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# Bioshares

22 September 2021  
Edition 902

*Delivering independent investment research to investors on Australian  
biotech, pharma and healthcare companies*

Companies covered: CGS, NEU OPT,  
PAB, RNO, SOM,

Extract from Bioshares –

## Neuren Raises \$20 Million and Files First IND for Second Compound

Neuren Pharmaceuticals (NEU: \$2.05) has raised \$20 million in a private placement at \$2.05 a share and plans to raise a further \$2 million through an SPP (Share Purchase Plan).

The capital raise is ahead of the release of Phase III study results later this year from its lead program, with trofinetide, which has been licensed to Acadia Pharmaceuticals for the North American region.

Neuren's second compound in development is NNZ-2591. The company is seeking to commence three Phase II studies with this drug candidate this year in orphan diseases, those being Angelman syndrome, Phelan-McDermid syndrome and Pitt Hopkins syndrome.

It's a sensible raise, giving the company a pro-forma cash balance (at 31 July) of \$37 million. Whilst the additional cash will be used to fund a fourth Phase II study in a new indication, Prader-Willi syndrome (due to start mid 2022), as well as prepare for Phase III studies with NNZ-2591, the funds also deliver the company a greater buffer should the trofinetide study not meet its end points.

This week the company announced it had filed an IND (Investigational New Drug) application with the FDA for the Phelan-McDermid study with an IND for Angelman syndrome filed earlier this month. This leaves two additional INDs to be filed. The Phase II studies will be conducted in the US except for the Angelman syndrome study which will be run in Australia.

Neuren is capitalised at \$255 million.

**Bioshares recommendation: Speculative Buy Class A**

**Bioshares**

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-35.8%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - May '21)	86.8%
Year 21 (May '21 - Current)	19.6%
Cumulative Gain	2333%
Av. Annual gain (20 yrs)	20.7%

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**How Bioshares Rates Stocks**

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Some Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

**Group A**

Stocks with existing positive cash flows or close to producing positive cash flows

- Buy** CMP is 20% < Fair Value
- Accumulate** CMP is 10% < Fair Value
- Hold** Value = CMP
- Lighten** CMP is 10% > Fair Value
- Sell** CMP is 20% > Fair Value  
(CMP–Current Market Price)

**Group B**

Stocks without near term positive cash flows, history of losses, or at early stages of commercialisation.

**Speculative Buy – Class A**

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

**Speculative Buy – Class B**

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

**Speculative Buy – Class C**

These stocks generally have one product in development and lack many external validation features.

**Speculative Hold – Class A or B or C**

**Sell**

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