Newron Pharmaceuticals

Half-Year Report 2023

Corporate profile

Newron is a biopharmaceutical company focused on the development of novel therapies for patients with diseases of the central and peripheral nervous system. The company's shares are listed on the Swiss Stock Exchange SIX (ticker symbol: NWRN) and are also traded on Xetra (ticker symbol: NP5). Newron is headquartered in Bresso near Milan, Italy, with a subsidiary in Morristown (NJ), USA.

Xadago®/safinamide has received marketing authorization for the treatment of Parkinson's disease in the European Union, Switzerland, the UK, the USA, Australia, Canada, Brazil, Colombia, Israel, the United Arab Emirates, Japan and South Korea, and is commercialized by Newron's Partner, Zambon. Supernus Pharmaceuticals holds the commercialization rights in the USA. Meiji Seika has the rights to develop and commercialize the compound in Japan and other key Asian territories.

Newron is also developing Evenamide as the potential first add-on therapy for the treatment of patients with positive symptoms of schizophrenia.

More information about the Company is available on newron.com

Half-Year 2023 Highlights

Evenamide–schizophrenia

- Exciting results from Study 014/015, the first international trial of an antipsychotic new chemical entity (NCE) as an add-on therapy to a single antipsychotic in patients with treatment resistant schizophrenia (TRS), demonstrated evenamide's efficacy on multiple measures of psychopathology
    - Interim analysis of data from the first 100 patients at the six-month and one-year timepoint showed significant and clinically important, sustained and gradually increasing efficacy on PANSS total, CGI-S and LOF
    - Final efficacy and safety results from all 161 patients at the six-week primary endpoint confirmed interim results and demonstrated improvement on all three of the PANSS subscales (positive, negative, general psychopathology)
    - Results support movement to potentially pivotal, multinational, randomized, placebo-controlled trial,
    - and suggest a potential new strategy for the management of TRS patients
- Presentation of data to the medical community at international psychiatry conferences, highlighting the multi-modal, clinically important response to evenamide in TRS patients, across various domains and multiple timepoints
- Publication of data from study 014/015 in peer-reviewed journal, the *International Journal of Neuropsychopharmacology,* outlining the continued improvement in symptoms of psychosis in TRS patients receiving evenamide
- Following the publication of this encouraging data, the Company is working towards initiation of study 003, a potentially pivotal, multinational, randomized, double-blind, twelve-week, placebo-controlled study assessing the efficacy, safety and tolerability of evenamide (15/30 mg bid) as an add-on treatment in patients with TRS
- Evenamide (30 mg bid) is also being evaluated as a treatment in patients with chronic schizophrenia demonstrating inadequate benefit to their current second generation antipsychotic, in study 008A, a potentially pivotal four-week, randomized, double-blind and placebo-controlled study; patient recruitment is ongoing and on track to report full results by end of year/early 2024

Xadago®/safinamide–Parkinson's disease

- Newron, and its partners Zambon and Supernus, continue to work to protect intellectual property rights associated with Xadago®/safinamide in the US, responding to Paragraph IV Notice Letters regarding Abbreviated New Drug Applications submitted from generic pharmaceutical manufacturers

Corporate

- Two key promotions strengthening Newron's senior management team:
    - Laura Faravelli, Director Business Development at Newron since 2019, promoted to Vice President Business Development in July, following the retirement of Marco Caremi
    - Roberto Galli, Vice President Finance since 2012, promoted to Chief Financial Officer in July
- Gillian Dines appointed as a Non-Executive Director to the Board of Newron, following J. Donald (Don) deBethizy stepping down from the Board after a nine-year tenure
- Implementation of 2023 ESG goals well on track

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Shareholder Letter

Dr. Ulrich Köstlin

Stefan Weber

Dear Shareholder,

The first half of 2023 has been a period of enormous progress for Newron. We have reported three striking sets of data from our evenamide development program for treatment-resistant schizophrenia (TRS), presented these results at international psychiatry conferences, and published key results in a peer reviewed journal. Newron is on track to report more crucial data in the second half of this and early next year from the phase II study in TRS as well as data from its Phase III trial in non-treatment resistant schizophrenia. Finally, we are progressing towards the initiation of the potentially pivotal study assessing the efficacy, safety and tolerability of evenamide (15/30 mg bid) as an add-on treatment in patients with TRS. The exciting results shown lately triggered substantial interest in potential partners on future collaboration opportunities for the development of evenamide. We remain confident on the outlook of evenamide and look forward to providing further updates in the coming months.

Evenamide – schizophrenia

In Q1 2023, we were able to announce three exciting new sets of data evaluating evenamide as an add-on treatment for patients with TRS. In January, we presented data from the first 100 patients to complete six months (30 weeks) of treatment with evenamide in study 014/015, the first, international, multi-centre, randomized, open label, rater-blinded study of New Chemical Entity (NCE) evenamide (7.5/15/30 mg bid) as an add-on to an antipsychotic (excluding clozapine) in patients with moderate to severe TRS not responding to their current antipsychotic medication. This announcement was followed, in February, by results from the same cohort at the one-year (52 weeks) timepoint, then in March we also reported topline data from all 161 patients at the six-week timepoint.

Overall, results from study 014 have demonstrated that evenamide was safe and well-tolerated at all doses, with 97% of patients completing six weeks of treatment. The incidence of treatment-emergent adverse events was very low, and more than 90% of the completers chose to continue with evenamide treatment into the long-term extension study (study 015).

The results at the six-week, six-month and one-year timepoints demonstrated a statistically significant improvement of symptoms compared to baseline in patients with TRS after treatment with evenamide. These results were based on changes from baseline in the Positive

and Negative Syndrome Scale (PANSS), the Clinical Global Impression of Severity (CGI-S) as well as the Strauss Carpenter Levels of Functioning (LOCF), which all showed a gradual and sustained improvement over time with treatment with evenamide. At one-year, 41% of patients were rated as 'much' or 'very much' improved versus baseline on the CGI-C, and 29% of patients experienced a two or three category improvement over baseline on the CGI-S.

Moreover, comparison of both the six-month and one-year data with the six-week data shows that not only was there a sustained improvement in all key measures of psychosis, but this benefit increased over time, with a 47% PANSS total score responder rate (> 20% improvement) at 12 months, almost 3 three times the rate at week six (16%). Further evidence of the increasing proportion of patients who experienced a clinically meaningful benefit over time was provided by with the proportion of patients considered as "multi-domain-responders"* increasing 2.5-fold from six weeks to 38% at one year. This continued, sustained improvement is unprecedented for an antipsychotic treatment in patients with TRS and demonstrates the potential of evenamide to offer a genuinely innovative therapeutic option for patients struggling with debilitating schizophrenia symptoms who have exhausted other antipsychotic treatments.

Newron presented these data sets at three key conferences in the CNS space. In March, we introduced results from the first 100 patients after six months in study 014/015 at the 31st European Congress of Psychiatry in Paris, France. In May, we presented data from the same cohort after one year, and data from all 161 patients at the six-week primary endpoint of study 014 at the 34th CINP World Congress of Neuropsychopharmacology and at the Congress of the Schizophrenia International Research Society (SIRS) in Canada. We will be presenting the full results from extension study 015 of all 161 patients after six months at the 36th European College of Neuropsychopharmacology (ECNP) Congress, in Barcelona, Spain, October 7–10, 2023.

We were also delighted that our evenamide data has been published in the peer reviewed journal *International Journal of Neuropsychopharmacology*, at the end of June. As reported in the paper, results to date demonstrate that the addition of evenamide to an antipsychotic improves efficacy measures significantly compared with baseline and produces a time-dependent increase in the proportion of patients with clinically important improvement, even at one year.

We are incredibly encouraged by the data we have seen so far from evenamide. New treatment options are desperately needed for patients with TRS, which affects at least one third, and potentially half of patients suffering from schizophrenia. If approved, evenamide would be the first medication added to existing antipsychotics that improves the symptoms of TRS, offering a much-needed new treatment option for those who are not responding to existing second-generation antipsychotics. As previously detailed, evenamide is revolutionary in its glutamatergic mechanism of action, working through modulation of glutamate and voltage-gated sodium channel blockade. Evenamide modulates sustained repetitive firing, without inducing

* Multi domain responder: patients experiencing a PANSS total score improvement of at least 20%, AND an CGI-C of at least much improved, AND an CGI-S of at least 1 point improvement, AND an CGI-S of at most mildly ill

impairment of normal neuronal excitability, and normalizes glutamate release induced by aberrant sodium channel activity. These results thus validate the role of glutamate release inhibition in repairing disturbed neural connectivity in the treatment-resistant patient population.

Our key focus is now on initiating study 003, a randomized, placebo-controlled and potentially pivotal Phase III study of evenamide, which will allow us to hopefully confirm the potential of evenamide as a new add-on for TRS patients.

Alongside our program in TRS, we are also investigating evenamide in patients with chronic schizophrenia who experience an inadequate response to their current antipsychotics but who are not classed as having TRS. Study 008A is continuing to enroll patients in this indication, and we expect to report results by year-end/early in 2024.

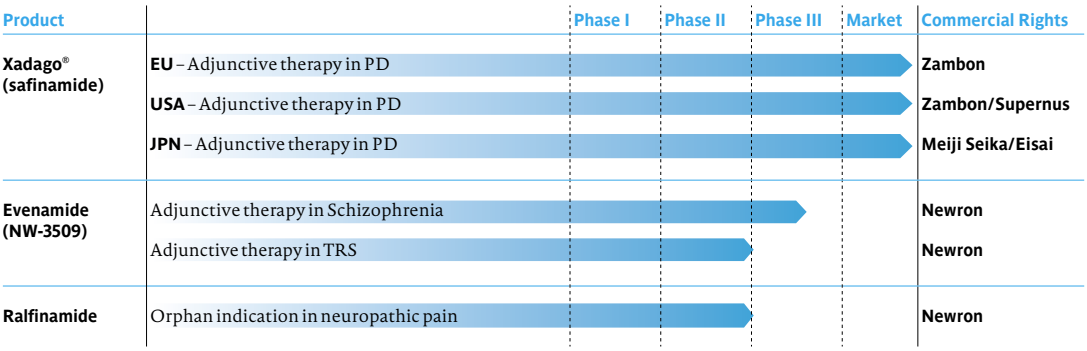
We also continue to have productive dialogue with potential partners on future collaboration opportunities for the development of evenamide and look forward to providing timely updates to shareholders on this in due course.

Xadago®/safinamide–Parkinson's disease

In partnership with Zambon and Supernus, Newron continues to further develop and market its product, Xadago®/safinamide.

In reference to the receipt of several Paragraph IV Notice Letters in May 2021 regarding the submission by generic manufacturers of an Abbreviated New Drug Application to the US Food and Drug Administration (FDA), seeking approval to engage in the commercial manufacture, use or sale of safinamide mesylate drug product in the US before expiration of certain US patents, Newron and its partners Zambon and Supernus had filed an infringement case against these manufacturers to secure its intellectual property rights. We continue to challenge these submissions and note that our patents on Xadago® (safinamide) tablets remain protected by three patents in the FDA Approved Drugs Product List (Orange Book) until at least 2027.

Newron's current Pipeline



Corporate

With effect on July 1, we announced two changes to our senior management team. Marco Caremi retired after 11 years as Executive Vice President of Business Development, and Laura Faravelli was promoted to Vice President of Business Development, to take over this role. Marco was responsible for a broad portfolio of business development functions within Newron and will now enjoy a well-deserved retirement. Laura, who had served as Newron's Director of Business Development since 2019, will lead Newron's efforts in this field as we continue our leading work in the CNS space.

In addition, Roberto Galli, Vice President Finance since 2012, was promoted to Chief Financial Officer of Newron. In this new management position, he will leverage his significant expertise gained over the years through Newron's IPO, corporate transactions, and financings.

As approved by our AGM 2023, we have also had changes at the Board level. J. Donald (Don) deBethizy stepped down as a member of the Board, and Gillian Dines joined as a newly elected Non-Executive Director and Chair of the R&D committee. We would like to thank Don for his many years of hard work on behalf of Newron and look forward to working with Gillian as she brings her extensive knowledge of pharmaceutical R&D to our Board.

ESG commitment and reporting

We have worked hard to further implement our Environment, Social and Governance (ESG) strategy and reporting framework as disclosed in our Annual Report 2022. The ESG goals and projects for 2023 are well on track and our hope is that this will ensure Newron operates as a sustainable and conscious employer, business, and provider of innovative therapeutics.

Financials

For the first six months of 2023, Newron reported a net loss of EUR 7.0 million, compared to EUR 8.6 million in the same period in 2022. Cash used in operating activities is equal to EUR 5.6 million and is in line with H1 2022. Xadago® royalty revenues increased from EUR 2.8 million in H1 2022 to EUR 3.2 million in the reporting period; the Company also registered EUR 2.3 million of other income (EUR 0 in H1 2022). Newron's R&D expenses have increased to EUR 5.7 million from EUR 5.3 million in H1 2022. G&A expenses reached EUR 4.1 million in the first six months of 2023 versus EUR 3.9 million in the same period in 2022. Cash and other current financial assets at June 30, 2023 were at EUR 17.1 million, compared to EUR 22.8 million at the beginning of the year.

Newron's total available cash resources, in addition to its royalty income and Italian R&D tax credits, will fund our planned development programs and operations well into 2024.

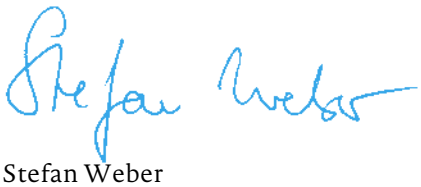
Outlook

The second half of 2023 and early 2024 will bring further crucial data sets and proof points in our evenamide development program. In the TRS indication, this includes the presentation of full data from all patients in study 014/015 after six months at the ECNP Congress in October, and for the 12 months, as well as the preparations towards initiation of study 003, a potentially pivotal trial. In non-TRS, we remain on track to report results from study 008A in patients with chronic schizophrenia who are inadequate responders to their current second-generation antipsychotic. We are excitedd by the enormous progress we have already made with evenamide and look forward to providing further updates as the year goes on.

Our Company has been strengthened this year by the promotion of talented team members to the senior management team and addition of specific knowledge and experience to the board, as well as a renewed commitment to ESG that will enable us to continue as a sustainable business. We are continuing to look for opportunities to develop our pipeline and leverage the expertise of our team in schizophrenia, and we continue to be in dialogue with potential partners for evenamide. Thank you once again for your continued support of Newron and our vision to bring novel therapies to patients.

Yours sincerely,

Dr. Ulrich Köstlin
Chairman



Stefan Weber
Chief Executive Officer

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

Auditor Report

Newron Pharmaceuticals S.p.A.

Review report on the interim condensed consolidated financial statements

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Review report on the interim condensed consolidated financial statements

To the Board of Directors of
Newron Pharmaceuticals S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement cash flows and the related explanatory notes of Newron Pharmaceuticals S.p.A. and its subsidiaries (the "Newron Group") as of 30 June 2023. The Directors of Newron Pharmaceuticals S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Newron Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34).

Material uncertainties related to going concern

We draw attention to the information provided in the Notes "2. Basis of preparation" of the Interim Condensed Consolidated Financial Statements describing the Directors' assessment on going concern. In detail, the Directors state that, even if the Group is exposed in the second half of 2024 to material uncertainties related to liquidity risk, the Group's operations will be funded for a period of at least 12 months from the date of approval of the interim condensed consolidated financial statements by the Board of Directors, considering the Group's current cash position and the level of spending planned in management's budget.

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Our limited review report is not modified in respect of this matter.

Milan, July 31, 2023

EY S.p.A.

Paolo Zocchi
(Auditor)

Interim Condensed Consolidated Statement of Profit or Loss

(In thousand Euro, except per share information)	Note	For the six months ended June 30 2023 (unaudited)	2022 (unaudited)
Licence income from contracts with customers		20	14
Royalties from contracts with customers	6	3,210	2,816
Other income from contracts with customers		2,264	0
Revenue		5,494	2,830
Research and development expenses	7	(5,685)	(5,324)
Marketing and advertising expenses		(53)	(65)
General and administrative expenses	8	(4,062)	(3,894)
Operating result		(4,306)	(6,453)
Financial income	9	126	194
Financial expenses	9	(2,759)	(2,376)
Result before tax		(6,939)	(8,635)
Income tax		(11)	(1)
Net loss		**(6,950)**	**(8,636)**
Loss per share			
Basic and Diluted loss per share	10	(0.39)	(0.48)
Weighted average number of shares (thousands)		17,845	17,845

Interim Condensed Consolidated Statement of Comprehensive Income

(In thousand Euro)	Note	For the six months ended June 30 2023 (unaudited)	2022 (unaudited)
Net loss for the year		(6,950)	(8,636)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on other current assets		28	(117)
Exchange differences on translation of foreign operations		(62)	16
Net other comprehensive (loss) that may be reclassified to profit or loss in subsequent periods		(34)	(101)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans		(13)	30
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		(13)	30
Other comprehensive (loss) for the period, net of tax		(47)	(71)
Total comprehensive loss for the period, net of tax		**(6,997)**	**(8,707)**

(The accompanying notes are an integral part of these financial statements)

Interim Condensed Consolidated Statement of Financial Position

(In thousand Euro)	Note	As of June 30, 2023 (unaudited)	As of December 31, 2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment		64	72
Right-of-use assets		408	455
Non-current receivables	11	6,781	8,175
		7,253	8,702
Current assets			
Receivables and prepayments	12	7,102	5,719
Other current financial assets	13	9,426	9,350
Cash and cash equivalents	14	7,713	13,424
		24,241	28,493
Total assets		**31,494**	**37,195**
Shareholders' equity			
Share capital	15	3,569	3,569
Share premium and other reserves		(27,293)	(9,800)
Share option reserve	16	15,902	15,847
Retained earnings		(12,237)	(22,805)
Translation differences		(903)	(841)
Total shareholders' equity		**(20,962)**	**(14,030)**
Liabilities			
Non-current liabilities			
Interest-bearing loan	17	34,218	45,165
Non-current lease liabilities		274	325
Cash-settled share-based liabilities	18	689	220
Employee severance indemnity		513	474
		35,694	46,184
Current liabilities			
Interest-bearing loan	17	12,409	0
Current lease liabilities		171	172
Cash-settled share-based liabilities	18	230	0
Trade and other payables	19	3,952	4,869
		16,762	5,041
Total liabilities		52,456	51,225
Shareholders' equity and liabilities		**31,494**	**37,195**

(The accompanying notes are an integral part of these financial statements)

Interim Condensed Consolidated Statement of Changes in Equity

(In thousand Euro)	Note	Share capital	Share premium and other reserves	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2022 (audited)		3,569	5,101	15,367	(814)	(20,116)	3,107
Net loss		0	0	0	0	(8,636)	(8,636)
Other comprehensive income/(loss)		0	0	0	16	(87)	(71)
Total comprehensive loss for the period		0	0	0	16	(8,723)	(8,707)
Previous year loss allocation		0	(14,901)	0	0	14,901	0
Share option scheme	16	0	0	350	0	0	350
Fair value reserve release		0	0	0	0	5	5
Balance at June 30, 2022 (unaudited)		3,569	(9,800)	15,717	(798)	(13,933)	(5,245)
Balance at January 1, 2023 (audited)		3,569	(9,800)	15,847	(841)	(22,805)	(14,030)
Net loss		0	0	0	0	(6,950)	(6,950)
Other comprehensive income/(loss)		0	0	0	(62)	15	(47)
Total comprehensive loss for the period		0	0	0	(62)	(6,935)	(6,997)
Previous year loss allocation		0	(17,493)	0	0	17,493	0
Share option scheme	16	0	0	55	0	0	55
Fair value reserve release		0	0	0	0	10	10
Balance at June 30, 2023		**3,569**	**(27,293)**	**15,902**	**(903)**	**(12,237)**	**(20,962)**

(The accompanying notes are an integral part of these financial statements)

Interim Condensed Consolidated Statement of Cash Flows

(In thousand Euro)	Note	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Result before taxes		(6,939)	(8,635)
Interest received		15	13
Interest paid		(533)	(532)
Adjustments for:			
Depreciation and amortisation		102	99
R&D tax credit and other non monetary income/expense		3,196	2,786
Share option expenses	16	55	350
Employee severance indemnity expense		98	117
Changes in working capital:			
Current receivables and prepayments and deferred cost		(1,416)	(615)
Trade and other payables and deferred income		(1,575)	(463)
Pension fund paid		0	(115)
Change in non-current receivables	11	1,394	1,365
Cash used in operating activities		**(5,603)**	**(5,630)**
Cash flows from investing activities			
Purchase of financial assets		(402)	(1,613)
Disposal of financial assets		399	1,208
Purchase of property, plant and equipment		(8)	(9)
Net cash flows from/(used in) investing activities		**(11)**	**(414)**
Cash flows from financing activities			
Lease liabilities		(97)	(92)
Net cash flows used in financing activities		**(97)**	**(92)**
Net decrease in cash and cash equivalents		**(5,711)**	**(6,136)**
Cash and cash equivalents at January 1,		13,424	25,019
Cash and cash equivalents at the end of the year		**7,713**	**18,883**

(The accompanying notes are an integral part of these financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

(In thousand Euro unless otherwise stated)

1 Corporate information

Newron Group ("the Group") is composed of the following entities:

- Newron Pharmaceuticals S.p.A. ("Newron" or "the Company"), a clinical stage biopharmaceutical company focused on the discovery and development of drugs for the treatment of central nervous system (CNS) disorders and pain – the parent Company;
- Newron Pharmaceuticals US Inc., a fully owned clinical development subsidiary, incorporated under the Delaware rules, based in Morristown, New Jersey (USA);
- Newron Sweden AB, a fully owned biotechnology company based in Stockholm (Sweden) developing new medicines to treat illnesses caused by necrosis of the Central Nervous System (CNS), currently inactive;
- Hunter-Fleming Limited, a fully owned biopharmaceutical company based in Brixham (United Kingdom) and focused on neurodegenerative and inflammatory disorders, currently inactive;
- Newron Suisse SA, a fully owned clinical development subsidiary based in Zurich (Switzerland), currently inactive.

The Company is incorporated and domiciled in Milan, Italy. The Company is listed on the International Reporting Standard segment of the SIX Swiss Exchange, Zurich, Switzerland, under the trade name NWRN, and it is also traded – on an electronic trading platform called XETRA (at the Dusseldorf Stock Exchange) – under the trade name NP5.

The Group is principally engaged in development and commercialization of novel drugs to treat diseases of the Central and peripheral Nervous System (CNS) and pain.

The interim condensed consolidated financial statements of Newron Group for the six months ended June 30, 2023, were authorised for issuance by the Board of Directors ("the Board") on July 31, 2023.

2 Basis of presentation and changes to the Group's accounting policies

The interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2023, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The presentation currency is Euro. All figures included in the interim condensed consolidated financial statements and notes thereto are rounded to the nearest Euro thousands, except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2022.

As of June 30, 2023, the consolidated loss amounted to EUR 6,950 and the shareholders' equity was negative by EUR 20,962. Since its inception, the Group has incurred significant costs for the funding of its research and development activities without generating enough revenues to sustain them. The Group's liquidity requirements arise primarily from the need to fund its ongoing research and development activities. Historically, Newron has primarily used capital contributions from shareholders, limited government grants mainly in the form of Research and Development contributions, proceeds from contracts with customers (please refer to Note 6 for additional info) and loans (please refer to Note 17 for additional info) to finance the cash needs of its continuing development activities.

The net financial position is negative by EUR 30,852 as of June 30, 2023 (EUR 23,108 as of December 31, 2022), although the net current financial position is positive by EUR 4,329 as of June 30, 2023 (EUR 22,602 as of December 31, 2022). For additional details please refer to Note 20.

Management monitors the Group's cash position on rolling forecasts, based on the expected cash flows to enable the Group to finance research and development activities and continue as a going concern. The ability of the Group to maintain adequate cash reserves to sustain its activities in the short-medium term is highly dependent on the Group's ability to pursue the strategic options aimed at supporting the going concern and the R&D expenditures including:
a) raising further funds from the sale or the out-licensing of its products, improving the financial position;
b) issuing new shares and c) pursuing other cash generating revenue streams. If none among these strategic options will materialize in the short-term, the Group in the second half of 2024, will be exposed to significant uncertainties related to liquidity risk. In this respect, although evenamide has presented encouraging preliminary results that have caused the share price to increase from CHF 1.75 on January 3, 2023, to CHF 5.24 on July 28, 2023, it is not certain that the Group will be able to raise cash from a new financing transaction and/or the out-licencing of evenamide to partners who shall compensate the Group with down-payment, milestones and royalties also sharing the R&D expenditure of the project. The above-mentioned results in a study with treatment resistant schizophrenia patients, which have been published by the Oxford International Journal of Neuropsychopharmacology on July 12th, 2023, have led to multiple discussions by the Company with parties interested in a potential future collaboration for the development of evenamide and, as per assessment by the Group's Management, could lead to a transaction (for regional or world-wide rights) in the upcoming months. Moreover, Management, due to its interactions with institutional investors, is confident to attract new shareholders to the Company. Management is also actively seeking options to revisit the timing of cash outs and reduce the financial burden of the Company by improving the financial position.

Given the above, considering the Group's current cash position and the level of spending planned in Management's budgets, the Directors believe that the Group will be able to meet its obligations as they fall due for a period of at least twelve months from the date of approval of the interim condensed consolidated financial statements, and hence the interim condensed consolidated financial statements have been prepared on a going concern basis.

Macroeconomic and geopolitical uncertainty

With reference to the economic and financial consequences of the ongoing conflict between Russia and Ukraine on the Group's assets and liabilities, Group Management constantly monitors the evolution of the conflict as the geopolitical tensions represent a further element of instability. Despite the fact that Newron Group's business is not exposed in the areas of conflict, the increasing geopolitical tension and the sanctions imposed by the governments of the United States, the European Union, Japan and other jurisdictions, as well as any potential counterresponses by the governments of Russia or other jurisdictions, could adversely affect, directly or indirectly, the supply chain of our suppliers, as well as the global financial markets (please refer to Note 9 for additional information) and financial services industry.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets/Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the reporting date. As estimates, these may differ from the actual results attained in the future. Group management based the estimates on historical experience and on various other assumptions assessed as reasonable, the results of which form the basis for making judgments about the carrying value of assets, liabilities and equity and the amount of revenues and expenses. While making estimates and assumptions, Group management has taken into account the actual and potential effects of the macroeconomic and geopolitical uncertainty.

3 Segment reporting

The Group operates in a single business segment, which is research and development of pharmaceutical drugs. Geographically, the research and development activities are performed in Italy and in USA. The Group does not consider the geographies to be separate segments.

4 Seasonality

The Group's activities are not subject to seasonal fluctuations.

5 Exchange rates of principal currencies

Functional currency

The Group's interim condensed consolidated financial statements are presented in Euro, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity that are measured using that functional currency. The Group uses the direct method of consolidation; on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Foreign currency transactions are translated into the functional currency (Euro), 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 at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. There are no translation differences on non-monetary items.

Group exchange rates

The exchange rates used are detailed in the following table:

	Income statements in Euro (average rates) Six months ended June 30,		Balance sheets in Euro (rates as of)	
	2023	2022	June 30, 2023	December 31, 2022
CHF 1	1.01465	0.96911	1.02166	1.01554
GBP 1	1.14106	1.18708	1.16512	1.12752
SEK 1	0.08824	0.09542	0.08471	0.08991
USD 1	0.92536	0.91459	0.92030	0.93756

6 Royalties and other income from contracts with customers

On June 30, 2023, royalties from contracts with customers (royalties) were equal to EUR 3,210 (on June 30, 2022: EUR 2,816) and other income related to contracts with customers amounted to EUR 2,284 (on June 30, 2022, EUR 14).

Royalties that were payable to Newron according to the agreement in place with its partner Zambon have been communicated to Newron by Zambon.

7 Research and development expenses net of grants and other reimbursements

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Services received from subcontractors	3,299	2,981
Staff costs	1,446	1,543
Consultancy fees	351	296
Material and consumable used	183	94
Travel expenses	175	141
Depreciation, amortisation and impairment expense	34	34
Other research and development costs	197	235
	5,685	5,324

The slight increase of services received from subcontractors, consultancy fees, material and consumable used and travel expenses was due the progress of the on-going pre-clinical and clinical trials and it was mainly related to a phase II/III, four-week, randomised, double-blind, placebo-controlled study to assess the efficacy, tolerability and safety of the therapeutic dose of 30mg BID of evenamide in patients with chronic schizophrenia – as it was still enrolling.

The decrease in staff costs is mainly related to the reduction of costs recognized in connection with the stock option plans. For additional information, please refer to Note 16.

Other research and development costs mainly included insurance expenses and lease costs (offices and archiving space).

In accordance with the Italian Law Decree n. 73/2021 – converted into Law n. 106/2021 – companies investing in research and development activities are allowed to recognize an R&D tax credit that will be equal to 20% of certain R&D expenses incurred in the year. The R&D tax credit does not provide for a direct reimbursement of incurred expenses, as such expenses are only used to calculate the amount that each company can recognize as a receivable. Such receivable can be used to offset the payment of certain taxes and contributions (e.g. social contributions, VAT payables, registration fees, income and withholding taxes and all other tax-related items that companies pay on a monthly basis) with the aim of relieving the actual monthly cash-out.

As of June 30, 2023, the Group did not recognize any tax credit regarding the R&D expenses incurred in the six-month period ending on June 30, 2023, following the assessment of its recoverability. Management of the Group will assess the opportunity to recognize the R&D tax credit during the preparation of the Annual Report 2023. The tax credit related to the R&D expenses of the six-month period ending on June 30, 2023, won't be lost as the Group became entitled to the right to obtain and use a tax credit in return of past compliance with certain conditions relating to the operating activities of the entity.

Since May 14, 2012, all safinamide/Xadago®-related research, development and certain Intellectual Properties expenses borne by the Group are reimbursed by Zambon: accordingly, research and development expenses are presented net of the reimbursement by Zambon, amounting to EUR 85 as of June 30, 2023 (June 30, 2022: EUR 78).

Gross Research and development expenses amounted to EUR 5,770 and EUR 5,402 as detailed in the following table.

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Research and development expenses, gross	5,770	5,402
Reimbursed by Zambon	(85)	(78)
	5,685	5,324

Since inception, no development costs have been capitalised.

8 General and administrative expenses

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Staff costs	1,738	1,928
Consultancy and other professional services	1,432	1,181
Intellectual properties	536	468
Travel expenses	99	62
Operating lease cost	71	72
Depreciation and amortisation expense	68	66
Other expenses	118	117
	4,062	3,894

The decrease in Staff costs is mainly related to the reduction of costs recognized in connection with the stock option plans. For additional information, please refer to Note 16.

The growth of consultancy and other professional services is related to the various activities in which the Group is currently active, among which raising funds and out-licensing its products.

9 Financial results

The following table summarizes the financial income of the period:

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Interest income	38	38
Foreign exchange gains	40	175
Other income	48	1
	126	194

As of June 30, 2022, other income comprised the effects, equal to EUR 1, of the valuation of warrants issued by the Company in accordance with the contracts in place with the European Investment Bank (EIB); as of June 30, 2023, because of the increase in Newron's share price, such evaluation resulted in the recognition of a cost, thus reclassified among financial losses as detailed below. As of June 30, 2023, other income included the increase in the fair value of certain financial assets held by the Company.

The following table summarizes the financial losses of the period:

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Interest expense	2,019	1,898
Lease interest expense	7	7
Foreign exchange losses	34	78
Other costs	699	393
	2,759	2,376

Interest expenses are mainly related to EIB facility: interests to EIB are recognized at amortized cost (IFRS 9) and, as of June 30, 2023, were equal to EUR 1,980 (June 30, 2022: EUR 1,862).

As of June 30, 2023, other costs comprised the effect, equal to EUR 699 (June 30, 2022: income of EUR 1), of the valuation of warrants (please refer to Note 18 for additional information) issued by the Company in accordance with the contracts in place with the European Investment Bank (EIB), while in the same period of the 2022, other costs referred to the decrease in the fair value of the Group Financial assets.

10 Loss per share

The basic loss per share is calculated dividing the net result attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

(In thousand Euro)	For the six months ended June 30,	
	2023 (unaudited)	2022 (unaudited)
Net loss attributable to shareholders	(6,950)	(8,636)
Weighted average number of shares (thousands)	17,845	17,845
Loss per share – basic and diluted (in Euro)	(0.39)	(0.48)

The categories of potential ordinary shares that have dilutive effect are stock options and warrants. At the end of the six-month reporting period, Newron has granted a total of n. 1,162,041 (see also Note 16 for additional information) stock options to certain employees, directors and consultants, and a total of n. 807,169 warrants to EIB (please refer to Note 18 for additional information). As of June 30, 2023, these are anti-dilutive, as their conversion would decrease the loss per share. Thus, the values of basic and diluted loss per share as of June 30, 2023, coincided.

11 Non-current receivables

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Guarantee deposits for leases	75	74
R&D tax credit	6,706	8,101
	6,781	8,175

As of June 30, 2023, the Group was entitled to receive a total R&D tax credit equal to EUR 9,006 (2022: EUR 10,351), out of which EUR 6,706 reclassified among the Non-current asset (2022: EUR 8.101) and EUR 2,300 reclassified among the current asset (2022: EUR 2,250). During the six-month period ended June 30, 2023, the total net decrease of the R&D tax credit is equal to EUR 1,345 (in first half 2022, was EUR 1,268) and represents the amount used to offset the payments of certain taxes and contributions incurred in the period. According to the Group's business plan, the total amount of R&D tax credit receivable recognized as of June 30,

2023, will be recovered through the offset of the payments of certain social contributions and other tax expenses of the upcoming years.

12 Receivables and prepayments

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Receivables	2,026	1,944
Prepayments	1,779	750
VAT receivable	534	310
R&D tax credit	2,300	2,250
Other receivables	463	465
	7,102	**5,719**

Receivables are almost entirely represented by the invoices and accruals related to the royalties on net sales generated by Zambon Group and its commercial partners.

Prepayments reflects the comparison between the invoices received from Clinical Research Organizations (CRO) involved in long-lasting clinical trials and the assessment regarding the percentage of completion of their ongoing development activities.

The R&D tax credit receivable reflects the amount that Management expects to use within the next twelve months to offset the payments of certain social contributions and other tax expenses.

13 Other current financial assets

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Listed bonds	4,793	4,708
Investment funds	4,633	4,642
	9,426	**9,350**

Gain and losses arising from the adjustment to the fair value of bonds and funds were recognized respectively in the comprehensive income and in the income statement. All acquired securities are in line with the Group's investment policy. For additional information, please refer to Note 9.

14 Cash and cash equivalents

As of June 30, 2023, cash and cash equivalent were equal to EUR 7,713 (2022: EUR 13,424)

Management monitors the Group's cash position on rolling forecasts, based on expected cash flows to enable the Group necessary to finance research and development activities and its ability to act as a going concern. For additional information, refer to Note 2.

As of June 30, 2023, group liquidity (other current financial assets plus cash and cash equivalents) amounts to approximately EUR 17 million (EUR 23 million as of December 31, 2022). Expenses of the period have been partially financed by royalties, other income from customers and existing cash.

15 Share capital

As of December 31, 2022, the subscribed share capital was equal to EUR 3,569,069.00, divided into 17,845,345 ordinary shares with par value equal to EUR 0.20 each. There was no authorised share capital.

During the last 18 months, no changes occurred in Newron' share capital.

(In Euro)	Total
As of December 31, 2021 – Newron Group	**3,569,069.00**
As of December 31, 2022 – Newron Group	**3,569,069.00**
	3,569,069.00

Accordingly, as of June 30, 2023, the subscribed share capital was equal to EUR 3,569,069.00, divided into 17,845,345 ordinary shares with par value equal to EUR 0.20 each.

16 Share option reserve

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
At the beginning of the year	15,847	15,367
Share option scheme	55	480
At the end of the period	**15,902**	**15,847**

To incentivise the efforts of employees, directors and certain consultants directed at the growth of the Company and its subsidiaries in the medium term, the Group has approved during its existence various Share Option Plans, among which ESOP 2015, ESOP 2017, ESOP 2018, ESOP March 2020, ESOP December 2020, and ESOP 2022 are still valid. All options have been awarded free of charge.

The table below shows a summary of the granted options:

	Employee Share Option Plans								
	2013	2014	2015	2017	2018	Mar 2020	Dec 2020	2022	Total
At December 31, 2021	**320,174**	**180,934**	**382,232**	**102,953**	**364,973**	**386,873**	**129,572**	**0**	**1,867,711**
Expired	0	0	0	0	0	0	(61,197)	0	(61,197)
Granted	0	0	0	0	0	8,537	0	169,497	178,034
Voluntarily waived	0	0	(180,089)	0	0	0	0	(6,642)	(186,731)
Waived	0	0	0	0	0	(36,992)	(7,174)	0	(44,166)
At December 31, 2022	**320,174**	**180,934**	**202,143**	**102,953**	**364,973**	**358,418**	**61,201**	**162,855**	**1,753,651**
Expired	(320,174)	(180,934)	0	0	0	0	0	(81,422)	(582,530)
Waived	0	0	0	0	(2,134)	(1,010)	(2,615)	(3,321)	(9,080)
At June 30, 2023	**0**	**0**	**202,143**	**102,953**	**362,839**	**357,408**	**58,586**	**78,112**	**1,162,041**

On March 31st, 2023, the capital increase dedicated to ESOP 2013 and ESOP 2014 expired, thus options granted under these plans are no longer available.

All options have been awarded free of charge and are recognised as personnel expenses over the vesting period. The increase of share option reserve as per end of June 2023 is equal to EUR 55 (2022: EUR 350) and it's related to the following combined effects: a) recognition of cost of the year equal to EUR 98 (of which EUR 66 refers to G&A employees and the remaining EUR 32 to R&D employees); b) write-off of the reserve (EUR 16) related to options waived by one R&D employee that left the Group and c) write-off of the reserve (EUR 27) related to options lost as condition was not met.

Plan's name	Exercise price (in Euro)	Number out-standing options	Weighted-average remaining contractual life (years)	Number of exercisable options
ESOP 2015	28.14	112,537	1.75	112,537
	24.90	14,938	1.75	14,938
	25.41	10,740	1.75	10,740
	15.22	6,498	1.75	6,498
	21.87	26,000	1.75	26,000
	15.97	31,430	1.75	31,430
ESOP 2017	15.97	93,524	4.16	93,524
	6.10	9,429	4.16	7,073
ESOP 2018	10.06	313,754	5.01	313,754
	7.27	22,764	5.01	22,764
	4.40	26,321	5.01	21,341
ESOP 2020M	4.40	331,797	5.01	249,597
	1.93	8,537	5.01	0
	1.83	8,537	5.01	0
	1.32	8,537	5.01	0
ESOP 2020D	1.97	58,586	3.16	0
ESOP 2022	2.63	78,112	1.75	0
		1,162,041		**910,196**

As of June 30, 2023, n. 910,196 options were vested; additional n. 37,823 options will vest within year end, of which 29,287 only if a certain condition will be met.

17 Interest-bearing loan

On October 29, 2018, the Group entered into a financing agreement with EIB granting Newron with up to EUR 40 million term loan facility, subject to achieving a set of agreed performance criteria. The loan may be drawn in five tranches within a 36-month period from signing. The facility has a five-year term from the date of drawdown for each tranche. Group's obligations under the EIB agreement are secured by a security interest in certain cash accounts for the benefit of EIB.

Following Newron' requests, EIB approved to transfer five tranches (identified as Tranche 1, Tranche 2, Tranche 3, Tranche 4 and Tranche 5) amounting respectively to EUR 10 million (cashed-in on July 1, 2019), EUR 7.5 million (cashed-in on November 25, 2019), EUR 7.5 million (cashed-in on April 14, 2020) EUR 7.5 million (cashed-in on September 6, 2021) and EUR 7.5 million (cashed-in on October 18, 2021). The tranches have an interest rate of 3% to be paid on an annual basis in arrears. A further, annual fixed rate is payable together with the outstanding principal amount on expiry of the relevant facility: Tranche 1 fixed rate is equal to 6.75%; Tranches 2 and 3 fixed rate is equal to 6.25%; while Tranches 4 and 5 fixed rate is equal to 5.25%.

Furthermore, according to the agreement between the parties, Newron has granted EIB with a total of n. 807,169 warrants (out of which n. 201,793 related to Tranche 1 and n. 151,344 per each of the Tranches 2, 3, 4 and 5) to purchase ordinary shares of Newron (for additional information, please refer to Note 19). There are no un-used tranches.

As of June 30, 2023, the Interest-bearing loan is equal to EUR 46,626 (2022: EUR 43,886) recognized at amortized cost of which, EUR 12,409 (2022: EUR 0) reclassified among the current liabilities.

18 Cash-settled share-based liability

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
At the beginning of the period	220	213
Period-end adjustment	699	7
At the end of the period	919	220

As a consideration for the five tranches cashed-in from EIB, the Company awarded EIB, free of charge, with n. 807,169 warrants, representing 4.07% of the fully diluted share capital as of the granting date, calculated taking into consideration not only the issued share capital but also the outstanding stock options (please refer to Note 16). Under the agreement, warrants will expire on November 28, 2028, and until then, EIB will be entitled to receive one newly issued Newron' share per each warrant at an exercise price equal to EUR 9.25. If no triggering events as defined in the contract with EIB will occur, n. 201,793 of the issued warrants can't be exercised before March 15, 2024; n. 302,688 issued warrants can't be exercised before September 15, 2025, while the remaining n. 302,688 issued warrants can't be exercised before September 15, 2026. The agreement includes a cash-settlement option.

Warrant's Fair Value has been calculated at the issuance of each tranche (June 28, 2019, November 25, 2019; April 14, 2020, September 6, 2021, and October 18, 2021) and is determined at each reporting date. The fair value of each tranche of issued warrants, has been calculated by an external appraiser who applied the binomial model assuming no arbitrage, a risk-neutral framework, a volatility equal to 89.45% (as of December 31, 2022, was 77%) and no issuance of dividends.

As of June 30, 2023, warrants' fair value, calculated using the EUR Interest Rate Swap curve, was equal to EUR 919 (2022: EUR 220) of which, EUR 230 (2022: EUR 0) reclassified among the current liabilities.

19 Trade and other payables

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Trade payables	1,879	1,909
Accrued expenses	1,021	1,637
Pension contribution payable	347	398
Social security	144	135
Other payables	561	790
	3,952	**4,869**

Accrued expenses reflects the comparison between the invoices received from CRO's involved in long-lasting clinical trials, and the assessment regarding the percentage of completion of their ongoing development activities.

Other payables are mainly related to the accrual of personnel expenses such as Defined Benefit Obligations, holidays and other.

20 Net Financial Position

As of June 30, 2023, the net financial position decreased by EUR 7,744. The decrease was mainly due to the development activities performed by the Group in the six-month period ending June 30, 2023.

The following table details the net financial position as of June 30, 2023, and December 31, 2022, respectively:

(In thousand Euro)	As of	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Other current financial assets	9,426	9,350
Cash and cash equivalent	7,713	13,424
A. Total current financial Asset	**17,139**	**22,774**
Interest bearing loan	(12,409)	0
Cash-settled share-based liabilities	(230)	0
Current lease liabilities	(171)	(172)
B. Current financial liabilities	**(12,810)**	**(172)**
C. Net current financial position (A+B)	**4,329**	**22,602**
Interest bearing loan	(34,218)	(45,165)
Cash-settled share-based liabilities	(689)	(220)
Non-current lease liabilities	(274)	(325)
D. Non current financial liabilities	**(35,181)**	**(45,710)**
E. Net financial position (C+D)	**(30,852)**	**(23,108)**

21 Financial instruments by category

The following tables present the breakdown of financial assets and liabilities, evaluated at fair value, by category as of June 30, 2023, and December 31, 2022, respectively:

As of June 30, 2023	Level	Financial assets at amortized costs	Debt instruments at fair value through OCI with reclassification	Financial assets at fair value through profit and loss	Other financial liabilities at amortized cost
Assets					
Other current financial assets	1	–	4,793	4,633	–
Trade and other receivables	3	3,880	–	–	–
Total		**3,880**	**4,793**	**4,633**	**–**
Non-current liabilities					
Interest-bearing loan	2	–	–	–	34,218
Non-current lease liabilities		–	–	–	274
Cash-settled share-based liabilities	2	–	–	689	–
Current liabilities					
Interest-bearing loan	2	–	–	–	12,409
Cash-settled share-based liabilities	2	–	–	230	–
Trade and other payables	3	–	–	–	2,440
Current lease liabilities		–	–	–	171
Total		**–**	**–**	**919**	**49,512**

As of December 31, 2022	Level	Financial assets at amortized costs	Debt instruments at fair value through OCI with reclassification	Financial assets at fair value through profit and loss	Other financial liabilities at amortized cost
Assets					
Other current financial assets	1	–	4,708	4,642	–
Trade and other receivables	3	2,767	–	–	–
Total		**2,767**	**4,708**	**4,642**	**–**
Liabilities					
Interest-bearing loan	2	–	–	–	45,165
Trade and other payables	3	–	–	–	2,698
Non-current lease liabilities		–	–	–	325
Cash-settled share-based liabilities	2	–	–	205	–
Current lease liabilities		–	–	–	172
Total		**–**	**–**	**205**	**48,360**

Fair Value hierarchy

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There were no transfers between Levels during the six-month period ending on June 30, 2023, and the whole year 2022.

22 Related party transactions

The following tables provide the total amount of transactions that the Group has been entered into with related parties during the six-month period ending June 30, 2023, and June 30, 2022, as well as balances with related parties outstanding as of June 30, 2023, and June 30, 2022, respectively:

As of June 30, 2023	Sales to/Cost reimbursed by related parties	Royalties	Purchases from related parties	Amounts owed by related parties, net	Amounts owed to related parties
Zambon (whole group)	2,349	3,210	131	231	22
As of June 30, 2022					
Zambon (whole group)	78	2,816	109	48	0

23 Commitments and contingent liabilities

Other commitments

The Group has entered into contracts for clinical development with external subcontractors. The Group compensates its suppliers for the services provided on a regular basis. The expenditure contracted for at the balance sheet date, but not yet incurred, is equal to about EUR 3 million. The Group shall not incur material penalty fees for the closure of any of its contracts.

Contingent liabilities

According to the agreements signed, the achievement of future results related to the development of certain Newron' compounds will trigger milestones fees and other payments. As uncertainty remains upon the future results of the development of the compounds, the Directors concluded that the payment of the above milestone fees is not probable.

24 Deferred income taxes

Consistently with the past, the Group has not recognised in the interim condensed consolidated financial statements any deferred income tax asset due to uncertainties concerning the availability of future taxable profits against which such asset may be offset. The theoretical deferred tax asset, measured using the tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse and mainly composed by tax losses carry forwards, would amount to approximately EUR 83 million (as of December 31, 2022: EUR 81 million).

25 Events after the balance sheet date

Effective July 1, 2023, following a Board decision announced on May 2, 2023, Laura Faravelli, Director Business Development since 2019, has been promoted to Vice President Business Development replacing Marco Caremi as he retired on June 30, 2023, while Roberto Galli, Vice President Finance since 2012, has been promoted to Chief Financial Officer.

Bresso, July 31, 2023

Stefan Weber
Chief Executive Officer

Information for Investors

Stock exchange information

Symbol	NWRN
Listing	SIX, XETRA
Nominal value	EUR 0.20
ISIN	IT0004147952
Swiss Security Number (Valor)	002791431

Share price data

Number of fully paid-in shares as at June 30, 2023	17,845,345
52-week high (in CHF)	9.18
52-week low (in CHF)	1.01
June 30, 2023 closing share price	6.12
Loss per share (in EUR)	0.39
Cash and cash equivalents, other short-term financial assets as at June 30, 2023 (in EUR 1,000)	17.1
Market capitalization as at June 30, 2023 (in CHF)	109,213,511

Major shareholders*

Zambon	4.41 %

* With holdings of more than 3% (to the best of the Company's knowledge)

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