



Announcement

21 August 2019

NeuroSearch A/S – H1 report 2019

NeuroSearch posted an operating loss of DKK 6.1 million in H1 2019 (H1 2018: a loss of DKK 2.8 million).

NeuroSearch posted a net loss of DKK 6.3 million in H1 2019 (H1 2018: a net loss of DKK 3.0 million).

The higher loss is mainly ascribable to costs associated with the preparation of the planned merger with Nordic Transport Group Holding A/S (NTG). NTG has signed a letter of intent in respect of the transaction, under which NTG has accepted a binding obligation to cover 50 per cent of NeuroSearch's costs for external advisers if the NTG transaction has not been implemented on or before 31 December 2019 (see company announcement of 17 June 2019).

At 30 June 2019, cash and cash equivalents totalled DKK 64.8 million (30 June 2018: DKK 70.4 million).

Company update

At the company's annual general meeting on 29 April 2019, it was decided to carry out a share consolidation of all the company's shares through a reversed share split at a consolidation ratio of 20:1. This reversed share split reduced the number of issued shares in the company so that 20 shares of nominally DKK 0.05 are added up to form one share of nominally DKK 1 (at a ratio of 20:1). The reversed share split was carried out in June 2019.

Financial outlook for 2019

On the basis of realised and expected costs in connection with the transaction between NeuroSearch and NTG Holding, NeuroSearch revises its financial guidance for 2019 from an operating loss in the range of DKK 9-13 million to an operating loss in the range of DKK 10-15 million. The guidance for 2019 includes expected expenses for the transaction, and depending on whether the transaction with NTG Holding is implemented before 31 December 2019 or not.

Events after the balance sheet date

On 9 July 2019, NeuroSearch announced a status of the transaction with NTG. On 5 April 2019, NeuroSearch issued an announcement, from which it appeared that NeuroSearch and NTG had signed a non-binding letter of intent to merge NeuroSearch and NTG by way of contribution of the shares in NTG (and shares in some of its subsidiaries) into NeuroSearch against issuance of new shares in NeuroSearch to the shareholders of NTG and issue of new shares to new investors (announcement no. 13-19).

On 9 July 2019, NTG announced that it had acquired an additional 14,587 shares of nominally DKK 20 in NeuroSearch. NTG Holding subsequently owns 308,924 shares of nominally DKK 20 in NeuroSearch, corresponding to 25.27 per cent of the total share capital and voting rights in NeuroSearch (announcement no. 14-19).

On 23 July 2019, NTG announced that it had acquired an additional 13,266 shares of nominally DKK 20 in NeuroSearch. NTG Holding subsequently owns 407,885 shares of nominally DKK 20 in NeuroSearch, corresponding to 33.37 per cent of the total share capital and voting rights in NeuroSearch (announcement no. 16-19).

On 23 July 2019, NTG announced that it will make a mandatory public cash takeover offer to the other shareholders of NeuroSearch to acquire all outstanding NeuroSearch shares, excluding the company's holding of own shares, cf. section 3(1) of Executive Order no. 1171 of 31 October 2017 on takeover



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offers, at a price of DKK 89 per share of nominally DKK 20. (announcement no. 17-19).

On 7 August 2019, NTG published an offer document for a takeover offer. The Board of Directors of NeuroSearch intends no later than 22 August 2019 to submit a joint statement concerning the Offer (announcement no. 18-19).

Other information

As previously informed in company announcements of 5 April 2019 and 9 July 2019, NeuroSearch and Nordic Transport Group A/S ("NTG") have signed a non-binding letter of intent contemplating (i) the combination of NeuroSearch and NTG to be effected by the contribution into NeuroSearch of all shares in NTG (as well as shares in some of its subsidiaries) against the issuance of new shares in NeuroSearch to the shareholders in NTG, and (ii) the offering of shares to new investors (the "Transaction"). It is the intention that the Transaction will be completed in Q4 2019. NTG is a related company to NTG Holding.

Please note that under the rules for issuers of shares, the Transaction will qualify as a "change of identity", see clause 2.9 of the rules. Nasdaq Copenhagen A/S ("Nasdaq") has informed NeuroSearch that Nasdaq will assess whether upon completion of the Transaction NeuroSearch may keep its stock exchange listing following the change of identity. Nasdaq has informed NeuroSearch also that it will begin a process to evaluate whether the shares of NeuroSearch may continue to be admitted to trading, unless in all material respects NeuroSearch adheres to the model for a combination with NTG in accordance with the timetable referred to above.

Mikkel Primdal Kæregaard
Chairman

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CEO

Contact person

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About NeuroSearch

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



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Financial review

Liquidity and capital resources

At 30 June 2019, the Company's cash and cash equivalents totalled DKK 64.8 million (30 June 2018: DKK 70.4 million).

Income statement

NeuroSearch realised an operating loss of DKK 6.1 million (loss of DKK 2.8 million in the same period of 2018).

NeuroSearch posted a net loss of DKK 6.3 million in H1 2019 (H1 2018: a net loss of DKK 3.0 million).

Costs

Costs totalled DKK 6.1 million (H1 2018: DKK 2.8 million).

Net financials

Net financials amounted to a net expense of DKK 0.2 million (H1 2018: a net expense of DKK 0.2 million).

Balance sheet

At 30 June 2019, the balance sheet stood at DKK 65.3 million (30 June 2018: DKK 71.0 million).

Financial outlook for 2019

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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)			
	H1 2019 (6 months)	H1 2018 (6 months)	2018 (12 months)
Income statement and statement of comprehensive income:			
Gain from divestment of intellectual property	-	-	2.9
General and administrative costs	6.1	2.8	5.3
Operating profit/(loss)	(6.1)	(2.8)	(2.4)
Net financials	(0.2)	(0.2)	(0.4)
Profit/(loss) before tax	(6.3)	(3.0)	(2.8)
Profit/(loss) for the period	(6.3)	(3.0)	(2.8)
Total comprehensive income for the period	(6.3)	(3.0)	(2.8)
Balance sheet:			
Total assets	65.3	71.0	71.5
Cash and cash equivalents and securities	64.8	70.4	71.2
Equity	63.7	70.3	70.5
Per share ratios (DKK):			
Earnings per share*	(5.17)	(2.48)	(2.39)
Diluted earnings per share	(5.17)	(2.48)	(2.39)
Net asset value	51.89	57.27	57.35
Market price at end of period	87.50	92.60	86.00
Market price/net asset value	1.69	1.63	1.50
Own shares**			
Own shares**	18,590	13,297	13,297
Average number of employees	1	1	1
Number of employees at end of period	1	1	1

* Per share of DKK 1 nominal value.

** In connection with a reversed share split in June 2019, NeuroSearch acquired 5,293 own shares.

The ratios have been restated to a nominal price per share of DKK 1 as a result of the reversed share split in June 2019.

The ratios are stated in accordance with "Recommendations and Financial Ratios" issued by the Danish Society of Financial Analysts.



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CONDENSED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(DKK million)			
	H1 2019 (6 months)	H1 2018 (6 months)	2018 (12 months)
Income statement:			
Gain from divestment of intellectual property	-	-	2.9
General and administrative costs	6.1	2.8	5.3
Operating profit/(loss)	(6.1)	(2.8)	(2.4)
Net other financials	(0.2)	(0.2)	(0.4)
Net profit/(loss) before tax	(6.3)	(3.0)	(2.8)
Tax on profit/(loss) for the period	-	-	-
Net profit/(loss)	(6.3)	(3.0)	(2.8)
Statement of comprehensive income:			
Net profit/(loss)	(6.3)	(3.0)	(2.8)
Total other comprehensive income	0	0	0
Total comprehensive income	(6.3)	(3.0)	(2.8)
Earnings per share, DKK	(5.17)	(2.48)	(2.39)
Diluted earnings per share, DKK	(5.17)	(2.48)	(2.39)



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CONDENSED BALANCE SHEET

(DKK million)			
	30 June 2019	30 June 2018	31 December 2018
Receivables	0.5	0.6	0.3
Cash and cash equivalents	64.8	70.4	71.2
Total assets	65.3	71.0	71.5
Equity	63.7	70.3	70.5
Current liabilities	1.6	0.7	1.0
Total equity and liabilities	65.3	71.0	71.5

CONDENSED CASH FLOW STATEMENT

(DKK million)			
	H1 2019 (6 months)	H1 2018 (6 months)	2018 (12 months)
Cash flows from operating activities	(5.7)	(3.4)	(2.4)
Cash flows from investing activities	-	-	-
Cash flows from financing activities	(0.7)	(0.2)	(0.4)
Net cash flow	(6.4)	(3.6)	(2.8)
Cash and cash equivalents at beginning of period	71.2	74.0	74.0
Cash and cash equivalents at end of period	64.8	70.4	71.2

For a breakdown of "cash and cash equivalents" as of 30 June 2019, see note 3.



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CONDENSED STATEMENTS OF MOVEMENTS IN EQUITY

2019 (DKK thousand)	Share capital	Retained earnings	Total
Equity at 1 January 2019	24,554	45,962	70,516
Comprehensive income for the period	-	(6,342)	(6,342)
Transactions with owners (acquisition of own shares in connection with implementation of reversed share split)	-	(466)	(466)
Equity at 30 June 2019	24,554	39,154	63,708

2018 (DKK thousand)	Share capital	Retained earnings	Total
Equity at 1 January 2018	24,554	48,798	73,352
Comprehensive income for the period	-	(3,041)	(3,041)
Equity at 30 June 2018	24,554	45,757	70,311

SHARE CAPITAL

(DKK thousand)	30 June 2018	30 June 2019
Share capital at 1 January	24,554	24,554
Share capital at end of period	24,554	24,554

NeuroSearch's share capital amounts to DKK 24,553,947 divided into shares of DKK 1 issued in multiples of DKK 20. At the company's annual general meeting on 29 April 2019, it was decided to carry out a share consolidation of all the company's shares through a reversed share split at a consolidation ratio of 20:1. The reversed share split reduced the number of issued shares in the company so that 20 shares of nominally DKK 0.05 are added up to form one share of nominally DKK 1 (at a ratio of 20:1). The reversed share split was carried out in June 2019. The per share ratios on page 5 has been restated due to the reversed share split.



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NOTES

1. Accounting policies

Basis of preparation

The interim report comprises condensed financial statements of NeuroSearch A/S.

The interim report is presented in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" and additional Danish disclosure requirements for interim reports of listed companies.

The interim report is presented in DKK million.

The interim report has been reviewed by the company's auditor.

The accounting policies applied in the interim report are consistent with those applied in the annual report for 2018 with the addition of the accounting standards and interpretations mandatory for financial years beginning 1 January 2019. These include IFRS 16 "Leases", which has not had any impact on the interim report. The annual report for 2018 was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For further details, see pages 16-17 of the annual report for 2018.

2. Significant estimates and judgments

The preparation of the interim report in accordance with IAS 34 requires the making of estimates and judgments that affect the reporting of assets, liabilities and expenses. The estimates and judgments are reviewed on an ongoing basis. Estimates and judgments are based on historical experience and on various other assumptions which NeuroSearch believes to be reasonable under the circumstances. However, the actual results may differ significantly from the estimates.

The underlying principles of estimates and judgments applied in the interim report are consistent with those applied in connection with the annual report for 2018. These principles are described in note 1 to the annual report for 2018 (p. 22).

3. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	30 June 2019	30 June 2018	31 December 2018
Money market accounts	64.8	70.4	71.2
Cash and cash equivalents end of period	64.8	70.4	71.2

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount. The credit risk involved in cash is handled by only collaborating with financial institutions with satisfactory creditworthiness. No credit risk is considered to exist in relation to cash as the counterparty is Nordea, which has Moody's ratings of P-1 and Aa3 short-term and long-term, respectively.

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4. Treasury shares

	Number of Shares	Nominal value	Percentage of share capital	Market value (DKK millions)
1 January 2019	13,297	13,297	1.08	1.1
Acquisition of shares*	5,293	5,293	-	-
Adjustments	-	-	0.43	0.5
Treasury shares at 30 June 2019	18,590	18,590	1.51	1.6

The number of shares at 1 January 2019 has been restated to reflect the new denomination (nominally DKK 1 per share).

* In connection with the reversed share split, NeuroSearch acquired 5,293 outstanding shares from shareholders.



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MANAGEMENT STATEMENT

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2019. The interim report has been reviewed by the company's independent auditors.

The interim report, which contains financial statements of NeuroSearch A/S, is presented in accordance with IFRS as adopted by the EU, IAS 34 and additional Danish disclosure requirements for interim reports of listed companies.

We consider the accounting policies to be appropriate and the overall presentation in the interim report to be adequate.

Therefore, in our opinion, the interim report gives a true and fair view of NeuroSearch's assets, liabilities and financial position at 30 June 2019 and of the results of its activities and cash flows for the period 1 January to 30 June 2019. Moreover, in our opinion, the management's report includes a fair review of developments in NeuroSearch's activities and financial position and describes the significant risks and uncertainty factors that NeuroSearch faces.

Hvidovre, 21 August 2019

Executive Management

Allan Andersen
CEO

Board of Directors

Mikkel Primdal Kæregaard
Chairman

Jesper Præstensgaard

Allan Andersen



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The Independent Auditor's Review Report on Interim Financial Statements

To the Shareholders of NeuroSearch A/S

We have reviewed the Interim Financial Statements of NeuroSearch A/S for the period 1 January 2019 - 30 June 2019 comprising condensed income statement and statement of comprehensive income, condensed balance sheet, condensed cash flow statement and condensed statement of movements in equity as well as selected explanatory notes, including summary of significant accounting policies (pages 5-9).

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation of interim financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Financial Statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of interim financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on the Interim Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared in all material respects in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Hellerup, 21 August 2019

PricewaterhouseCoopers

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