancer treatment
The pipeline – NSD-503 - COPD

- 600 million people affected worldwide
- Unique mechanism of action through ion channel modulation
- Preclinical data supports disease modifying effect
- Start of clinical Phase I studies in H2 2006
- In 2004 sales of COPD-drugs > EUR 4 billion – symptomatic treatment
Drug Discovery Pipeline

Preclinical Development

Lead Optimization

Research

Monoamine transporters
GABA
SK channels
KCNQ channels
Nicotine
K channels
Other ion channels

Abbott PR1
Abbott PR2
NSD 551
NSD 503
Corporate Ventures

**CNS/Ion Channels**

- **BAVARIAN NORDIC**
  - Vaccines
    - 1.6% - Public

- **sophion**
  - HTS - Ion channels
    - 29% - Private equity

- **nsgene**
  - CNS – Biologics
    - 25% - Private equity

- **atonomics**
  - Diagnostics - POC
    - 19% - Private equity

- **PainCeptor**
  - PNS/CNS; Ion channels
    - 10% - Private equity

- **zgene**
  - Cancer; gen therapy
    - 11% - Private equity

Focus and risk sharing
Goals for the next 12 months

• **NS2359**
  - start Phase II studies in depression (MDD)
  - start Phase II studies in ADHD

• **Tesofensine**
  - start Phase II studies in obesity
  - development and licensing agreement
  - Phase III decision in 2007

• **NS1209**
  - completion of Phase II SE-studies
  - completion of Phase I/II study within neuropathic pain

• **ABT-894**
  - completion of Phase I studies – start Phase II

• **Endovion**
  - start Phase II studies - cancer treatment

• **NSD-503**
  - start clinical Phase I – COPD
  - development and licensing agreement

• **New Development Candidates**
  - R to D transition

• **Progress in Corporate Ventures**

Next 12 months
For more information, please visit www.neurosearch.com or write to investor@neurosearch.dk