Half-Year Report 2024

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 symptoms of schizophrenia.

More information about the Company is available on newron.com

Half-Year 2024 Highlights

Evenamide–Schizophrenia

- Reported positive final one-year results from study 014/015, a Phase II open label trial evaluating evenamide as an add-on therapy to a single antipsychotic in patients with treatment-resistant schizophrenia (TRS):
  - The study demonstrated significant, clinically important, progressive, sustained, and long-lasting improvement on Positive and Negative Syndrome Scale (PANSS) Total, Clinical Global Impression of Change (CGI-S), the mean rating of change for the Clinical Global Impression of Change (CGI-C) and Level of Functioning (LOF)
  - More than 70% of patients experienced clinically important reduction in disease severity
  - 25% of all patients achieved "remission", never described before in TRS patients
  - Data from study 014/015 was presented at the 2024 Annual Congress of the Schizophrenia International Research Society (SIRS)
- Reported compelling results from study 008A, a potentially pivotal, four-week randomized, double-blind and placebo-controlled study of evenamide as an add-on therapy in patients with chronic schizophrenia demonstrating inadequate benefit to their current second-generation antipsychotic
  - Study analysis reveals statistically significant multi-domain benefits in PANSS and Clinical Global Impression of Change (CGI-C) ratings
  - Benefit on efficacy measures increased over time, suggesting larger and enduring patient effects to be expected during long-term treatment
- Together these studies:
  - Confirm evenamide's favorable safety and tolerability profile
  - Demonstrate evenamide's efficacy on multiple measures of psychopathology in TRS and chronic schizophrenia
  - Add to the growing evidence that the glutamatergic inhibition mechanism of action offers an innovative therapeutic option to schizophrenia patients not benefitting from current antipsychotic treatments
- Hosted an Investor Day in New York City focused on the Company's clinical, scientific, and commercial plans for evenamide, which included presentations from leading schizophrenia experts
- The Company is working towards the initiation of a potentially pivotal, multinational, randomized, double-blind, one-year, placebo-controlled study, assessing the efficacy, safety, and tolerability of evenamide as an add-on treatment in patients with TRS
- Several indications of interest received in a structured process of securing the most attractive, value creating transaction around the compound, Board and Management to prioritize and negotiate offers according to their potential to increase shareholders' value, with the expectation of closing a transaction in the coming months

Xadago®/safinamide–Parkinson's disease

- Newron and its partners reached agreement with generic pharmaceutical manufacturers who submitted Paragraph IV Notice Letters regarding Abbreviated New Drug Applications in the US
- In Europe, Supplementary Protection Certificates (SPCs) have been approved in most territories of relevance

Corporate

- Margarita Chavez was elected as a Non-Executive Director to the Board of Newron, bringing with her more than 20 years of US and international dealmaking expertise and leadership in the pharmaceutical industry; she now chairs the Board's Business Development Committee
- The Company entered into an agreement for the subscription of up to 2.05 million newly issued shares, up to a value of EUR 15 million, with an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare
- An agreement was entered into with the European Investment Bank to extend the near-term tranche repayment dates of its 2018 financing agreement until the end of 2025 and into 2026, after potentially significant milestones
- Chairman and CEO increased their holding in Newron, underlining their commitment to the Company

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Shareholder Letter

Dr. Ulrich Köstlin

Stefan Weber

Dear Shareholder,

It's been a busy and exciting six months for Newron where we have delivered two positive clinical milestones in the development of our novel drug evenamide. We reported exceptional data demonstrating positive clinical results from both study 014/15 and study 008A, which evaluated evenamide as an add-on treatment for patients with treatment resistant schizophrenia (TRS) and chronic schizophrenia, respectively.

We were also delighted to host a successful Investor Day in June in New York City, featuring presentations from leading KOLs on the unmet medical needs for patients with schizophrenia, underscoring the potentially pivotal role of evenamide for these patients. We believe our new chemical entity has blockbuster potential and could bring enormous benefits to patients who are insufficiently served by the existing treatments available.

Newron, with the help of a leading healthcare investment bank, is currently exploring potential partnership agreements and opportunities for collaboration that will enable us to progress evenamide into Phase III clinical development for the potential treatment of patients with TRS and create value for our shareholders.

Evenamide – Schizophrenia

During Q1 2024, Newron reported final one-year results from study 014/015, a Phase II open label trial evaluating evenamide as an add-on therapy to a single antipsychotic in treatment-resistant patients. The data demonstrated that evenamide as an add-on treatment for patients with TRS was associated with sustained, clinically significant benefits that increased throughout the one-year course of treatment, with more than 70% of patients experiencing a clinically important reduction in disease severity.

Approximately 50% of patients that completed one-year of treatment with evenamide no longer met the criteria used to diagnose treatment resistance. Remarkably, 25% of patients achieved "remission" and no patient relapsed during the one-year treatment period. Remission represents the highest level of improvements that can be obtained in a patient with schizophrenia and has never been described before in TRS patients. The durability and longevity of these clinical benefits is unprecedented in TRS and suggest that the glutamate

modulating effect of evenamide, taken alongside an antipsychotic, could result in a progressive and enduring modification in brain processes.

Newron presented data from study 014/15 alongside Newron's evenamide clinical development outlook at the 2024 Annual Congress of the Schizophrenia International Research Society in April 2024.

In Q2, we announced two sets of data from study 008A, a potentially pivotal four-week randomized, double-blind and placebo-controlled study of evenamide as an add-on therapy in patients with chronic schizophrenia demonstrating inadequate benefit to their current second-generation antipsychotic. Topline data announced in April confirmed evenamide's favorable safety and tolerability profile.

The study met the primary endpoint (improvement of the Positive and Negative Syndrome Scale (PANSS) Total Score) and key secondary endpoint (improvement of the Clinical Global Impression of Severity (CGI-S)), with a high rate of study completion (96%). No new or specific concerns were raised in the study; only 25% of the patients in the study experienced at least one adverse event (evenamide 25% versus placebo 25.8%).

These results validated evenamide as the first glutamate modulator to demonstrate efficacy in inadequately responding patients with schizophrenia in a placebo-controlled study.

Further analysis of this data announced in May revealed significant multi-domain benefits in PANSS and CGI-C ratings, confirming a highly statistically significant improvement for evenamide irrespective of the population analyzed and the statistical methods used. In addition, the benefits noted on efficacy measures increased up to Day 29, indicating potential larger and enduring effects during long-term treatment with evenamide. This reiterates the findings in study 014/015, in which patients with TRS who were treated with evenamide for one-year, experienced progressive, sustained benefits.

We will be presenting the results of study 008A at the upcoming 37th ECNP Congress (September 21-24, 2024) in Milan, Italy.

Together the data from study 014/15 and study 008A confirm evenamide's favorable safety and tolerability profile and add to the growing evidence that the glutamatergic inhibition mechanism of action offers an innovative therapeutic option to schizophrenia patients not benefitting from current antipsychotic treatments. More than one third of schizophrenia patients suffer from TRS and are not responding to the existing second-generation antipsychotics on the market. These patients are in desperate need for the development and approval of new therapeutic treatments. If approved, evenamide would be the first medication added to existing antipsychotics that improves the symptoms of TRS.

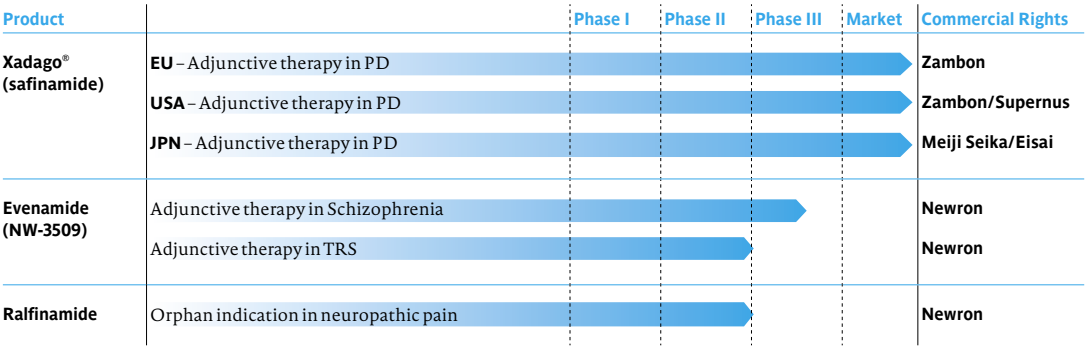
Following results from both study 008A and study 014/015, our key focus is now on initiating a Phase III randomized, double-blind, one-year clinical trial. The trial is expected to start in the first half of 2025 and will compare evenamide to placebo as an add-on treatment in at least

400 patients with TRS. Participants will be evaluated at three timepoints, 12 weeks, 26 weeks, and one year, to assess the long-term safety, tolerability, and efficacy of evenamide. The study design has received regulatory approval in all relevant territories, final discussion is ongoing with the US-FDA on the dosing regimen.

Several indications of interest were received in a structured process of securing the most attractive, value creating transaction for Newron's shareholders, be it a regional or global license or an M&A transaction; process supported by one of world's leading full-service investment banking and capital markets firms; Board and Management will prioritize and negotiate the offers according to their potential to increase shareholders' value, with the expectation to close a transaction in the coming months, enabling progressing of the Phase III clinical development of evenamide.

In June, we welcomed investors, analysts, business partners, and media to an Investor Day in New York City, which focused on the clinical, scientific and commercial plans for evenamide. We were delighted to be joined by Anthony Grace, John Kane and Stephen R. Marder, three leading schizophrenia experts who presented on the unmet medical needs in schizophrenia, as well as new concepts and recent neurobiological findings for treating poor responders and patients with TRS. An outline of the upcoming pivotal study and Newron's Phase III clinical development plan in TRS were also presented by our Chief Medical Officer, Ravi Anand.

Newron's current Pipeline



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 some generic manufacturers of an Abbreviated New Drug Application ANDA 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 the three US patents listed in the FDA Orange Book for Xadago®, Newron and its partners Zambon and Supernus have reached settlement agreement with said generic manufacturers, thus resolving the legal action. All three patents remain valid and in force. Under the agreement, the generic manufacturers will be allowed to enter the US market with a safinamide mesylate drug product no earlier than December 1, 2027.

In the EU, Supplementary Protection Certificates (SPCs) have already been approved in most territories of relevance; Newron and Zambon are confident that upon completion of the still ongoing procedures and targeted activities, the SPCs will be granted in all key territories.

Corporate

In April, Margarita Chavez, who is US-based, was elected as a Non-Executive Director to the Board of Newron following the 2024 Annual General Meeting. Margarita Chavez has been an advisor to our Board since October 2023, and we're delighted to continue to benefit from her more than 20 years of strategic transaction expertise in the US and internationally and her leadership in the pharmaceutical industry. She now chairs the Newron Board of Directors' Business Development Committee.

During the first half of 2024, we announced an agreement with the European Investment Bank to extend the near-term tranche repayment dates of the 2018 financing agreement until the end of 2025 and into 2026, after potentially significant milestones.

Furthermore, we entered into an agreement for the subscription of up to 2.05 million newly issued shares with an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare. Under the agreement, the fund subscribes to an initial 750,000 newly issued shares at a subscription price of EUR 7.33 per share, which corresponds to gross proceeds of approximately EUR 5.5 million and had the right to subscribe to an additional up to 1,300,000 newly issued shares until no later than January 31, 2025. The funds raised enable us to focus our attention on progressing evenamide into Phase III clinical development and support our activities beyond our immediate inflection points. At the time of this report, 1,350,000 newly issued shares have been subscribed by the investor, under the rules of the agreement, generating proceeds of EUR 9.9 million. For further detail, please refer to https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

In June 2024, we (Dr. Ulrich Köstlin, Chairman of Newron's Board of Directors, and Stefan Weber, CEO) demonstrated our commitment to Newron and its future by buying shares via the SIX Swiss Exchange and Xetra.

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 2023. The ESG goals and projects for 2024 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. We will provide a further update in our 2024 Annual Report.

Financials

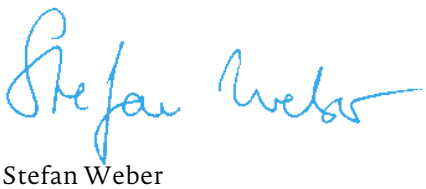
For the first six months of 2024, Newron reported a net loss of EUR 9.6 million, compared to EUR 7.0 million in the same period in 2023. Cash used in operating activities has increased to EUR 8.8 million from EUR 5.6 million in H1, 2023. Xadago® royalties from Zambon increased from EUR 3.2 million in H1, 2023 to EUR 3.4 million in the reporting period. Newron's R&D expenses have risen to EUR 6.5 million from EUR 5.7 million in H1 2023. G&A expenses increased from EUR 4.1 million in first six months of 2023 to EUR 4.6 million in the reporting period. Cash and Other current financial assets as at December 31, 2023 were at EUR 12.6 million, compared to EUR 12.2 million at the end of reporting period. Newron's total available cash resources will fund the Company's planned development programs and operations well into 2025.

Outlook

Following positive results from the pivotal study 008A and unprecedented results from study 014/015, Newron expects to enter into a value-creating transaction around evenamide in the coming months, enabling progression of the Phase III clinical development of the compound. We are very excited about the blockbuster potential of evenamide and the benefits it can bring to patients who are currently underserved by the current treatments on the market. Newron also continues to assess the market for opportunities to expand its CNS pipeline. We look forward to providing an update on our evenamide partnership discussions and any pipeline developments in due course.

Our Company's position has been strengthened this year through improved financial flexibility as well as our ongoing commitment to ESG that will enable us to continue as a sustainable business. We would like to thank you, our shareholders, for your continued support as we advance our pipeline and bring much needed therapies closer 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, 2024

Auditor Report

Newron Pharmaceuticals S.p.A.

Review report on the interim condensed consolidated financial statements

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Building a better working world

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 as of June 30, 2024, 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 and the interim condensed consolidated statement cash flows for the six-months period then ended and the related explanatory notes of Newron Pharmaceuticals S.p.A. and its subsidiaries (the "Newron Group"). The Directors of Newron Pharmaceuticals S.p.A. are responsible for the preparation and presentation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. 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 Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Basis for Disclaimer of Conclusion

As discussed in the information provided in the Notes "2. Basis of presentation and changes to the Group's accounting policies" of the interim condensed consolidated financial statements describing the Directors' assessment on going concern, the Directors state that considering the Group's current cash, equity and balance sheet position and the level of spending planned in Company's budgets, to date there are no binding agreements that allow the Group to meet its obligations as they fall due for a period of at least 12 months from the date of the approval by the Board of the half year financial statements 2024 as requested by IFRS. As a result, we were unable to carry out appropriate limited review procedures to conclude as to appropriateness of the use of the going concern assumption in the preparation of the interim condensed consolidated financial statements by the Board of Directors.

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Disclaimer of Conclusion

Because of the significance of the matter discussed in the Basis for Disclaimer of Conclusion paragraph, we are unable to conclude on the compliance of the interim condensed financial statements of Newron Group as of June 30, 2024 with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 17, 2024

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 2024 (unaudited)	2023 (unaudited)
Licence income from contracts with customers		0	20
Royalties from contracts with customers	6	3,407	3,210
Other income from contracts with customers	6	0	2,264
Revenue		3,407	5,494
Research and development expenses	7	(6,453)	(5,685)
Marketing and advertising expenses		(58)	(53)
General and administrative expenses	8	(4,579)	(4,062)
Operating result		(7,683)	(4,306)
Financial income	9	870	126
Financial expenses	9	(2,731)	(2,759)
Result before tax		(9,544)	(6,939)
Income tax		(13)	(11)
Net loss		**(9,557)**	**(6,950)**
Loss per share			
Basic and Diluted loss per share	10	(0.51)	(0.39)
Weighted average number of shares (thousands)		18,563	17,845

Interim Condensed Consolidated Statement of Comprehensive Income

(In thousand Euro)	Note	For the six months ended June 30 2024 (unaudited)	2023 (unaudited)
Net loss for the year		(9,557)	(6,950)
Net other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:			
Net gain on other current assets		14	28
Exchange differences on translation of foreign operations		(22)	(62)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(8)	(34)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans		6	(13)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		6	(13)
Other comprehensive loss for the period, net of tax		(2)	(47)
Total comprehensive loss for the period, net of tax		**(9,559)**	**(6,997)**

(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, 2024 (unaudited)	As of December 31, 2023 (audited)
Assets			
Non-current assets			
Property, plant and equipment		49	53
Right-of-use assets		293	352
Non-current receivables	11	4,515	5,809
		4,857	6,214
Current assets			
Receivables and prepayments	12	7,892	7,053
Other current financial assets	13	4,291	6,261
Cash and cash equivalents	14	7,897	6,338
		20,080	19,652
Total assets		**24,937**	**25,866**
Shareholders' equity			
Share capital	15	3,809	3,569
Share premium and other reserves	16	(35,105)	(27,293)
Share option reserve	17	16,037	16,044
Retained earnings		(14,719)	(21,396)
Translation differences		(854)	(832)
Total shareholders' equity		**(30,832)**	**(29,908)**
Liabilities			
Non-current liabilities			
Interest-bearing loan	18	48,530	25,753
Non-current lease liabilities		137	210
Cash-settled share-based liabilities	19	1,295	473
Employee severance indemnity		430	412
		50,392	26,848
Current liabilities			
Interest-bearing loan	18	0	22,277
Current lease liabilities		184	175
Cash-settled share-based liabilities		0	368
Trade and other payables	20	5,193	6,106
		5,377	28,926
Total liabilities		55,769	55,774
Shareholders' equity and liabilities		**24,937**	**25,866**

(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, 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	16	0	(17,493)	0	0	17,493	0
Share option scheme	17	0	0	55	0	0	55
Fair value reserve release		0	0	0	0	10	10
Balance at June 30, 2023 (unaudited)		3,569	(27,293)	15,902	(903)	(12,237)	(20,962)
Balance at January 1, 2024 (audited)		3,569	(27,293)	16,044	(832)	(21,396)	(29,908)
Net loss						(9,557)	(9,557)
Other comprehensive income/(loss)					(22)	20	(2)
Total comprehensive loss for the period		0	0	0	(22)	(9,537)	(9,559)
Previous year loss allocation	16		(16,224)			16,224	0
Issuance of shares	15/16	230	8,177				8,407
New shares issuing costs	16		(170)				(170)
Exercise of options	15/16	10	228				239
Share option scheme	17			170			170
Exercise of options – reclassification of reserves	17		177	(177)			0
Fair value reserve release						(10)	(10)
Balance at June 30, 2024 (unaudited)		**3,809**	**(35,105)**	**16,037**	**(854)**	**(14,719)**	**(30,832)**

(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 2024 (unaudited)	2023 (unaudited)
Result before taxes		(9,544)	(6,939)
Interest received		33	15
Interest paid		(859)	(533)
Adjustments for:			
Depreciation and amortisation		96	102
R&D tax credit and other non monetary income/expense		2,250	3,196
Share option expenses	17	170	55
Employee severance indemnity expense		99	98
Changes in working capital:			
Current receivables and prepayments and deferred cost		(826)	(1,416)
Trade and other payables and deferred income		(1,541)	(1,575)
Change in non-current receivables	11	1,294	1,394
Cash used in operating activities		**(8,828)**	**(5,603)**
Cash flows from investing activities			
Purchase of financial assets		(443)	(402)
Disposal of financial assets		2,459	399
Purchase of property, plant and equipment		(7)	(8)
Net cash flows from/(used in) investing activities		**2,009**	**(11)**
Cash flows from financing activities			
Proceeds from issue of shares	15/16	8,645	0
New shares issuing costs	16	(170)	0
Lease liabilities		(97)	(97)
Net cash flows from/(used in) financing activities		**8,378**	**(97)**
Net increase/(decrease) in cash and cash equivalents		**1,559**	**(5,711)**
Cash and cash equivalents at January 1,		6,338	13,424
Cash and cash equivalents at the end of the period		**7,897**	**7,713**

(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, 2024, were authorised for issuance by the Board of Directors ("the Board") on September 10, 2024.

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, 2024, 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, 2023.

As of June 30, 2024, the consolidated loss amounted to EUR 9,557 and the shareholders' equity was negative by EUR 30,832. 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 (for additional information, please refer to Note 6) and loans (for additional information, please refer to Note 18) to finance the cash needs of its continuing development activities.

The Net financial position is negative by EUR 37,958 as of June 30, 2024 (EUR 36,657 as of December 31, 2023), although the Total current financial asset is positive by EUR 12,188 as of June 30, 2024 (EUR 12,599 as of December 31, 2023). For additional details please refer to Note 21.

The ability of the Group to maintain adequate cash reserves to sustain its corporate activities and to

perform the clinical studies required to progress its compounds, most of all evenamide, towards regulatory approval and commercialization, is highly dependent on the Group's ability to raise further funds from partnering its development stage compounds, the issuance of new shares and other financing transactions, in the short and medium term.

The results from evenamide' open-label one-year study 014/015 in treatment resistant schizophrenia patients as well as the positive results from its potentially pivotal study 008A in poorly responding schizophrenia patients have been exceptionally well received by the financial markets, as evidenced by the 73% Year To Date (YTD) share price increase (Sept. 4, 2024). Also, the average trading volume YTD compared to 3 years average has almost doubled to 113,000 shares/trading day (Sept. 4, 2024), indicating increased interest in the stock. While 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, these positive results have created substantial new interest in evenamide, its innovative mechanism of action and positioning in poorly responding and treatment resistant schizophrenia patients, by potential partners in the pharmaceutical industry.

Board and management of the Group have mandated one of the world's leading full-service investment banking and capital markets firms to support management in the process of securing the most attractive, value creating, transaction for Group's shareholders, be it a regional or global license or an M&A transaction. At the time of this report, several indications of interest have been received, more are expected to arrive. Board and Management, supported by its banking advisor, will rank the offers by their potential to increase shareholders' value.

Considering the Group's current cash, equity and balance sheet position and the level of spending planned in Company's budgets, Management confirms that to date there are no binding agreements that allow the Group to meet its obligations as they fall due for a period of at least 12 months from the date of the approval by the Board of the half year financial statements 2024 as requested by IFRS. The Board of Directors and Management have therefore concluded that the combination of the above conditions and circumstances indicates the existence of a material uncertainty with respect to the Company's ability to continue as a going concern. Nevertheless Board and Management are confident there is a possibility that one or more of the above mentioned opportunities will be concretized in the coming months and consequently the half year consolidated financial statements have been prepared on 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 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 December 31, 2023, except for the adoption of new standards and interpretations effective as of January 1, 2024.

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 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: "Disclosures to clarify the characteristics of supplier finance arrangements" and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16:
Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1:
Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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/which 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)	
	2024	2023	June 30, 2024	December 31, 2023
CHF 1	1.04004	1.01465	1.03799	1.07991
GBP 1	1.17014	1.14106	1.18147	1.15068
SEK 1	0.08779	0.08824	0.08803	0.09012
USD 1	0.92481	0.92536	0.93414	0.90498

6 Royalties and other income from contracts with customers

On June 30, 2024, Royalties from contracts with customers (royalties) increased by more than 6% and were equal to EUR 3,407 (on June 30, 2023: EUR 3,210) while other income related to contracts with customers amounted to EUR 0 (on June 30, 2023: EUR 2,284).

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

7 Research and development expenses net of grants and other reimbursements

(In thousand Euro)	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Services received from subcontractors	3,985	3,299
Staff costs	1,618	1,446
Consultancy fees	313	351
Material and consumable used	174	183
Travel expenses	170	175
Depreciation, amortisation and impairment expense	35	34
Other research and development costs	158	197
	6,453	**5,685**

The increase of Services received from subcontractors was due the progresses of the on-going 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 30 mg BID of evenamide in patients with chronic schizophrenia whose data were published in April and May.

The increase in Staff costs is related to two new employees hired in late 2023 and higher costs recognized in connection with the stock option plans.

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, 2024, the Group did not recognize any tax credit regarding the R&D expenses incurred in the six-month period ending on June 30, 2024, 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 2024. The tax credit related to the R&D expenses of the six-month period ending on June 30, 2024, 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 53 as of June 30, 2024 (EUR 85 as of June 30, 2023).

Gross Research and development expenses amounted to EUR 6,505 and EUR 5,770 as detailed in the following table.

(In thousand Euro)	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Research and development expenses, gross	6,506	5,770
Reimbursed by Zambon	(53)	(85)
	6,453	5,685

Since inception, no development costs have been capitalised.

8 General and administrative expenses

(In thousand Euro)	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Staff costs	1,777	1,738
Consultancy and other professional services	1,804	1,432
Intellectual properties	613	536
Travel expenses	135	99
Operating lease cost	18	71
Depreciation and amortisation expense	61	68
Other expenses	171	118
	4,579	4,062

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.

Travel expenses are back to pre-pandemic level while Operating lease cost decreased as a consequence of lower service costs related to the rented spaces.

9 Financial results

The following table summarizes the financial income of the period:

(In thousand Euro)	For the six months ended June 30,	
	2024 (unaudited)	2023 (unaudited)
Interest income	38	38
Foreign exchange gains	52	40
Other income	780	48
	870	**126**

Other income is mainly related to effect, equal to EUR 753, resulting from the derecognition of the original Tranches 1, 2 and 3 of the European Investment Bank (EIB) loan (for additional information, see Note 18) following the signature of the amendment to the original agreement in March 2024. As of June 30, 2024, Other income also 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,	
	2024 (unaudited)	2023 (unaudited)
Interest expense	2,173	2,019
Lease interest expense	7	7
Foreign exchange losses	81	34
Other costs	470	699
	2,731	**2,759**

Interest expenses are mainly related to EIB facility which are recognized at amortized cost (IFRS 9); the increase is mainly due to the increased interest rate (from 9.25% to 9.75%) the Company is paying to EIB with reference to amended Tranche 2 and 3.

As of June 30, 2023, the fluctuation of the exchange rates caused net losses equal to EUR 29 of which EUR 31 were losses incurred in the first half of the year, while EUR 2 were income accrued at the end of the period.

Other costs mainly comprised the effect, equal to EUR 454 (as per June 30, 2023: EUR 699), of the evaluation of warrants (for additional information please refer to Note 19) issued by the Company in accordance with the contracts in place with the European Investment Bank.

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,	
	2024 (unaudited)	2023 (unaudited)
Net loss attributable to shareholders	(9,557)	(6,950)
Weighted average number of shares (thousands)	18,563	17,845
Loss per share – basic and diluted (in Euro)	(0.51)	(0.39)

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. 1,164,735 (see also Note 17 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, 2024, 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, 2024, coincided.

11 Non-current receivables

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Guarantee deposits for leases	66	65
R&D tax credit	4,449	5,744
	4,515	**5,809**

As of June 30, 2024, the Group was entitled to receive a total R&D tax credit equal to EUR 6,699 (2023: EUR 7,994), out of which EUR 4,449 reclassified among the Non-current asset (2023: EUR 5,744) and EUR 2,250 reclassified among the Current asset (EUR 2,250 as of December 31, 2023). During the six-month period ended June 30, 2024, the total net decrease of the R&D tax credit is equal to EUR 1,295 (EUR 1,345 in the first half of 2023) 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 recog-

nized as of June 30, 2024, 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, 2024 (unaudited)	December 31, 2023 (audited)
Receivables	2,006	2,022
Prepayments	2,449	1,871
VAT receivable	681	402
R&D tax credit	2,250	2,250
Other receivables	506	508
	7,892	**7,053**

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, 2024 (unaudited)	December 31, 2023 (audited)
Listed bonds	2,256	3,511
Government bonds	241	486
Investment funds	1,794	2,264
	4,291	**6,261**

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.

14 Cash and cash equivalents

As of June 30, 2024, Cash and cash equivalent were equal to EUR 7,897 (EUR 6,338 as of December 31, 2023).

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.

As of June 30, 2024, group liquidity (Other current financial assets plus Cash and cash equivalents) amounts to approximately EUR 12.2 million (EUR 12.6 million as of December 31, 2023). Expenses of the period have been partially financed by royalties, capital increases and existing cash.

15 Share capital

As of December 31, 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. There was no authorised share capital.

A summary of the changes occurred during the last 18 months in Newron' share capital is as follows (amounts are shown in Euro):

(In Euro)	Total
As of December 31, 2022 – Newron Group	**3,569,069.00**
As of December 31, 2023 – Newron Group	**3,569,069.00**
– Issuance of ordinary shares (Capital increase)	150,000.00
– Issuance of ordinary shares (Stock options exercise)	10,434.00
– Issuance of ordinary shares (Capital increase)	80,000.00
As of June 30, 2024 – Newron Group	**3,809,503.00**

On March 14, 2024, the Company announced that it has entered into a subscription agreement for the subscription of up to 2.05 million newly issued shares with an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare. Under the agreement, the fund subscribes to an initial 750,000 newly issued shares at a subscription price of EUR 7.33 per share, which corresponds to gross proceeds of approximately EUR 5.5 million. In addition, the fund has a right to subscribe to an additional up to 1,300,000 newly issued shares until no

later than January 31, 2025, at a subscription price to be calculated pursuant to an agreed formula.

During the six-months period ending on June 30, 2024, certain option holders have subscribed a total of n. 63,514 options of which n. 52,170 shares have been issued before the end of June 2024 while the remaining n. 11,344 shares have been issued in July 2024. For additional information, please see Note 26.

Accordingly, as of June 30, 2024, the subscribed share capital was equal to EUR 3,809,503.00, divided into 19,047,515 ordinary shares with par value equal to EUR 0.20 each.

16 Share premium and other reserves

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
At the beginning of the year	**(27,293)**	**(9,800)**
Loss allocation	(16,224)	(17,493)
Issuance of shares and options	8,405	0
New shares issuing costs	(170)	0
Exercise of options – reclassification from Share option reserve	177	0
At the end of the period	**(35,105)**	**(27,293)**

The reduction of the Share premium and other reserves is mainly related to the allocation of last year losses that were partially compensated by the issuance of new shares.

17 Share option reserve

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
At the beginning of the year	**16,044**	**15,847**
Share option scheme	170	197
Reclassification of reserves to Share premium and other reserves	(177)	0
At the end of the period	**16,037**	**16,044**

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, ESOP 2022 and ESOP 2023 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	2023	Total
At December 31, 2022	**320,174**	**180,934**	**202,143**	**102,953**	**364,973**	**358,418**	**61,201**	**162,855**	**0**	**1,753,651**
Expired	(320.174)	(180,934)	0	0	0	0	(26,672)	(81,422)	0	(609,202)
Granted	0	0	0	10,930	43,720	0	0	0	179,606	234,256
Voluntarily waived	0	0	0	0	(178,531)	0	0	0	0	(178,531)
Waived	0	0	0	(746)	(2,134)	(6,438)	(7,846)	(9,964)	0	(27,128)
At December 31, 2023	**0**	**0**	**202,143**	**113,137**	**228,028**	**351,980**	**26,683**	**71,469**	**179,606**	**1,173,046**
Expired	0	0	0	0	0	0	0	(71,469)	0	(71,469)
Granted	0	0	0	0	0	0	26,672	0	0	26,672
Exercised	0	0	0	0	0	(58,956)	(4,558)	0	0	(63,514)
At June 30, 2024	**0**	**0**	**202,143**	**113,137**	**228,028**	**293,024**	**48,797**	**0**	**179,606**	**1,064,735**

During the meeting held on April 18, 2024, the Board resolved to re-store n. 26,672 options under the plan ESOP December 2020 that expired in late December 2023 as the relevant condition was not met. The Board decision was supported by the fact that such relevant condition was fulfilled only few weeks after the deadline.

As reported in Note 26 (Events after the balance sheet date), n. 11,344 options were exercised during the last days of June 2024: the relevant capital increase occurred in July 2024.

All options have been awarded free of charge and are recognised as personnel expenses over the vesting period. The increase of share option reserve is equal to EUR 170 (2023: EUR 55) and it's related to the following combined effects: a) recognition of cost of the year equal to EUR 200 (of which EUR 140 refers to G&A employees and the remaining EUR 60 to R&D employees); b) write-off of the reserve (EUR 30) related to expired options and c) reclassification of EUR 177 to Share premium and other reserves that represent the costs accrued in previous years and that have been exercised in the six months period ended June 30, 2024.

The following table shows additional information regarding options granted as of June 30, 2024:

Plan's name	Exercise price (in Euro)	Number of out-standing options	Weighted-average remaining contractual life (years)	Number of exercisable options
ESOP 2015	28.14	112,537	0.75	112,537
	24.90	14,938	0.75	14,938
	25.41	10,740	0.75	10,740
	15.22	6,498	0.75	6,498
	21.87	26,000	0.75	26,000
	15.97	31,430	0.75	31,430
ESOP 2017	15.97	93,524	3.16	93,524
	6.10	8,683	3.16	8,683
	5.43	10,930	3.16	0
ESOP 2018	10.06	135,223	4.01	135,223
	7.27	22,764	4.01	22,764
	4.40	26,321	4.01	26,321
	5.87	43,720	4.01	0
ESOP 2020M	4.40	278,218	4.01	278,218
	1.93	4,269	4.01	0
	1.83	6,269	4.01	2,000
	1.32	4,268	4.01	0
ESOP 2020D	1.97	48,797	2.16	22,114
ESOP 2023	5.87	179,606	4.01	0
		1,064,735		**790,990**

As of June 30, 2024, n. 790,990 options were vested; additional n. 30,951 options will vest within year end of which 26,683 only if a certain condition will be met.

18 Interest-bearing loan

On October 29, 2018, the Group entered into a financing agreement with European Investment Bank (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 European Investment Bank 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%; Tranche 2 and 3 fixed rate is equal to 6.25% while Tranche 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 Tranche 2, 3, 4 and 5) to purchase ordinary shares of Newron (for additional information, please refer to Note 18). There are no un-used tranches.

On March 14, 2024, the Company signed an agreement with the European Investment Bank on an amendment to certain terms of its 2018 financing agreement. Under the amendment, repayment of tranches one, two and three (out of a total of five) of the financing agreement – with due dates from June 2024 to April 2025 – will be shifted substantially, with Tranche 1 now scheduled for November 25, 2025, Tranche 2 for April 2026 and Tranche 3 for June 2026. This rescheduling is conditional to a certain financial milestone to be met no later than on April 30, 2025.

Other terms have been amended as follows:

- from the effective date (March 13, 2024), the yearly interest rate of all amended tranches will be equal to 9.75% while the annual fixed rate has been reduced to zero;
- it has been added the Performance Participation Interest (PPI) that has to be paid to EIB – upon its request but not before the maturity date of the relevant tranche – and it is equal to 1% – for Tranche 1 and 0.75% for all other tranches – of the Fair value of the Company on the date of the request. The total PPI is capped at EUR 7.5m;
- if the Company won't meet a certain financial milestone within December 31, 2024, interest rates will increase by 3% p.a.

The abovementioned changes have triggered the de-recognition of the original Tranche 1, 2 and 3 and the booking of the new ones reflecting the different conditions like expiration dates, future cash-flows and interest costs.

As of June 30, 2024, the Interest-bearing loan is equal to EUR 48,530 (2023: EUR 48,030) recognized at amortized cost; because of the rescheduling of Tranche 1, 2 and 3, as of June 30, 2024, all liabilities are Non-current. As of December 31, 2023, EUR 22,277 were reclassified among the Current liabilities.

19 Cash-settled share-based liability

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
At the beginning of the period	**841**	**220**
Period-end adjustment	454	621
At the end of the period	**1,295**	**841**

As a consideration for the five tranches cashed-in from EIB, the Company awarded EIB, free of charge, with n. 807,169 warrants, representing n. 807,169 Newron' shares i.e. 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. 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 99.87% (as of December 31, 2023, was 89.45%) and no issuance of dividends.

As a consequence of the signature of the subscription agreement with an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare (for additional information, please refer to Note 16), and following the issuance of new Newron' shares, the Company amended the conversion ratio such that, as of June 30, 2024, granted warrants will worth n. 855,089 new Newron' shares.

As of June 30, 2024, warrants' fair value, calculated using the Euro Interest Rate Swap curve, was equal to EUR 1,295 (EUR 841 as per December 31, 2023).

20 Trade and other payables

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Trade payables	2,868	2,019
Accrued expenses	1,227	3,006
Pension contribution payable	334	336
Social security	174	146
Other payables	590	599
	5,193	**6,106**

Accrued expenses reflects the comparison between the invoices received from CROs 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 TFR, holidays and other.

21 Net Financial Position

As of June 30, 2024, the net financial position decreased by EUR 1,301. The decrease was mainly due to the following combined effects: a) the development activities performed by the Group in the six-month period ending June 30, 2024; b) the issuance of new Newron shares following the subscription agreement with an institutional investor and the exercise of n. 63,514 options (for additional information, please refer to Note 15 and 17) and c) the new evaluation of the outstanding loan after the amendment signed on March 2024 (for additional information, please refer to Note 18).

The following table details the net financial position as of June 30, 2024, and December 31, 2023, respectively:

(In thousand Euro)	As of	
	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Other current financial assets	4,291	6,261
Cash and cash equivalent	7,897	6,338
A. Total current financial asset	**12,188**	**12,599**
Interest bearing loan	0	(22,277)
Cash-settled share-based liabilities	0	(368)
Current lease liabilities	(184)	(175)
B. Current financial liabilities	**(184)**	**(22,820)**
C. Net current financial position (A+B)	**12,004**	**(10,221)**
Interest bearing loan	(48,530)	(25,753)
Cash-settled share-based liabilities	1,295	(473)
Non-current lease liabilities	(137)	(210)
D. Non current financial liabilities	**(49,962)**	**(26,436)**
E. Net financial position (C+D)	**(37,958)**	**(36,657)**

22 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, 2024	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	–	2,497	1,794	–
Trade and other receivables	3	2,512	–	–	–
Total		**2,512**	**2,497**	**1,794**	**–**
Non-current liabilities					
Interest-bearing loan	2	–	–	–	48,530
Non-current lease liabilities		–	–	–	137
Cash-settled share-based liabilities	2	–	–	1,295	–
Current liabilities					
Trade and other payables	3	–	–	–	3,458
Current lease liabilities		–	–	–	184
Total		**–**	**–**	**1,295**	**52,309**

As of December 31, 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	–	3,997	2,264	–
Trade and other receivables	3	2,530	–	–	–
Total		**2,530**	**3,997**	**2,264**	**–**
Non-current liabilities					
Interest-bearing loan	2	–	–	–	25,753
Non-current lease liabilities		–	–	–	210
Cash-settled share-based liabilities	2	–	–	473	–
Current liabilities					
Interest-bearing loan	2	–	–	–	22,277
Cash-settled share-based liabilities	2	–	–	368	–
Trade and other payables	3	–	–	–	2,618
Current lease liabilities		–	–	–	175
Total		**–**	**–**	**841**	**51,033**

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, 2024, and the whole year 2023.

23 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, 2024, and June 30, 2023, as well as balances with related parties outstanding as of June 30, 2024, and June 30, 2023, 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)	109	3,407	124	1,835	0
As of June 30, 2024					
Zambon (whole group)	2,349	3,210	131	231	22

24 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 1 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.

25 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 86 million (as of December 31, 2023: EUR 84 million).

26 Events after the balance sheet date

Following the exercise of options during the last days of June 2024, the Company started the execution of the administrative activities required by Italian company laws to increase the share capital: those activities concluded in July. As of August 30, 2024, Newron share capital is equal to EUR 3,811,771.80 divided into 19,058,859 ordinary shares with par value equal to EUR 0.20 each.

As of September 6, 2024, following the transfer of relevant funds by the institutional investor (please refer to Note 15 for additional information), the Company issued 200,000 new ordinary shares. Accordingly, once all the administrative required by Italian company laws to increase the share capital will be finalized, the subscribed share capital of Newron will be equal to EUR 3,851,771.80 divided into 19,258,859 ordinary shares with par value equal to EUR 0.20 each.

Bresso, September 10, 2024

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, 2024	19,047,515
52-week high (in CHF)	11.45
52-week low (in CHF)	4.09
June 30, 2024 closing share price	8.17
Loss per share (in EUR)	0.51
Cash and cash equivalents, other short-term financial assets as at June 30, 2024 (in EUR 1,000)	12.2
Market capitalization as at June 30, 2024 (in CHF)	155,618,198

Major shareholders*

Tobias Scherer	5.152%
CVI Investments Inc	5.119%

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

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