



# Annual 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 on the Primärmarkt of the Düsseldorf Stock Exchange as well as traded in the Quotation Board of the Frankfurt Stock Exchange (Xetra) (ticker symbol: NP5). Newron is headquartered in Bresso near Milan, Italy, with a subsidiary in Morristown (NJ), USA.

Xadago<sup>®</sup>/safinamide has received marketing authorization for the treatment of Parkinson's disease in the European Union, Switzerland, the UK, the USA, Australia, Canada, Latin America, 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](https://www.newron.com)

# Key Corporate Events

## 2023 Highlights

### Evenamide–Schizophrenia

- Compelling efficacy results across multiple investigation time points up to and including one year from study 014/015 evaluating evenamide as an add-on therapy to a single antipsychotic in patients with treatment-resistant schizophrenia (TRS)
  - Final efficacy and safety results from all 161 patients at the six-week primary endpoint, the six-month timepoint, and at the one-year timepoint (post period end), confirmed interim results seen in the first 100 patients; significant and clinically important, sustained and gradually increasing efficacy on PANSS total, CGI-S and LOF
  - Importantly, during the one-year study duration:
    - no patient met criteria for a psychotic relapse
    - approximately 50% of the patients at one year no longer met any of the criteria used to diagnose TRS at the beginning of the study
    - 25% of all patients achieved “remission” (i.e. no/minimal symptoms for at least six months), never described before in TRS patients
- Presentation of data to the medical community at several international scientific conferences, highlighting the clinically meaningful response to evenamide in TRS patients, across various timepoints
- Convening of advisory committee with clinical experts on TRS at key medical conferences
- Publication of data from study 014 and results from first 100 patients of study 015 in peer-reviewed journal, the International Journal of Neuropsychopharmacology, outlining the continued improvement in symptoms of psychosis in TRS patients treated with evenamide
- The findings from study 014/015 support the initiation of a potentially pivotal, Phase III, randomized, double-blind, placebo-controlled study with evenamide as an add-on treatment in patients with TRS
- Study 008A, a potentially pivotal study of evenamide (30 mg bid) in patients suffering with chronic schizophrenia demonstrating inadequate benefit to their current second-generation antipsychotic, completed patient enrollment; top-line results are expected in April 2024

### 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

- Newron's senior management team strengthened by two key promotions:
  - Laura Faravelli, previously Director Business Development at Newron, was promoted to Vice President Business Development in July, following the retirement of Marco Caremi
  - Roberto Galli, Vice President Finance since 2012, was promoted to Chief Financial Officer in July
- Gillian Dines appointed as a Non-Executive Director to the Board of Newron at the Annual General Meeting (AGM) 2023, following J. Donald (Don) deBethizy stepping down from the Board after a nine-year tenure
- Margarita Chavez appointed as an advisor to the Board of Newron in October
  - She is nominated for election as Non-Executive Director to the Board at Newron's next Ordinary AGM on April 17, 2024
- Post-period, Newron entered into an agreement for the subscription of up to 2.05 million newly issued shares with a an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare, to finance the Company's operations beyond the current key inflection points in its pipeline
- Post-period, agreement with European Investment Bank (EIB) to extend the near-term tranche repayment dates of Newron's 2018 financing agreement
- 2023 ESG Report: Newron follows the most recent edition of the Directive on Information relating to Corporate Governance of SIX Exchange Regulation (SER)

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# Shareholder Letter



Ulrich Köstlin



Stefan Weber

Dear Shareholder,

As we look back on 2023, we are proud of the significant progress Newron has made.

Against a backdrop of challenging global biotechnology market conditions, we have continued to make huge strides in advancing our evenamide development program for treatment-resistant schizophrenia (TRS) through the clinic. We have reported multiple data sets across three different study timepoints, each showing compelling evidence of the benefit of evenamide in schizophrenia patients no longer responding to their first- or second-generation antipsychotic treatments.

We are now preparing for a potentially pivotal, Phase III trial of evenamide as an add-on therapy in treatment-resistant patients. We are also expecting to report data from our potentially pivotal Phase II/III trial (study 008A) in non-treatment resistant schizophrenia patients, in April 2024.

2024 is therefore set to be another important year for Newron and we look forward to keeping you updated on our progress.

## Evenamide – schizophrenia

We made substantial progress across our evenamide development program over the financial year and into early 2024. We were delighted to publish such compelling data demonstrating the benefit of our new chemical entity for patients with TRS.

As we look back at the first half of 2023, we started the year with interim analyses of study 014, a Phase II, international, randomized, open label, rater-blinded trial evaluating evenamide (7.5, 15 or 30 mg bid) as an add-on to a single antipsychotic (excluding clozapine) in patients with moderate to severe TRS, not responding to their current antipsychotic medication, and study 015, its extension up to one year of treatment. Results from the first 100 patients to complete six months (30 weeks) of treatment with evenamide were reported in January, followed by results in February 2023 from the same 100-person cohort at the one-

year (52 weeks) timepoint. We were very encouraged to see that the results at the six-week, six-month and one-year timepoints demonstrated a clinically important and sustained improvement in symptoms, and importantly, a substantially greater benefit at one-year than at the six-week and six-month datapoints.

Then, in March, we reported topline data from all 161 patients at the six-week primary endpoint. Although the primary objective of the study was safety and tolerability of evenamide, efficacy over baseline was also assessed. We were pleased to report that the mean Positive and Negative Syndrome Scale (PANSS) total score, Clinical Global Impression of Severity (CGI-S) rating, and the Strauss-Carpenter Level of Functioning (LOF) total score significantly improved compared to baseline ( $p < 0.001$ ). The results from the complete study population of 161 patients were fully consistent with the findings from the first 100 patients at this timepoint.

Notably, evenamide was safe and well-tolerated at all doses, with almost all (95%) 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).

Moving into the second half of 2023, in October we reported data from the full study population in the extension study (study 015) at the 36<sup>th</sup> ECNP Congress in Barcelona, Spain, demonstrating the positive effect of evenamide at six months of treatment. Results showed that benefits continued to accrue over time, and many patients who did not respond early achieved clinically important benefits later on. Remarkably, following treatment with evenamide, approximately 40% of patients at six months no longer met the protocol severity criteria used to diagnose TRS.

These data were further strengthened, post period end, with the final results from study 015 reviewing all study participants after one year of treatment. The final data showed that treatment with evenamide was associated with sustained, clinically significant benefit that increased throughout the one-year course of treatment. Gradual and sustained improvement was demonstrated across all efficacy scales used. More than 70% of patients experienced clinically important reduction in disease severity. Review of the efficacy data indicated that treatment with evenamide resulted in approximately 50% of patients at one-year no longer meeting any of the protocol severity criteria used to diagnose treatment resistance. Significantly, 25% of all patients achieved "remission" (no/minimal symptoms for at least six months), never described before in TRS patients. Moreover, in contrast to common clinical experience, no patient relapsed during the one-year treatment period.

The durability and longevity of these clinical benefits is unprecedented in this indication and suggest that the glutamate modulating effect of evenamide could lead to a progressive and long-standing alteration in brain processes, synergizing with the effect of the antipsychotic to which the patient had become resistant.

We had the opportunity to present several of these promising data sets at highly regarded international conferences in the central nervous system (CNS) space, including the 31<sup>st</sup> European Congress of Psychiatry, the CINP World Congress of Neuropsychopharmacology, the 2023 Congress of the Schizophrenia International Research Society (SIRS) and 36<sup>th</sup> European College of Neuropsychopharmacology (ECNP) Congress. Furthermore, key data from our evenamide program has been published in the peer reviewed journal *International Journal of Neuropsychopharmacology*. We also convened advisory committee meetings of global schizophrenia experts on TRS throughout the course of the year and were very encouraged by their feedback. The insights from these meetings contributed towards our future development plans for evenamide.

In their totality, the results from study 014/015 support the initiation of a potentially pivotal Phase III, randomized, double-blind, placebo-controlled study of evenamide as an add-on treatment in patients with TRS, which will hopefully confirm the benefit of evenamide seen so far. If approved, the compound would be the first add-on drug that improves the symptoms of TRS, offering a much-needed new therapeutic option for those who are not responding to existing antipsychotics.

We are also investigating evenamide in a potentially pivotal study in a separate indication, in patients with chronic schizophrenia currently being treated with a second-generation antipsychotic, but who demonstrate an inadequate response to that treatment. The respective study 008A is a four-week, randomized, double-blind and placebo-controlled study assessing the efficacy, tolerability, and safety of evenamide (30 mg bid). Patient enrollment has completed and results from this potentially pivotal study are expected in April 2024.

Based on the very favorable and in many respects unique results we have reported from the evenamide development program, Newron is engaged in discussions with potential partners on future cooperation opportunities. We look forward to providing any updates on such potential partnering activities in due course. In the meantime, to make sure patients can benefit from this potential future treatment as fast as possible, the Company has commenced with preparatory activities to allow the study to be initiated once business arrangements have been finalized.

### **Xadago<sup>®</sup>/safinamide – Parkinson's disease**

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

### Newron's current Pipeline

Product		Phase I	Phase II	Phase III	Market	Commercial Rights	
<b>Xadago® (safinamide)</b>	EU - Adjunctive therapy in PD	▶					Zambon
	USA - Adjunctive therapy in PD	▶					Zambon / Supernus
	JPN - Adjunctive therapy in PD	▶					Meiji Seika / Eisai
<b>Evenamide (NW-3509)</b>	Adjunctive therapy in Schizophrenia	▶					Newron
	Adjunctive therapy in TRS	▶					Newron
<b>Ralfinamide</b>	Orphan indication in neuropathic pain	▶					Newron

### Corporate

As of July 1, 2023, Marco Caremi, Executive Vice President of Business Development, retired after holding this position for eleven years and Laura Faravelli transitioned into the role of Vice President of Business Development, having most recently served as Newron's Director of Business Development. Laura since then leads the Company's business development and partnering efforts. We thank Marco once again for his long service to Newron and wish him a well-deserved retirement.

We were also pleased to announce in July 2023 that Roberto Galli, Vice President of Finance since 2012, was promoted to Chief Financial Officer. Roberto's significant expertise gained over the years through Newron's IPO, corporate transactions, and financings, were invaluable as he moved into this position.

Furthermore, over the course of 2023, we have made two Board-level changes. As approved in our Ordinary Annual General Meeting (AGM) 2023, Gillian Dines joined as a newly elected Non-Executive Director and Chair of the R&D committee. She has replaced J. Donald (Don) deBethizy, who retired as a member of the Board. We would like to thank Don once more for his nine years of hard work on behalf of our Company.

In October 2023, we announced that Margarita Chavez was appointed as an advisor to the Board of Newron. She is now nominated for election to the Board at Newron's next AGM on 17 April 2024. Gillian's extensive knowledge of pharmaceutical R&D and Margarita's significant dealmaking expertise are skills Newron will no doubt benefit from.

## ESG commitment and reporting

On pages 10–15 of this report, we have provided further transparency on our ESG commitments. Newron's 2023 ESG Report complies with the most recent edition of the Directive on Information relating to Corporate Governance (Annex 7) of SIX Exchange Regulation (SER). Within the relevant section, we have detailed information on the following topics: employee aspects, environmental aspects including climate, social aspects, human rights, and anti-corruption as well as cyber security – given their relevancy to Newron and its stakeholders and given our ability as a company to have a positive impact on the listed areas. We describe our approach to these topics, define the measures taken and outline our contributions (including the applied key performance indicators). The guiding principles of Newron's behavior as good corporate citizen have been recorded previously in various directives and policies, but were summarized and further strengthened by the Code of Conduct in September 2023. These ethical principles were communicated to our employees and transferred to them as their responsibility.

## Financials

In 2023, Newron reported a net loss of EUR 16.2 million, compared to EUR 17.5 million in 2022. Cash used in operating activities has decreased to EUR 10.1 million from EUR 11.1 million in 2022. Xadago® revenues from Zambon increased from EUR 6.0 million in 2022 to EUR 9.0 million in the reporting period. Newron's R&D expenses have risen to EUR 13.2 million from EUR 12.0 million in 2022. G&A expenses increased from EUR 7.4 million in 2022 to EUR 7.5 million. Cash and Other current financial assets as at December 31, 2023 were at EUR 12.6 million, compared to EUR 22.8 million at the beginning of the year.

Post-period, we announced that we have completed a private placement of up to 2.05 million shares with an institutional investor focused on investing in high-growth firms across sectors including biotech and healthcare, raising gross proceeds of up to EUR 15 million\*. 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. The share subscriptions are governed by the capital increase authorised by Newron's shareholders in 2018 and approved and empowered by the Company's Board of Directors in 2023.

We intend to use the net proceeds of the fundraise for general corporate purposes, including the financing of our operations and research programs and for the development of current and future pipeline products. We also continue to seek opportunistic additions to our pipeline portfolio.

Also post-period, in March 2023, we announced that we have agreed with the European Investment Bank (EIB) to extend the near-term tranche repayment dates of our loan agreement. Under the amendment to certain terms of the financing agreement with the EIB, the repayment of tranches one to three (out of a total of five) will be shifted substantially, with tranche one now scheduled for repayment by 25 November 2025, tranche two by April 2026

\* at current exchange rate CHF-EUR

and tranche three by June 2026. The EIB will now qualify for certain performance-based remuneration. The agreement contains further terms and conditions. We appreciate the support of the EIB in helping us to align our contractual obligations with the potential timing of certain upcoming inflection points from our pipeline.

Newron's total available cash resources together with the initial proceeds deriving from the subscription agreement signed post-period will fund the Company's planned development programs and operations well into 2025 and well beyond the current key value inflection points in our pipeline.

### Outlook

We believe 2024 has the potential to be a transformational year for Newron. Following the remarkable evenamide data to date, we plan to initiate a potentially pivotal trial evaluating evenamide in TRS, once preparations are completed and a partner has been identified. If this trial replicates the data published in study 014/015, we believe there will be substantial improvements in the treatment paradigm and outlook for TRS patients. We are also primed to report data from study 008A, a potentially pivotal study assessing evenamide in schizophrenia patients not deemed to be treatment resistant. If positive, this would be the first well-controlled study to demonstrate the clinical utility of evenamide in schizophrenia patients who show an inadequate response to treatment with atypical antipsychotics.

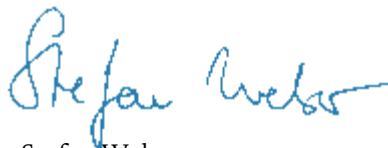
We are continuing to have a productive dialogue with industry players around potential future collaboration opportunities for evenamide. We also continue to review the CNS landscape for opportunities to expand our drug development pipeline. Updates on those initiatives will be shared with the market and our stakeholders as soon as they arrive.

We would like to take this opportunity to thank the Newron team and Board for their hard work and dedication this year, and importantly, we thank our shareholders for their ongoing support and for sharing our vision to improve the lives of patients suffering with diseases of the CNS, by now for 25 years, since Newron was founded.

Yours sincerely



Dr. Ulrich Köstlin  
Chairman  
Newron Pharmaceuticals S.p.A.



Stefan Weber  
Chief Executive Officer  
Newron Pharmaceuticals S.p.A.

# ESG Report



# ESG progress achieved in 2023

We are committed to delivering innovative treatments to improve the quality of life for patients with CNS disorders. We do so by maximizing the market potential of our product Xadago®, developing our compound Evenamide as add-on therapy for the treatment of positive symptoms of schizophrenia, and by partnering non-core assets and in-licensing strategically relevant assets. Our team has built a pipeline comprised of drug candidates at different clinical stages and has a proven track record of drug development and commercialization.

The guiding principles of Newron's behavior as Good Corporate Citizen are summarized in the Code of Conduct. It has been approved by the Board of Directors in September 2023; it will be reviewed annually and updated if necessary. These ethical principles were communicated to our employees and transferred to them as their responsibility.

In addition, we conduct our business and operations by strictly following a variety of laws and regulatory regimes of the countries and jurisdictions in which we operate. These laws and regulatory regimes are including but not limited to labor standards, workplace safety and security, prevention of sexual harassment/molestation, privacy/data protection, anti-corruption, and anti-competitive practices. In addition, there are specific rules and regulations that apply to R&D-focused pharma companies like Newron and which are followed by us as well.

The Board of Directors and Senior Management Team of Newron are committed to high standards of Corporate Governance, including transparency and accountability towards the company's stakeholders as well as equal treatment of all shareholders. The corresponding Corporate Governance reporting is updated on a yearly basis and the most recent version is available in this Annual Report 2023.

We have also defined the topic of Sustainability as crucial for our Company. Our Code of Conduct states that ESG is an integral part of our corporate strategy. In 2022, we therefore introduced an ESG Committee on Board level and appointed the Vice President of Operations as responsible for ESG on operating level. We also renewed our ESG commitment by conducting a materiality analysis in close dialogue with internal and external stakeholders and defined corresponding focus areas and objectives for 2023 and beyond. For more information, we refer to pages 9–13 of our Annual Report 2022.

The chosen reporting framework to communicate on our annual ESG progress consists of the ten Sustainable Development Goals where we as a Company can have a positive impact (see below).

	<b>SDG 3</b> Good health and wellbeing		<b>SDG 10</b> Reduced inequalities (within and among countries)
	<b>SDG 4</b> Quality Education		<b>SDG 11</b> Sustainable Cities and Communities
	<b>SDG 5</b> Gender Equality		<b>SDG 12</b> Responsible consumption and production
	<b>SDG 8</b> Decent work and economic growth		<b>SDG 13</b> Climate action
	<b>SDG 9</b> Industry, Innovation, and Infrastructure		<b>SDG 16</b> Peace, Justice and Strong Institutions

In this chapter of the Annual Report 2023, we provide further transparency on non-financial matters at Newron. This respective ESG report should be read in connection with the other chapters of this report, i.e. the Corporate Governance section and the Shareholder Letter. This ESG Report 2023 of Newron also follows the most recent edition of the Directive on Information relating to Corporate Governance (Annex 7) of Swiss Exchange Regulation (SIX).

Here, we discuss the following five topics: **employee aspects, environmental aspects including climate, social aspects, human rights, and anti-corruption** – as they are relevant for our Company and its stakeholders, and as we can achieve a positive impact on them. We describe our approach to these topics, outlining measures taken and our contributions (including the applied key performance indicators, KPI). Furthermore, we will elaborate on **Cyber Security**.

### Employee aspects

Employees are obliged to comply with the applicable laws and adhere to both our Code of Conduct as well as our Mission to delivering innovative treatments to improve the quality of life for patients with CNS disorders. Our employees (and key consultants) are key for Newron. We strive to offer an inspiring work environment. The well-being of our employees is key. Commitment is rewarded. It is the Company's ambition to act as motivating and attractive employer of choice within the global CNS community. Newron does not tolerate any form of harassment and treats all employees equally. Our working culture is open and honest. We recognize the employee rights of collective bargaining and freedom of association.

Newron's global R&D and business success is largely determined by the knowledge and skills of its employees. In addition, at a time when the labor market is characterized by a significant shortage of skilled workers and the workforce is ageing, knowledge transfer and effective employee recruitment are becoming a decisive factor for the long-term success of Newron. We therefore aim to attract the best employees and provide them with the best possible support and training in their working environment. Their retention and recruitment are and will be addressed by the HR management.

In this context, we also believe in the importance of education. We have a personnel training program and policy for all employees in force that was updated in 2022. Furthermore, we aim to support our junior employees by providing both dedicated time and financial resources to complete college or training programs while working for Newron. In 2023, 1 employee was included in this initiative (2022: 1). Since 2023, we also aim to offer at least one internship for STEM (Science, Technology, Engineering and Mathematics) graduates for a duration of six months in each business year. In 2022, we offered an internship to a STEM graduate, and she is now a permanent employee of the Company.

Employees should be able to realize their full potential at Newron. The Company operates a transparent and non-discriminatory recruitment policy. We also have a fair and comprehensible salary policy that is aligned to local, regional, and national practices. Our compensation system aims to pay salaries that are in line with market conditions and take account of requirements, performance, success, and behavior. The middle management (director level) has a difference in average salary between females and males that is inferior to 2% (in favor of females). Since 2023, ESG is included in the employee bonus criteria. For further information regarding the compensation schemes for the Board and Management team members, we refer to the Compensation Report in this Annual Report.

<b>Employees (FTE)</b>	<b>As per end of 2023</b>	<b>As per end of 2022</b>
Italy	19	19
USA	3	3
Overall	22	22

We are proud of our diverse team and believe diverse teams are more successful. As a result, since 2023 all our employees participate in at least one training on diversity and inclusion per year. We are committed to further increase diversity on both the Board of Directors and the Management Team level to comply with the Swiss law to have at least 20% female Management team members and at least 30% Board of Directors members by the year 2026. For the CVs of our Board of Directors and Management team members as per the end of the reporting year, we refer to pages to pages 29–31 and 37–39 respectively in this Annual Report.

<b>Nationalities</b>	<b>2023</b>	<b>2022</b>
Number of nationalities represented in the workforce	5	6

<b>Employees (in%)</b>	<b>2023</b>	<b>2022</b>
Male	59	59
Female	41	41

At Newron, also the health and safety of its employees is a top priority. As a result, we have implemented a comprehensive workplace safety program at the headquarters in Bresso/Milan. US-based employees also receive high-quality health insurance and coverage. We also guarantee the safety and comfort of employees during work-related travel through dedicated travel insurance and a specific company travel policy introduced in 2022.

<b>Health and safety (in absolute figures)</b>	<b>2023</b>	<b>2022</b>
Accidents	0	0
Fatalities	0	0

### Environmental aspects

Doing business in a resource-efficient way is an everyday focus for us. Hence, our direct impact is limited, as Newron is not a large Company and has no proprietary manufacturing capacities. At our corporate headquarter in the “Biotech OpenZone” campus in Bresso/Milan (Italy), we proactively engage with representatives from other companies based on the campus to further reduce waste (including food waste) and to increase energy efficiency.

With respect to CO<sub>2</sub> emissions, there are two main fields where we as a Company can contribute to offsetting emissions. On the one hand, since more than ten years we have the policy of only providing company cars with low emissions. At the end of 2023, 62,5% of Newron’s company cars were fully electric (75% as per end of January 2024). All other company cars are PHEVs.

On the other hand, we can reduce our ecological footprint using public transport systems during business trips whenever possible. This is regulated accordingly in our travel policy. In 2023, we started to systematically offsetting CO<sub>2</sub> emissions of our business-related flights. The total amount of CO<sub>2</sub> emissions that we compensated for all the employee flights from September to December 2023 is 16,5 tons.

### Social aspects

We aim to be a Good Corporate Citizen, i.e. in the Milan (Italy) and New Jersey (USA) areas where the company currently has its offices. The same applies to locations where Newron is present within the framework of clinical trials. We pay attention to our ecological footprint and are working on further improving it. We also maintain a constant and trustful dialogue with shareholders, the financial community as well as the Swiss (SIX) and German (Xetra) stock exchanges where the shares of Newron are currently traded. Our ambition is to create value for its shareholders in the long-term.

Our clinical trials also include social aspects, as sustainable collaborations with R&D and business partners are very important. We aim to act as a reliable business partner, following and respecting the industry's business ethics – and we require the same from our partners. Furthermore, we are conducting clinical trials not only in developed countries, but also in developing countries that are often not considered by larger pharmaceutical corporations. We also aim to support the hospitals that work on its clinical trials, providing any needed equipment for the duration of the trial, for example EEG and ECG scanners, temperature-controlled fridges, and centrifuges.

Since inception of our Company, we have always paid utmost attention to ensure diversity and inclusion in clinical trials, with a proper design of study protocols. This was also the case in 2023. At the same time, we also aim to guarantee drug access for patients, both during clinical trials and during any extension or open label phase. This means that whenever an open label phase of a trial is conducted (based on regulatory and clinical criteria), it is accessible to everybody.

### Human Rights

Our Company does not tolerate any discrimination based on e.g. gender, skin color, religion, nationality, disability, age, sexual orientation, physical or mental disability, marital status, political views, or other legally protected characteristics. All forms of physical and psychological violence, bullying or sexual harassment in the workplace are prohibited. We do not tolerate any form of forced or child labor within our Company or within our R&D and business partners. As a Company, we are neutral regarding politics and religion. Our employees are encouraged to report any concerns they might have. Both in 2023 and 2022, no human rights violations were recorded by Newron.

### Anti-Corruption

Newron does not tolerate any illegal or unethical behavior. As our Code of Conduct states, we follow local, national, and global rules and regulations that affect and guide our work in addition to our internal policies, and directives. Illegal activities are not accepted. Our employees shall report any potential misbehaving they might observe.

Due to the characteristics of our business, we consider the risk of corruption to be low within our Company. Both in 2023 and 2022, no cases of corruption were identified in connection with Newron's business activities, nor have any sanctions been imposed for other material breaches of environmental, social, or other laws.

For 2024, Newron aims to further enhance its Quality Management System by issuing an anti-corruption/bribery policy as well as evaluating an appropriate external whistle-blower contact.



## Cyber Security

State-of-the-art IT and Cyber Security solutions are key parts within our business continuity plan and to ensure that we can pay utmost attention to protect confidential information, intellectual property, and personal data. In 2023, additional IT security measures were implemented, and as in previous business years, our cyber security protocols and actions were reviewed and approved by external experts. Both in 2023 and 2022, Newron was not affected by any cyber-attacks. In 2022, we also developed a complete risk assessment program for Data Protection, with specific impact assessments on the protection of employees' and patients' data, IT infrastructure and pharmacovigilance and clinical development. Based on the KPIs that measure our Data Protection efforts, we are close to 100% (98%) of the proposed achievements. No data breach occurred in both 2023 and 2022.

For specific financial-related risks, we refer to Note 6 (pag. 73) ("Financial Risk Management") of this Annual Report.

We remain committed and vigilant to address any future challenges in good time. Therefore, a comprehensive Enterprise Risk Assessment Plan will be put in place in the course of 2024, combining the various existing Risk Assessment Plans in one single coordinated plan.

# Corporate Governance



# Group Structure and Shareholders

Newron Pharmaceuticals S.p.A. (the “Company” or “Newron”) is a joint stock company (Società per Azioni or S.p.A.) organized under the laws of the Republic of Italy. Since April 17, 2002, it has been registered with the Chamber of Commerce in Milan, Italy, under the name “Newron Pharmaceuticals S.p.A.” and with its registered offices and principal business in Via Antonio Meucci 3, 20091 Bresso (Milan), Italy.

The operations of the Company focus on the development of pharmaceutical products. Currently, the Company is not generating revenues from the direct sale of any commercial pharmaceutical product. Following the out licensing of safinamide in 2012, the Company interacted with the European Commission and the U.S. Food and Drug Administration until both, respectively in 2015 and 2017, have approved the use of Xadago® (safinamide) for the treatment of idiopathic Parkinson’s disease. Since then, the Company receives royalties and milestones from its partners.

The operations of the Company are managed by the Chief Executive Officer (CEO) together with the other members of the management team: the Chief Medical Officer (CMO), the Executive Vice President Business Development who resigned on June 30, 2023, and was replaced by a new Vice President Business Development, the Vice President Finance that, since July 1, 2023, has been appointed Chief Financial Officer, the Vice President Commercial Affairs and the Vice President Operations (cf. Section on Senior Management, page 37).

## Segment reporting

The Company is in a development stage and its activities are sufficiently homogeneous to preclude the identification of reportable business or geographical segments.

## Listed company

The shares of Newron Pharmaceuticals S.p.A., Via Antonio Meucci 3, 20091 Bresso (Milan), Italy, are listed according to the international reporting standard (IFRS) of the SIX Swiss Exchange, Zurich, Switzerland (Ticker: NWRN). Effective June 26, 2019, they are also traded on Xetra (Ticker: NP5) and the Düsseldorf Stock Exchange. The primary trading venue remains SIX Swiss Exchange.

Swiss Security Number	20791 431
ISIN	IT 0004 147 952
Common Code	27612440
Ticker Symbol	NWRN
Market capitalization on December 31, 2023	CHF 88,334,458 (based on 17,845,345 outstanding shares and a share price of CHF 4.95)

## Related entities

Newron Pharmaceuticals S.p.A. has four fully owned subsidiaries (collectively, “Newron Group”): Newron Pharmaceuticals US, Inc., is a U.S. limited liability company, incorporated under the laws of the State of Delaware, USA. The Company has been registered with The Secretary of the State of Delaware with a share capital of USD 10.00, divided into 1,000 shares with a par value of USD 0.01, each. All shares are held by Newron. Its operating offices are located at 89 Headquarters Plaza, North-Suite 347, 07960 Morristown, New Jersey, USA.

The operations of Newron Pharmaceuticals US focus on the research and development, manufacturing and distribution of pharmaceutical products and services. They are managed by Roberto Galli as President and Filippo Moriggia as Secretary and Treasurer. Stefan Weber,

Filippo Moriggia and Roberto Galli are members of the Board of directors of Newron Pharmaceuticals US.

Newron Sweden AB is a Swedish limited liability company, incorporated under the laws of Sweden. The Company has been registered with the Swedish Companies Registration Office with a share capital of SEK 3,130,284.30, divided into 330,110,154 shares with a par value of SEK 0.0094825 each, and registered office at c/o C&E SystemDesign AB, Alpstigen 6, 182 78 Stocksund, Sweden.

All shares are held by Newron. The Company is a biopharmaceutical company engaged in the development of novel therapies for the treatment of disorders of the central nervous systems. The operations of Newron Sweden – currently inactive – are managed by Filippo Moriggia and Stefan Weber as General Managers. Filippo Moriggia and Stefan Weber are members of the Board of directors of Newron Sweden.

Newron Suisse SA is a joint stock company (Société anonyme/Aktiengesellschaft organized under the laws of Switzerland. The company has been registered with the commercial register of the canton of Basel-Stadt, for an unlimited duration, under the name Newron Suisse SA, on September 13, 2007. In May 2016, the company moved its registered seat to Zurich. Its domicile is c/o Ostschweizerische Treuhand Zürich AG, Giesshübelstrasse 45, CH-8045 Zurich, Switzerland. The company has a share capital of CHF 100,000, divided into 1,000 fully paid-in registered shares with a nominal value of CHF 100 each. All shares are held by Newron. The operations of Newron Suisse SA – currently inactive – are focused on the research and development, manufacturing and distribution of pharmaceutical products and services. The operations of Newron Suisse SA are managed by Stefan Weber as General Manager (Geschäftsführer). Philippe A. Weber and Roberto Galli are members while Stefan Weber is the Chairman of the Board of directors (Verwaltungsrat) of Newron Suisse SA.

Hunter-Fleming Ltd. is a private limited company incorporated under the laws of England with its registered office and principal business office is c/o I.A.W. Accounting Services in Grosvenor House, 1 New Road, TQ5 8LZ Brixham, Devon, U.K. The Company has a share capital of GBP 220,328, divided into 220,328 ordinary shares of GBP 1 nominal value, each. All shares are held by Newron. The operations of Hunter Fleming Ltd. – currently inactive – are managed by Stefan Weber and Filippo Moriggia as directors.

Operations related to the development compounds of Newron Group are taken care of by Newron Pharmaceuticals US, Inc. and Newron Pharmaceuticals S.p.A.

Newron Pharmaceuticals S.p.A. is the only listed company within the Newron Group.

### Significant shareholders

Shareholders of the Company must comply with the ownership disclosure laws as set forth in Article 120 et seq. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of June 19, 2015, as amended (“FMIA”) as well as pertinent regulations, including Articles 10 et seq. of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of December 3, 2015, as amended (“FMIO-FINMA”) (all such laws and regulations, the “Swiss Ownership Disclosure Laws”). Such Swiss Ownership Disclosure Laws provide, among other things, that anyone who directly or indirectly or acting in concert with third parties acquires or disposes of shares or acquisition or sale rights relating to shares of the Company and thereby reaches, falls below or exceeds the thresholds

of 3%, 5%, 10%, 15%, 20%, 25%, 33<sup>1</sup>/<sub>3</sub>%, 50% or 66<sup>2</sup>/<sub>3</sub>% of the voting rights, whether exercisable or not, shall notify the Company and SIX Swiss Exchange of such transactions within four (4) trading days. Following receipt of such notification, the Company is also obliged to publish the disclosure within two (2) trading days via the SIX electronic publishing platform.

For purposes of calculating whether a threshold has been reached or crossed, shares and purchase positions, on the one hand, and sale positions, on the other hand, may not be netted. Rather, the shares and purchase positions and the sale positions must be accounted for separately and may each trigger disclosure obligations if the respective positions reach, exceed or fall below one of the thresholds.

In addition, actual share ownership must be reported separately if it reaches, exceeds, or falls below one of the thresholds. The beneficial owners of equity securities under Art. 120 para. 1 FMIA are subject to the notification duty. A beneficial owner is the party controlling the voting rights stemming from a shareholding and bearing the associated economic risk (Art. 10 para. 1 FMIO-FINMA).

If the voting rights are not exercised directly or indirectly by the beneficial owner, then Art. 120 para. 3 FMIA applies. Whoever has discretionary powers to exercise voting rights is subject to notification duty; alternatively, the legal entities directly or indirectly controlling this entity can report all positions on a consolidated basis.

The Company's information about the exact holding position of individual shareholders depends on and is derived from the reports filed with SIX and the Company by such shareholders. As at December 31, 2023, the following shareholders reported holdings of 3% or more of the equity capital and therefore, voting rights of Newron (the number of shares shown in the table below as well as the holding percentages are based on the last disclosure of shareholding notification reported by such shareholder to SIX and the Company in accordance with Article 120 et seq. FMIA; the number of shares held by the relevant shareholder and/or the holding percentages may have changed since the date when the respective notification was made):

Shareholder	Note	Number of Voting rights reported	% of voting rights reported
Zambon Company S.p.A. Bresso, Italy (The shares are indirectly held by GEFIM S.p.A., Milan, Italy) (SIX publication date: October 10, 2017)		785,448	4.41%
European Investment bank, Luxembourg, Grand Duchy of Luxembourg Warrants under an investment agreement and option rights agreement, for further details please see the individual report of significant shareholdings under: <a href="https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAL9800040">https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAL9800040</a> (SIX publication date September 9, 2021)		655,825	3.68%

The individual reports of significant shareholders can be found on the website of SIX Swiss Exchange (SIX): <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=NEWRONPH&dateFrom=20211220#/> (Issuer: Newron Pharmaceuticals S.p.A.).

Any changes in the shareholder structure since December 31, 2023, can also be found on this website.

On January 19, 2024, the Company received a significant shareholder notification of Tobias Scherer, Oberding, Germany, reporting a position of 560,336 registered shares corresponding to 3.1% of the voting rights as of 19 January 2024. On March 12, 2024, Mr. Scherer reported that his ownership was below 3%.

Furthermore, Newron Pharmaceuticals S.p.A. – on October 21, 2021 – notified SIX that it held 2,560,820 rights corresponding to 14.35% of the voting rights as sale positions in connection with several granted derivative holdings such as options and warrants.

### **Cross-shareholdings**

As of December 31, 2023, there are no cross-shareholdings in excess of 5% of capital or voting rights with any other company.

# Capital Structure

Amount in EUR	December 31, 2023	December 31, 2022	December 31, 2021
Number of ordinary shares with par value of EUR 0.20	17,845,345	17,845,345	17,845,345
Share capital	3,569,069	3,569,069	3,569,069
Number of authorized shares with par value of EUR 0.20	0	0	0
Authorized share capital (up to)	0	0	0
Number of conditional shares with par value of EUR 0.20	1,025,001	1,025,001	1,025,001
Conditional share capital (up to)	205,000.20	205,000.20	205,000.20

As of December 31, 2023, Newron's outstanding share capital was EUR 3,569,069.00, consisting of 17,845,345 ordinary shares with a nominal value of EUR 0.20 each. All shares are fully paid in.

As of December 31, 2023, Newron had conditional (pre-authorized) capital of EUR 205,000.20, representing 1,025,001 Newron's ordinary shares with a nominal value of EUR 0.20 per share, related to the purpose of implementing stock-based incentive compensation plans for employees and directors of the Company and its subsidiaries. The maximum amount of the conditional capital of EUR 205,000.20 equates to 5.74% of the existing share capital. The period to carry out an increase in conditional capital lasts until November 2028. For additional information please refer to IFRS Consolidated Financial Statements, Note 20 and 33.

## Changes in capital

On March 31, 2020, an extraordinary Board meeting resolved, inter alia, to increase the share capital with exclusion and/or limitation of option rights pursuant to article 2441, parts 5, 6 and/or 8 of the Italian Civil Code, up to Euro 72.377,20 as a nominal value and, therefore, up to no. 361.886 ordinary shares of Newron Pharmaceuticals S.p.A. to serve one or more incentive plans. On March 24, 2023, an extraordinary Board meeting resolved, inter alia, to increase the share capital, with the exclusion of the option rights pursuant to article 2443 and article 2441, parts 4 and/or 5 and 6 of the Civil Code for a maximum par value of Euro 1.111.124,80, plus share premium, in executing the mandate granted by the shareholders' meeting on 27 March 2018; the capital increase has not been subscribed yet and it will expire on March 31, 2025.

## Shares and participation certificates

As of December 31, 2023, Newron's outstanding share capital was EUR 3,569,069.00, consisting of 17,845,345 ordinary shares with a nominal value of EUR 0.20 each. All shares are fully paid in.

Each share is entitled to one vote at the shareholders' meeting. All shares are entitled to full dividend rights. In the event of a capital increase through the issuance of new shares, the existing shareholders have subscription rights in proportion to their existing shareholding, unless the shareholders' meeting restricts or excludes such rights for important reasons, in particular, in connection with the acquisition of investments or employee participation.

Newron has not issued any non-voting participation certificates.

## Dividend-right certificates

Newron has not issued dividend-right certificates (*Genussscheine*).

### Transfer of shares

The transfer of shares is affected by corresponding entry in securities accounts, which record the transfer of financial instruments opened with authorized financial intermediaries and in accordance with the applicable law. Upon registration of the transfer and upon request of the shareholder, the financial intermediaries shall inform the Company of the transfer of shares, and the Company shall update the Libro Soci (Shareholders' Ledger) in accordance with Italian law. A shareholder may ask for his registration at any time. No restrictions apply to the transferability of Newron shares. For the year 2023, the transfer of Newron's shares has been exempted from taxation under the Italian Financial Transaction Tax IFTT. The exemption will be valid also for the year 2024 (<https://www.newron.com/investors/shareprice-information>).

### Convertible bonds

Newron has no convertible bonds outstanding.

### Warrants

Newron entered into a EUR 40 million funding facility with the European Investment Bank (EIB) on October 29, 2018. In connection with the disbursement of borrowings under the EIB Loan, Newron is obligated to issue EIB warrants to purchase up to 807,169 ordinary shares at an exercise price of EUR 9.25 per share. The warrants are divided into five tranches, with the first tranche consisting of warrants to purchase 201,793 ordinary shares and each of the remaining four tranches consisting of warrants to purchase 151,344 ordinary shares.

Upon issuance, the warrants are subject to lock-ups and may not be exercised until the earlier of: (i) in the case of the first tranche of warrants, the repayment in full of the first tranche of the EIB Loan and March 15, 2024, (ii) in the case of the second tranche of warrants, the repayment in full of the second tranche of the EIB Loan and September 15, 2025, (iii) in case of the third tranche of warrants, the repayment in full of the third tranche of the EIB Loan, respectively, and September 15, 2025, and (iii) in the case of the fourth and fifth tranches of warrants, the repayment in full of each respective tranche of the EIB Loan, respectively, and September 15, 2026. As of December 31, 2023, all tranches have been granted to Newron.

The warrants will expire as at November 30, 2028.

### Stock-based remuneration

#### 2015 Stock Option Plan

By decision of the Board dated June 4, 2015, the 2015 Stock Option Plan was established, and up to 400,000 stock options were allocated to this plan.

Of these, by June 4, 2015, 229,091 were granted to Company's and its subsidiaries' employees, consultants, and directors of the Company. The exercise price for these options is EUR 28.14. Further 48,373 options were granted to employees on September 10 and November 19, 2015, of which 19,918 were granted at an exercise price of EUR 24.90, while the remaining 28,455 were granted at an exercise price of EUR 25.41. On July 27 and September 9, 2016, the Board granted additional 36,992 options to new Newron's employees, of which 8,537 were granted at a strike price of EUR 15.22 while the remaining 28,455 were granted at a strike price of EUR 20.22. During 2017, 28,455 options were waived by an employee leaving the Company and additional 113,999 options were granted to Company's and its subsidiaries' employees, consultants, and directors, of which 36,992 were granted at a strike price of EUR 21.87 and



the remaining 77,007 at a strike price of EUR 15.97. During 2018, 7,309 of the options granted were waived by employees leaving the Company. During 2019, 7,551 of the options granted were waived by an employee leaving the Company. During 2020, additional 2,908 options were waived by employees leaving the Company.

On April 28, 2022, following the offer made by the Board to swap options assigned under ESOP 2015 for new options conditionally assigned on April 28, 2028 (for additional information, please refer to the paragraph “2022 Stock Option Plan”), several Company’s and its subsidiaries’ employees have voluntarily waived a total of 180,089 options.

As of December 31, 2023, a total of 202,143 options have been granted under the 2015 Stock Option Plan, of which 112,537 options at a strike price of EUR 28.04; 14,938 options at a strike price of EUR 24.90; 10,740 options at a strike price of EUR 25.41; 6,498 options at a strike price of EUR 15.22; 26,000 options at a strike price of EUR 21.87; and 31,430 options at a strike price of EUR 15.97. All options are vested. The options will expire as at March 24, 2025.

### 2017 Stock Option Plan

By decision of the Board dated September 5, 2017, the 2017 Stock Option Plan was established, and up to 277,806 stock options were allocated to this plan, of which 260,732 were granted at the same date to Company’s and its subsidiaries’ employees, consultants, and directors. The exercise price for these options is EUR 15.97. During 2018, 13,948 of the options granted were waived by employees leaving the Company. During 2019, 6,974 of the options granted were waived by an employee leaving the Company. During 2020, 2,617 of the options granted were waived by employees leaving the Company; on December 22, 2020, following the offer made by the Board to swap options assigned under ESOP 2017 for new options conditionally assigned on December 22, 2020 (for additional Info, please refer to the paragraph “2020 December Stock Option Plan”), several Company’s and its subsidiaries’ employees have voluntarily waived a total of 152,736 options. During 2023, 746 of the options granted were waived by an employee leaving the Company while, on October 26, Board granted 10,930 options to a consultant.

As of December 31, 2023, a total of 113,137 options were granted, of which 93,524 options at a strike price of EUR 15.97; 8,683 options at a strike price of EUR 6.10 while the remaining 10,930 options at a strike price of EUR 5.43. A total of 100,597 options were vested, while 1,610 will vest in 2024, additional n. 5,465 will vest in 2025 while n. 2,732 and n. 2,733 will vest respectively in 2026 and 2027. The options will expire as of September 8, 2027.

### 2018 Stock Option Plan

By decision of the Board dated July 5, 2018, the 2018 Stock Option Plan was established, and up to 410,259 stock options were allocated to this plan, of which 344,808 were granted at the same date to Company’s and its subsidiaries’ employees, consultants, and directors. The exercise price for these options is EUR 10.06. On November 8, 2018, the Board granted additional 54,066 options to new and existing Newron employees at a strike price of EUR 7.27. On March 31, 2020, the Board granted additional 46,951 options to new and existing Newron’ employees at a strike price of EUR 4.40. During 2018, 13,046 of the options granted were waived by employees leaving the Company. During 2019, 18,257 of the options granted were waived by an employee leaving the Company. During 2020, additional 35,321 options were waived by employees leaving the Company and its subsidiaries. During 2021, additional

14,228 options were waived by employees leaving the Company and its subsidiaries. On July 31, 2023, following the offer made by the Board to swap options assigned under ESOP 2018 for new options conditionally assigned on July 31, 2023 (for additional Info, please refer to the paragraph “2023 July Stock Option Plan”), several Company’s and its subsidiaries’ employees have voluntarily waived a total of 178,531 options. During the same meeting, the Board approved to grant additional n. 43,720 options to Directors using the ESOP 2018 plan; options were granted at the same strike price. During 2023, 2,134 options were waived by an employee leaving the Company.

As of December 31, 2023, a total of 228,028 options were granted, of which, 135,223 options at a strike price of EUR 10.06; 22,764 options at a strike price of EUR 7.27; 43,720 options at a strike price of EUR 5.87 and 26,321 option at a strike price of EUR 4.40. A number of 179,328 options were vested, while 4,980 options will vest in 2024; 21,860 options in 2025 and the remaining 21,860 in the following years. The options will expire as of July 4, 2028.

### 2020 March Stock Option Plan

By decision of the Board dated March 31, 2020, the 2020 March Stock Option Plan was established, and up to 410,259 stock options were allocated to this plan, of which 361,886 were granted at the same date to Company’s and its subsidiaries’ employees, consultants, and directors. The exercise price for these options is EUR 4.40.

On June 17, September 8 and December 1, 2021, the Board granted additional 54,066 options to new Newron employees, of which 36,992 were granted at a strike price of EUR 2.27; 8,537 options were granted at a strike price of EUR 1.93; while the remaining 8,537 options were granted at a strike price of EUR 1.83. During 2020, 12,923 of the options granted were waived by employees leaving the Company and its subsidiaries. During 2021, 16,156 of the options granted were waived by employees leaving the Company and its subsidiaries. During 2021, additional 36,992 of the options granted were waived by employees leaving the Company and its subsidiaries. On April 28, 2021, the Board granted 8,537 options to a new Newron’ employee at a strike price of EUR 1.32. During 2023, 6,438 options were waived by employees leaving the Company.

As of December 31, 2023, a total of 351,980 options were granted, of which 326,369 options at a strike price of EUR 4.40; 8,537 at a strike price of EUR 1.93; 8,537 at a strike price of EUR 1.83; and additional 8,537 at a strike price of EUR 1.32. As of December 31, 2023, 258,133 options were vested, while 85,308 options will vest in 2024; 6,404 options will vest in 2025 and the remaining 2,135 in in 2026. The options will expire as of July 4, 2028.

### 2020 December Stock Option Plan

By decision of the Board dated December 22, 2020, the 2020 December Stock Option Plan was established, and up to 134,802 stock options were allocated to this plan; all options were granted at the same date to Company’s and its subsidiaries’ employees and consultants. The exercise price for these options is EUR 1.97.

The Plan differs from the previous ones mainly for the following reasons: a) options were not allocated to Newron’s Directors; b) to receive these options, recipients must voluntarily waive the options they were granted under the ESOP 2017; c) the new amount of options granted is about 75% of the options waived, and d) the vesting of each tranche, is conditional to a defined trigger event (Company’s objective). In the days following the Board meeting,

all recipients have officially communicated to the Company their intention to waive the options granted under the 2017 ESOP. During 2021, 5,230 of the options granted were waived by employees leaving the Company and its subsidiaries. During 2022, additional 7,174 of the options granted were waived by employees leaving the Company and its subsidiaries. As one of the conditions has not occurred within the timeframe, n.61,197 options expired on December 22, 2022. During 2023, a total of 7,846 options were waived by employees leaving the Company. As a condition has not occurred within the timeframe, n. 26,672 options expired on December 22, 2023.

As of December 31, 2023, a total of 26,683 options were granted. If the condition will be met, all these options will vest in 2024. The options will expire as at September 8, 2027.

### 2022 Stock Option Plan

To incentivize the efforts of employees and certain consultants directed at the growth of the Company and its subsidiaries and with the aim to retain its employees and managers in the medium term, during the meeting held on April 28, 2022, the Board approved the 2022 Stock Option Plan allocating up to 169,497 options; all options were granted at the same date to Company's and its subsidiaries' employees and consultants. The Plan differs from the previous ones mainly for the following reasons: a) options were not allocated to Newron's Directors; b) to receive these options, recipients must voluntarily waive the options they were granted under the ESOP 2015; c) the new amount of options granted is about 75% of the options waived, d) the vesting of each tranche, is conditional to a defined trigger event (company objective), and e) the full plan will vest in 2 years only (not the usual 4). In the days following the Board meeting, all recipients have officially communicated to the Company their intention to waive the options granted under the 2015 ESOP. During 2022, 6,642 of the options granted were waived by employees leaving the Company and its subsidiaries. On April 28, 2023, as the first condition has not occurred within the timeframe, n. 81,422 options expired. During 2023, 9,964 options were waived by employees leaving the Company.

As of December 31, 2023, a total of 71,469 options were granted at a strike price of EUR 2.63. If the conditions will be met, n. 71,469 options will vest in 2024.

The options will expire as of March 24, 2025.

### 2023 Stock Option Plan

During the meeting held on July 31, 2023, the Board of Directors – with the aim to retain its employees and managers in the medium term – approved the 2023 Stock Option Plan allocating up to 179,606 options; all options were granted at the same date to Company's and its subsidiaries' employees and consultants. The Plan differs from the previous ones mainly for the following reasons: a) options were not allocated to Newron's member of the board of Directors; b) to receive these options, recipients must voluntarily waive the options they were granted under the ESOP 2018; c) the new amount of options granted is about 75% of the options waived and d) the vesting of each tranche, is conditional to a defined trigger event (company objective). In the days following the Board meeting, all recipients – with the exception of two – have officially communicated to the Company their intention to waive the options granted under the ESOP 2018 and to accept the new ones.

As of December 31, 2023, a total of 179,606 options were granted at a strike price of EUR 5.87. If the conditions will be met, respectively n. 89,804, n. 44,898 and n. 44,904 will vest respectively in 2025, 2026 and 2027. The options will expire in July 2028.

As per December 31, 2023, the total volume of granted stock options under the above plans was 1,173,046 options to acquire one share, each, at nominal value of EUR 0.20 (plus premium) each, an equivalent of 6.57% of the total number of fully paid-in ordinary shares of the Company.

Please refer to the below table for a summary of the granted options as of December 31, 2023:

Plan's name	Granting date	Exercise price (in EUR)	Expiring date				Total
			31/03/2023	24/03/2025	08/09/2027	04/07/2028	
ESOP 2015	04/06/15	28.14		112,537			112,537
	10/09/15	24.90		14,938			14,938
	19/11/15	25.41		10,740			10,740
	27/07/16	15.22		6,498			6,498
	24/02/17	21.87		26,000			26,000
	08/09/17	15.97		31,430			31,430
ESOP 2017	08/09/17	15.97			93,524		93,524
	28/02/20	6.10			8,683		8,683
	26/10/23	5.43			10,930		10,930
ESOP 2018	05/07/18	10.06				135,223	135,223
	08/11/18	7.27				22,764	22,764
	31/03/20	4.40				26,321	26,321
	31/07/23	5.87				43,720	43,720
ESOP 2020 March	31/03/20	4.40				326,369	326,369
	08/09/21	1.93				8,537	8,537
	01/12/21	1.83				8,537	8,537
	28/04/22	1.32				8,537	8,537
ESOP 2020 December	22/12/20	1.97			26,683		26,683
ESOP 2022	28/04/22	2.63		71,469			71,469
ESOP 2023	31/07/23	5.87		-		179,606	179,606
<b>Total</b>			<b>-</b>	<b>273,612</b>	<b>139,820</b>	<b>759,614</b>	<b>1,173,046</b>

# Board of Directors

## Members of the Board of Directors

The Company's by-laws establish that the Board shall consist of a minimum of four (4) and a maximum of eight (8) members. As per December 31, 2023, Newron Board was then comprised of five (5) directors, who all have been elected by the ordinary shareholders' meeting as of April 18, 2023. One Director, did not stand for re-election.

One of these directors was first elected in 2008. One member was first elected in 2012. One director was first elected in 2013. One director was first elected in 2014 while the remaining director was first elected in 2023. All directors are elected for the three-year term expiring on the date of the shareholders' meeting scheduled to approve Newron's financial statements for the year ending December 31, 2025. All Newron Board members are due for re-election at the same time. Board members can be re-elected for an unlimited number of terms. In case of replacements of Board members, the replacing new members take over the mandate for the left period of the leaving member. The shareholders' meeting elects the new members by individual vote.

Neither Newron' by-laws nor Italian company laws set a limit on the number of mandates a director can have in other companies (either listed or not).

The following table sets forth certain information about the Company's directors (more information can be found in the descriptions of each director below):

<b>Name</b>	<b>Position</b>	<b>Member since</b>	<b>Relevant external positions</b>
Ulrich Koestlin	Chairman, Non-executive director, Chairman of compensation and nomination committee	2013	Former member of Board of Management of Bayer Schering Pharma AG; Curator of the AREPO Foundation, Liechtenstein; Deputy Chairman on the Board of Constantia Flexibles AG.
Stefan Weber	Executive director, CEO	2012	Former CFO of Biofrontera and Girindus, Head of Finance Lohmann Group
Patrick Langlois	Non-executive director, Chairman of audit and risk committee, member of compensation and nomination committee	2008	Former CFO and Vice-Chairman of the Management Board of Aventis; General Partner of PJJ Conseils. Former Director on the Board of Directors and Chairman of the Audit Committee of Innate Pharma S.A. (France) and Chairman of BCELL DESIGN (France)
Luca Benatti	Non-executive director, member of R&D and audit and risk committees	2014	Co-founder, former CEO of Newron; current CEO and member of the Board of EryDel S.p.A.; Board member at Intercept Pharmaceuticals, Inc (USA) and Metis Precision Medicine (Italy); Chairman of Italian Angels for Biotech; member of the Strategic Advisory Board of Zambon S.p.A. and member of the Advisory Board of Soffinova Telethon Fund
Gillian Dines	Non-executive director, Chairwoman of the R&D committee	2023	CSO at Juvenescence UK; formerly SVP and Head of Research at Jazz Pharmaceuticals; SVP R&D Operations at GW Pharmaceuticals and VP Head of New Medicines Strategic Planning at UCB

None of the non-executive members of the Board as per December 31, 2023, was a member of Newron's management in the three financial years preceding the current year.

None of the Board members but Luca Benatti (who is a member of the Development Advisory Board of Zambon S.p.A.) or companies or organizations they represent had significant business connections with the Company or its subsidiaries. None of the Board members exercises official functions or holds political posts.

Additional information regarding the Zambon Group can be found at page 15 "Significant shareholders" and in the Notes to the Consolidated Financial Statements (please refer to Note 2 B n, Note 8, Note 10, Note 15 and Note 17).



**Ulrich Köstlin**, Chairman of the Board since 2013. He was member of the Board of Management of Bayer Schering Pharma AG until 2011 and was responsible for multiple regions globally – Europe, Asia Pacific, Latin America, Japan and North America. He began his pharmaceutical career with Schering AG as a management trainee in 1982. Over the years, he served as General Manager for several subsidiaries of Schering AG across the globe, including from 1990 to 1993 as Vice President Sales and Marketing

and General Manager Diagnostic Imaging of the U.S. subsidiary. In 1994, Ulrich was appointed to the former Schering AG's Executive Board. He currently serves as Curator of the AREPO Foundation, Liechtenstein and is Deputy Chairman on the Boards of Constantia Flexibles AG, Vienna. He holds multiple honorary positions in cultural institutions. Ulrich studied law at the Universities of Erlangen and Tübingen in Germany, and the University of Geneva in Switzerland. He holds a Dr. iur. Doctorate from Tübingen University and a Master of Laws (LL.M.) degree from the University of Pennsylvania Law School. Ulrich is the Chairman of Newron's compensation and nomination committee. He is a German citizen.

Permanent management and consultancy functions for important Swiss and foreign interest groups: none.



**Stefan Weber**, was appointed Chief Executive Officer and Executive Director of Newron in 2012. He had been Chief Financial Officer of the Company since April 2005. Stefan holds a master's degree in business management from FernUniversität Hagen (Diplom-Kaufmann). He has more than 30 years of industry experience in finance and general management. From 2001 to 2005, he was the Chief Financial Officer of Biofrontera, a company active in drug discovery and development. He joined Girindus,

a fine chemistry process development and scale-up provider, in 1999, and was appointed Chief Financial Officer in 2000. From 1987 to 1999, he was with Lohmann Group, a worldwide producer of pharmaceutical, medical, technical and consumer products. His final position was Head of Finance of the Group. Stefan has closed numerous major financing transactions, debt, equity, and mezzanine as well as obtained national and European grants. He has also executed successful IPOs to the Frankfurt and Zurich stock exchanges and has been involved in a number of M&A transactions, divestments and strategic restructurings. He is a German citizen.

Permanent management and consultancy functions for important Swiss and foreign interest groups besides those mentioned: none.



**Patrick Langlois**, a director since 2008, was the CFO and Vice-Chairman of the Management Board of Aventis from 2002 to 2005 and served for 30 years in various senior financial functions at Rhône-Poulenc and the Aventis Group in France and the USA. Prior to that, he was with Banque Louis-Dreyfus. He currently is General Partner of P JL Conseils, a consulting firm in healthcare. He holds a doctorate in economics from the University of Rennes (France). Over the past years, Patrick Langlois was Director

on the Board of Directors and Chairman of the Audit Committee of INNATE PHARMA S.A. (France) for 12 years; Chairman of the board of Directors and Remuneration Committee of ONXEO and SENSORION respectively for 5 years; and Chairman of B CELL DESIGN, French Private Company in immune-oncology (France) until 2021. He is a French citizen. Patrick is the Chairman of Newron's audit and risk committee and member of the compensation and nomination committee.

Permanent management and consultancy functions for important Swiss and foreign interest groups besides those mentioned: none.



**Luca Benatti**, a director since 2014, was Chief Executive Officer and member of the Board of EryDel S.p.A. up to October 2023. He has over 30 years' experience in Pharma and Biotech. He was the Co-founder and CEO of Newron Pharmaceuticals (NWRN, Swiss Stock Exchange). Under his guidance, Newron developed a pipeline of innovative therapies including Xadago, approved worldwide for the treatment of Parkinson's disease. He is an independent Board member at Quince Therapeutics (QNCX, Nasdaq),

Newron Pharmaceuticals, CaSRevolution, Chairman of the Italian Angels for Biotech, Member of the Development Advisory Board of Zambon, and Member of the Advisory Board of the Sofinnova Telethon fund. He has authored several scientific publications and holds numerous patents. Luca Benatti is an Italian citizen. Luca is a member of the R&D and the audit and risk committees.

Permanent management and consultancy functions for important Swiss and foreign interest groups: none.





**Gillian Dines** Chairwoman of Newron's R&D committee and a director since April 2023. Since October 2023, Gillian is the Chief Scientific Officer at Juvenescence UK and formerly – from 2020 to 2023 – Senior Vice President and Head of Research and Early Development at Jazz Pharmaceuticals. Gillian has 30+ years of experience in research, development, approval, and commercialization of new medicines in both “Big Pharma” and as an entrepreneur in the biotech environment. She holds a Master of Science

in Toxicology from the University of Surrey and a Bachelor of Science from University of Leeds in Biochemistry and Genetics. Gillian has held a number of positions in the Pharma industry, formerly – from 2014 to 2020 – she was SVP R&D Operations at GW Pharmaceuticals and also VP Head of New Medicines Strategic Planning at UCB. One of her key roles in 2008 was Company Director and Chief Development Officer at RespiVert, a UK based biotech that delivered clinical phase assets from start-up to acquisition by global pharma player in only 18 months, within £20M budget. Her previous experience covers various leadership roles at GlaxoSmithKline. In her career she led 20+ novel medicines and devices through successful IND and clinical submissions in areas of respiratory, immunology, rare disease, anti-infective, neurology and oncology therapy areas. She is an English citizen.

Permanent management and consultancy functions for important Swiss and foreign interest groups: none.

## Responsibilities and organization

Pursuant to the Company's by-laws, the Board has complete power over the administration of the Company's business, and it has the power to take actions deemed advisable for the pursuit of the Company's corporate purposes. Within the limits prescribed by Italian law, the Board may delegate its general powers to an executive committee and/or any executive director. The Board has delegated certain of its powers, excluding, amongst others, the conduct of litigation exceeding the value of EUR 300 thousand, expenditures exceeding more than 10% of the yearly operating expenses as defined in the annual budget approved by the Board, entering into joint ventures, M&A, licensing, lending agreements exceeding EUR 1 million, variation in share option schemes, approval of the annual budget and actions on the intellectual property exceeding ordinary administration to the Company's Executive Director, Stefan Weber, whose functions include coordination and supervision of the Company's ordinary business within the limits set out before.

Although the Company's by-laws specifically permit the Board to appoint an executive committee, as of December 31, 2023, this right has not been exercised by the Board. The Board also determines the duration of the term of the Company's Executive Director. The Chairman of the Board, any Deputy Chairman as well as any director are the legal representatives of the Company. The Board and any director may delegate the power to carry out certain acts within the scope of their respective authority.

The Company's directors are elected at the Company's annual ordinary meeting of shareholders for a term of up to three financial years (save for any different shareholder's resolution for a shorter term). During the meeting, shareholders are requested to express their favorable or contrary vote to the appointment of each candidate. The Company's directors may be reelected for an unlimited number of consecutive terms. If the shareholders fail or skip to elect a Chairman at the shareholders' meeting, the members of the Board elect, from amongst themselves, the Chairman, and one or more Deputy Chairmen and/or Executive Directors.

Under Italian law, directors may be removed from office at any time by a shareholders' resolution. However, if removed without "just cause", such director may have a claim for damages against Newron. The Company's directors may resign at any time by written notice to the Board of Statutory Auditors. Further to such removal or resignation, the Board may appoint substitute directors, subject to the approval of the Company's Board of Statutory Auditors, who will serve until the next general meeting of shareholders.

## Meetings

Meetings of the Board may be called by the Company's Chairman or any Deputy Chairman, Executive Director or two directors by notice setting forth the matters to be discussed at the meeting, to be sent at least five days (or in cases of urgency, at least one day) before the date of the meeting. The minimum quorum required for Board meetings is a majority of the Company's directors in office. Board meetings are chaired by the Company's Chairman or, if the Chairman is absent or otherwise unable to act, by any Deputy Chairman, the Company's Executive Director or any other person appointed by the Board. Resolutions are adopted by a majority vote of the directors present at the meeting.

In 2023, a total of five meetings of the full Board were called. As the Covid-19 pandemic showed considerable signs of easing and many countries have lifted travel bans, Newron held 3 physical Board meetings. In addition, both the Audit and risk committee and the Compensation and nomination committee convened by phone/videoconference two (2) times. The R&D committee convened by phone/videoconference two (2) times. Generally, the physical meetings of the full board are mostly called on a quarterly basis and usually take a business day while the phone meetings are called upon requirement and usually take between one and two hours. The committee meetings usually take between half an hour and two hours. The committees have a predetermined annual agenda to ensure that important reviews take place at the appropriate time throughout the year. The Board undergoes a periodic self-review to ensure continued effectiveness.

Members of senior management attend all Board meetings and as described below, those committee meetings in which a senior manager acts as main contact to report on areas of the business within their responsibility, to present proposals for decision and to participate, if requested by the Board, to the discussion prior to a vote being taken by the Board.

In 2023, external advisors were participating during one meeting of the Board: the topics discussed refer to the Data Protection Law and the yearly report by the Data Protection Officer.

### Information and control instruments

The Board ensures that it receives sufficient information from senior management to perform its supervisory duty and to make decisions that are reserved for the Board. The Board obtains the information required to perform its duties through several means.

The members of the Board, on a quarterly basis (or more frequently if requested by directors ahead of planned meetings) receive a comprehensive management report designed to provide them with an update on business activities in general and relevant developments regarding clinical trials and preclinical activities, the collaboration with licensing partners, as well as on legal, business development and financial matters. The reports are subject to discussion during the Board meetings, which senior management regularly attends. With regard to the committees as described below, the Chief Executive Officer is the main contact to the members of the compensation and nomination committee, while the Chief Financial Officer (cf. Section on Senior Management, page 38) takes this function towards the members of the audit and risk committee, the Chief Medical Officer (cf. Section on Senior Management, page 37) towards the members of the R&D committee and the V.P. Operations (cf. Section on Senior Management, page 39) towards the members of the ESG committee. Yet, decisions might be taken by the members of the Board as well as each committee without the attendance of senior management, but following presentation of facts by, and discussion with senior management.

Members of the Board and the committees usually do not participate in meetings of senior management.

Management provides the Board annually with a consolidated financial budget for the next business year for the parent company and the subsidiaries, and regularly, senior management presents to the Board strategic considerations for review, discussion, and decision.

The Board and the committees closely follow the progress on the major activities, as presented by management. Analyses of deviations are to be provided and explained in writing regularly, required action will be closely monitored via update phone calls. Each member of

the Board may demand information on any business of Newron's affairs and may inspect all books, business files and corporate documents upon request at any time.

On a quarterly basis, the Board of Statutory Auditors is updated as well, as required by Italian law (please see at page 36). The permanent observation and control of the Company's risks is a management objective. For identified risks, mainly clinical development and financial risks, a risk assessment is performed. Appropriate actions (including for example the performance of additional preclinical or clinical studies, fundraising activities etc.) are defined and executed to minimize the risk. Management and Board of the Company during the Board meetings review the identified risks, discuss, and decide on the measures and reassess the situation after an adequate period of time. Due to the size of the Company, there is no internal auditing function in place.

### Committees

The Board has formed three permanent committees, an audit and risk committee, a compensation and nomination committee and a research and development (R&D) committee to support its work. As communicated on July 1, 2022, Newron has introduced an ESG committee on Board level to underline its corporate ESG commitment. Formally, the ESG committee is part of the compensation and nomination committee and the respective ESG-related tasks are covered by both members of the compensation and nomination committee since July 1, 2022. The overall responsibility of the Board is not limited by these committees. The role of such committees is to exercise review and control and to report the findings to the Board and to express certain recommendations to the Board, while decisions are finally taken by the Board, with the exception described below for the compensation and nomination committee.

As at December 31, 2023, the audit and risk committee consisted of Patrick Langlois (Chairman) and Luca Benatti, each of whom is a non-executive member of the Board. The audit and risk committee meets at the option of its members on the same date as the Company's scheduled Board meetings and at such other times as its chairperson deems it appropriate. Main objectives of the committee are to contribute to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of financial information and the compliance with laws and regulations, including the by-laws, the internal procedures, and the internal control system, including risk management and issuing recommendations to the Board regarding the acceptance of the Company's annual budgets and accounts. The committee's chairperson reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. For further detail with respect to the audit committee, please see Note "Auditors" on page 49.

As at December 31, 2023, the compensation and nomination committee consisted of Ulrich Köstlin (Chairman) and Patrick Langlois, each of whom is a non-executive and independent member of the Board. The main tasks of the compensation and nomination committee are to review periodically the Company's remuneration strategy, to review and approve corporate goals and objectives relevant to compensation, to evaluate the performance of the Company's executives, to propose to the full Board the compensation of the executive director, to set the compensation of the other executives, to make recommendations to the full board on the remuneration of the non-executive directors of the Company, to review incentive compensation and equity-based plans and make recommendations to the full board on such plans, to review the Company's executive succession plan and make recommendations to the full Board and to approve dismissal and redundancy plans.

This committee meets at the option of its members on the same date as the Company's scheduled Board meetings and at such other times as its chairperson deems appropriate. The committee's chairperson reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

As at December 31, 2023, the R&D committee consisted of Gillian Dines (Chairwoman) and Luca Benatti, each of whom is a non-executive and independent member of the Board. The main tasks of the R&D committee are to evaluate the research and development strategies of the Company, to review and report to the Board scientific trends and emerging areas of science relevant to the Company strategy, to review and evaluate internal research and development projects from a scientific and strategic perspective, to review and provide guidance related to business development opportunities, to assist the Company in developing and accessing a network of world class scientific advisors for the purposes of guidance as well as for the identification and attraction of new opportunities and to review the Company's compliance systems with reference to scientific and regulatory matters.

This committee meets at the option of its members on the same date as the Company's scheduled Board meetings and at such other times as its chairperson deems appropriate. The committee's chairperson reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

### **Board of Statutory Auditors**

Pursuant to Italian Law, in addition to electing the Board, the Company's ordinary shareholders' meeting also elects a board of statutory auditors, which is required to meet at least once every 90 days. Members of the Company's Board of Statutory Auditors are elected for a three-year term with a voting list (voto di lista) system.

The Company's current Board of Statutory Auditors has been elected on April 5, 2022, for a three-year term expiring upon the approval of the Company's financial statements for the year ending December 31, 2024. The Board of Statutory Auditors is composed of three permanent statutory auditors, plus two alternate statutory auditors who would automatically replace a permanent statutory auditor who resigns or otherwise becomes unable to perform its duties. At least one regular member of the Board of Statutory Auditors and one alternate member must be selected among those registered with the national register of auditors (Registro dei Revisori Contabili). The other members, if not registered with the national register of auditors, must be registered in specific professional register, or must be chosen among permanent university professors of economics or law. All members of the Company's Board of Statutory Auditors are registered with the national register of Auditors.

The Company's Board of Statutory shall supervise the observance of the law and the by-laws, compliance with the principles of proper management and on the adequacy of the organization, administrative and accounting structure adopted by the Company and on its functioning. In particular, it is required to supervise the Company's activities in order to determine compliance with the by-laws and applicable Italian law, as well as report specific matters to the shareholders and to the court. The Board of Statutory Auditors, among other things, shall supervise (i) that the Company be managed in a sound manner and (ii) that the Company's internal auditing, accounting and administrative procedures be adequate.

The review of the Company's books and records performed by its Board of Statutory Auditors does not constitute an audit in accordance with Italian auditing standards.

The Board of Statutory Auditors issues an annual report (Relazione al bilancio di esercizio) on the Company's annual accounts which shall remain on deposit at the legal address of the Company during the fifteen days which precede the shareholders' meeting that approves the statutory yearly financial statements.

Members of the Company's Board of Statutory Auditors must receive notice of, and are required to attend, meetings of the Board, shareholders' meetings, and meetings of any executive committee of the Board.

The following table sets forth certain information about the current members of the Company's Board of Statutory Auditors, who have been appointed by the shareholders' meeting of April 5, 2022:

<b>Name</b>	<b>Position</b>	<b>Member since</b>
Richard P. Murphy	Chairman of the Board of Statutory Auditors	2002
Lucio G. Ricci	Permanent auditor	2002
Massimo Giaconia	Permanent auditor	2013
Chiara Peja	Alternate auditor	2010
Alessandro Isacco	Alternate auditor	2013

As he recently joined EY (Newron' audit firm – see page 49) Massimo Giaconia, effective from January 16, 2024, resigned and, since then, the Alternate auditor Alessandro Isacco has replaced him.

Each of the members of the Company's Board of Statutory Auditors also serves as statutory auditor for several other Italian and pharmaceutical companies.

# Senior Management

## Members of the senior management

Name	Position at the Company
Stefan Weber	Chief Executive Officer, Executive Director
Ravi Anand	Chief Medical Officer
Roberto Galli	Chief Financial Officer
Dennis Dionne	Vice President Commercial Affairs
Filippo Moriggia	Vice President Operations
Laura Faravelli	Vice President Business Development

For a biography of Stefan Weber, Newron's CEO, see page 29.

With effect on June 30, 2023, Marco Caremi (previous Executive Vice President Business Development) retired and, from July 1, 2023, his role has been taken over by Laura Faravelli (Vice President Business Development). On July 1, 2023, Roberto Galli has been promoted to Chief Financial Officer.

None of the members of the senior management is a member of governing and supervisory bodies of important Swiss or foreign organizations, institutions, and foundations outside of Newron. None of the members of the senior management holds permanent management or consultancy functions for important Swiss or foreign interest groups, and none of them has official functions or holds political posts besides those mentioned. None of them has previously covered functions for Newron or one of Newron's subsidiaries besides those mentioned below.

Neither Newron's by-laws nor Italian company law set a limit on the number of mandates a member of the senior management can have in other companies (either listed or not).



**Ravi Anand**, a Swiss resident, has been the Company's Chief Medical Officer since 2005. He received his university education in New Delhi, India, and his medical training, specialising in psychiatry and neurology, in the U.S. For over 25 years, Ravi has worked in international drug development and regulatory affairs at major pharmaceutical companies, including F. Hoffmann – La Roche (Switzerland), Sandoz/Novartis (USA) and Organon (Netherlands). From 1993 to 1997, Ravi was the Medical

Director of CNS, Clinical Research at Sandoz Research Institute. From 1997 to 2001, he served as the international Head of CNS Medical Affairs at Novartis and, from 2001 to 2003, as the global Head of CNS Clinical Research at Organon. Since 2003, Ravi has been acting as a consultant for Newron and other clients. During his tenure in the pharmaceutical industry, he worked in all phases (I through III) of drug development as well as in post-marketing studies (Phase IV). In total, he has been responsible for the conduct of clinical trials in over 30 countries and been involved in over 30 investigational new drug applications, and over seven international new drug applications. He has published over 50 papers and 200 abstracts, posters, and presentations.

He is both a U.S. and a Swiss citizen.



**Roberto Galli** has been member of the management team since 2012; effective from July 1, 2023, he has been appointed Chief Financial Officer (previously Vice President Finance). He has almost 30 years of experience in industry finance and auditing. He joined Newron in 2002. He has held several management positions within the Finance Department and has been involved in the Company's IPO, as well as M&A and other strategic corporate transactions: he was instrumental in finalizing

the EIB funding facility. Before joining Newron, he was Senior Auditor & Business Advisor at PricewaterhouseCooper (PwC), leading auditing projects in mid-size and listed companies/groups. He started his career as an auditor at Coopers&Lybrand. He holds a degree in business economics from the University Luigi Bocconi in Milan and is registered with the national register of auditors. He is also a member of the Italian Angels for Biotech Association.

Roberto Galli is an Italian citizen.



**Dennis Dionne** has been Vice President of Commercial Affairs since January 2017. He joined Newron Pharmaceuticals as Executive Director of Commercial Operations in 2015. Dennis has tremendous experience in the CNS arena and served in a variety of commercial leadership roles at Johnson & Johnson (21 years), at Novartis (6 years), and has pioneered a number of small venture start-ups. He has proven abilities in planning and management at both strategic and operational levels, includ-

ing building full life-cycle commercial strategies at the pre-launch stage and managing the business through various stages of growth. Dennis holds a BA in Biology & Chemistry from Roger Williams University, Bristol, RI and has successfully completed executive leadership programs in general management and operational leadership, commercial policies and practices, marketing and project management and global cross functional team leadership.

Dennis Dionne is a U.S. citizen.





**Filippo Moriggia** was appointed Vice President Operations of Newron effective July 1, 2022. He has held several management positions, including IT, HR and compliance responsibilities, since he joined Newron in 2016. Currently, he is also responsible of Newron's ESG implementation and reporting. He has more than 15 years of experience as an independent IT professional advisor. He started his career as a technical editor for different national magazines of the Mondadori Group. He holds a

master degree in Engineering from the Politecnico di Milano and is a licensed professional engineer since 2005.

Filippo Moriggia is an Italian citizen.



**Laura Faravelli** was appointed VP Business Development on July 1, 2023. Since 2015, Laura has held various management roles in Newron's business development function. She has over 20 years of experience in international research, development and regulatory approval of new products for central nervous system indications and in drug repositioning. Laura holds a PhD in Neurobiology and a master's degree in Regulatory Affairs and Market Access. Before transitioning to business

development, she held management positions in Newron's R&D unit, including in discovery, pharmacology research and non-clinical development, contributing to successful European Medicines Agency marketing authorisation application (MAA) and US Food and Drug Administration new drug application (NDA) processes. She started her post-academic career at Pharmacia & Upjohn.

Laura Faravelli is an Italian citizen.

### **Management contracts**

The Company does not have management contracts with third parties.

# Compensation, Shareholdings and Loans

In line with Italian law, the maximum total annual compensation for the members of the Board is proposed to the shareholders' meeting by the Company's management and Board and approved by decision of the shareholders' meeting. The current maximum compensation of EUR 350,000 per year was approved by the shareholders' meeting of April 18, 2023, and, it is applicable for the three years-term expiring on the date of the shareholders meeting scheduled to approve Newron's financial statements for the year ending December 31, 2025. Directors' maximum compensation is based on a review of European peer companies' remuneration schemes as per analyses performed by a leading human-resources consulting firm in 2015 and 2017 (for detail, see below). It is within the competence of the compensation and remuneration committee to propose to the full Board the allocation of all or a part of the maximum total remuneration to the individual members, mainly according to their role and responsibilities within the Board and its committees. The resolutions are taken by the majority of the Directors present during the meeting. As per December 31, 2023, the compensation of the members of the Board consists of a fixed annual remuneration of EUR 69,880 for the Chairman of the Board and EUR 38,434 for the other members of the Board.

The Chairman of the compensation and nomination committee qualifies for an additional remuneration of EUR 8,735, whereas the Chairmen of the R&D committee and the audit and risk committee qualify for an additional remuneration of EUR 11,647, each.

The other members of the committees qualify for an additional remuneration of EUR 5,823.

Effective January 1, 2024, the above compensations will be increased by 5% in line with an average inflation rate.

Furthermore, non-executive directors are participating to the 2015, 2017, 2018 and March 2020 Company stock option plans, based on capital increases approved by the Company's shareholders (see pages 18–20). Under such plans, till end of December 2023, non-executive directors have been allocated a total of 161,944 stock options (for additional details, see page 43).

The amount of options allocated to directors are based on an assessment performed by the remuneration and compensation committee of European peer companies' remuneration schemes, in 2015, and during 2017 (for detail, see below). It is the current policy not to pay a variable cash remuneration to non-executive members of the Board.

For the fiscal year ended December 31, 2023, Stefan Weber has waived his compensation as member of the Board.

Generally, the compensation (base salary, bonus, and stock-based remuneration) of the members of the Senior Management (excluding the Executive Director's one, for which the full board decision is required under Italian law), is set and reviewed annually by the compensation and nomination committee of the Board, in accordance with Newron's compensation practice and suggestions received from the external advisor mentioned below. The review is based on experience of the members of the committee, publicly available information (e.g., peer companies' annual reports) as well as advice from a leading human-resources consulting firm with regards to remuneration packages required to attract internationally experienced senior executive managers from the biopharmaceutical industry, including information available on peer companies. The compensation and nomination committee is required to inform the Board of the decisions taken.

In December 2017, the compensation and nomination committee of the Board as well as the full Board were presented a report on Board and senior management compensation (including annual salary, stock options and other benefits) by one of the leading human resources consulting firms, comparing Newron to peer companies in Europe (16, including amongst others AC Immune, CH; Biofrontera, Germany; Nanobiotix, France; Paion, Germany; Pharming Group, NL; Quotient, U.K.; Santhera Pharmaceuticals, CH; Silence Therapeutics, U.K.) and the United States (21, including amongst others, Adamas Pharmaceuticals, Curis, Intra-Cellular Therapies, Palatin Technologies, Revance Therapeutics, Syndax Pharmaceuticals, Verastem) with a comparable status of corporate and development project status, market cap, revenues and team size. When reviewing the results, the compensation and nomination committee proposed to the full Board who agreed to apply the 50<sup>th</sup> percentile of the European peer group's data. Because of the sarizotan results published on May 4, 2020, and the Covid-19 pandemic the compensation and nomination committee has delayed an updated analysis to the end of 2024. Since the last report, the advisor has not been awarded additional mandates.

Senior management compensation consists of base salary, cash bonus and stock-based remuneration (stock options, for more details see Note "Stock-based remuneration" on page 69). The maximum bonus for senior management is 30% (CEO: 50%) of the base salary, based on Company performance objectives as described below. In addition, Newron offers to senior management members company cars (in Europe only), mandatory social security payments and certain life and disability insurance coverage.

The compensation and nomination committee of the Board sets, at the beginning of the year, Company performance objectives and attributes a weight to them in%. At year end, the committee decides at its own discretion on the level of achievement of the Company performance objectives: accordingly, all Newron Group' senior management members are rewarded in proportion of their personal level of bonus. These objectives are related to the key value drivers of the Company like development progress, licensing and M&A transactions, financing, budgetary discipline and ESG objectives.

For 2023, Company's senior management has been rewarded a bonus reflecting achievement of 45% of the Company objectives, among which: i) the issuance of several new policies to ensure Newron compliance with ICH and GCP guidelines; ii) the Evenamide phase II data related to the pilot study 014 and its extension 015 and the achievement of all ESG objectives.

The number of options allocated to members of the senior management are based on an assessment performed by the remuneration and compensation committee of European peer companies' remuneration schemes, in 2015, and during 2017 (for detail, see above).

The total gross compensation of the members of the Board in 2023 is outlined below:

(In thousand EUR)	Cash compensation (gross amount)	Stock options**	Total 2022	Total 2021
Ulrich Köstlin, non-executive Chairman, Chairman of compensation and nomination committee	97	9	106	88
Stefan Weber, executive director *	475	35	510	498
Patrick Langlois, non-executive director, Chairman of audit and risk committee, member of compensation and nomination committee	69	9	78	66
Luca Benatti, non-executive director, member of R&D committee, member of audit & risk committee	59	9	68	61
Gillian Dines***, non-executive director, Chairwoman of R&D committee	41	6	47	0
<b>Total</b>	<b>741</b>	<b>68</b>	<b>809</b>	<b>713</b>

\* Full year remuneration in his function as CEO

\*\* Evaluation under IFRS rules, not necessarily reflects personal income

\*\*\* Appointed on April 18, 2023

For the fiscal year ended December 31, 2023, the aggregate compensation (consisting of statutory auditors' fees) paid by Newron to the Company's Board of Statutory Auditors was about thousand EUR 61 (2022: thousand EUR 55).

The total gross compensation and the highest individual compensation of the members of the senior management in 2023 are outlined below:

(In thousand EUR)	Base salary/ remuneration (gross amount)	Bonus (gross amount)	Stock options	Total 2023	Total 2024
Ravi Anand, CMO	1,045	51	23	1,119	1,055
Total senior management, including Ravi Anand	2,629	261	122	3,011	2,792

#### Payments to former management and directors

None.

## Share allotment

In the year ended December 31, 2023, no shares have been allotted to any members of the Board nor the senior management or parties closely linked to them.

The holdings of shares and stock options in Newron by members of the Board, senior management and parties closely linked to them as of December 31, 2023, are outlined below:

	Shares*	Stock options	of which vested
Ulrich Köstlin, non-executive Chairman of BoD	40,249	50,338	36,812
Stefan Weber, CEO, executive member of BoD	20,351	93,171	32,567
Patrick Langlois, non-executive director	12,000	50,338	36,812
Luca Benatti, non-executive director	0	50,338	36,812
Gillian Dines, non-executive director	0	10,930	0
Ravi Anand, CMO	41,872	65,221	22,797
Roberto Galli, Vice President Finance	2,500	52,834	16,284
Dennis Dionne, Vice President Commercial Affairs	0	150,502	114,772
Filippo Moriggia, Vice President Operations	0	46,360	23,335
Laura Faravelli Vice President Business Development	0	51,285	23,280

\* As far as the Company is aware.

The weighted average exercise price of the granted stock options is EUR 6.70. The exercise ratio in all cases is 1 share for 1 stock option. For additional information please refer to section "Stock based remuneration" above.

#### **Additional fees and remunerations**

No additional fees and remunerations have been charged to Newron by any member of the Board or of the senior management or parties closely linked to them for additional services performed during 2023.

#### **Loans and credits to the Board and senior management in the sense of Article 15 of the Ordinance Against Excessive Compensation:**

No loans or credits were granted during 2023 to current and former members of the Board or senior management. In addition, as of December 31, 2023, no such loans or credits were outstanding.

#### **Compensation, loans and credits to related persons in the sense of Article 16 of the Ordinance Against Excessive Compensation**

In 2023, no non-market standard compensation has been paid by the Company, whether directly or indirectly, to persons related to Board and senior management members of the Company.

No loans or credits at non-market conditions were granted during 2023 to persons related to Board and senior management members of the Company. In addition, as of December 31, 2023, no such loans or credits were outstanding.

# Shareholders' Participation

## Ordinary meetings

Ordinary shareholders' meetings must be convened at least once a year within 120 days after the end of the fiscal year (180 days in particular circumstances) for the approval of the financial statements. At ordinary meetings, if necessary, shareholders may also be called to appoint directors and statutory auditors, determine their remuneration, vote on whether the Company should take action against any directors or statutory auditors, and vote on any business matter submitted by the directors.

The quorum required for an ordinary shareholders' meeting of Newron is the presence of shareholders representing at least 50% of the Company's share capital (in the first call), whilst, from the second call on, meetings do not require any quorum for their validity.

In the event that the ordinary meeting is convened for a sole call, then the quorum provided for the ordinary meeting in the second call shall apply. Resolutions are approved by the shareholders representing absolute majority in first call or the majority of the shares present or represented at the meeting in following calls or in sole call.

## Extraordinary meetings

Extraordinary meetings of shareholders may be called to vote on proposed amendments to the by-laws, appointment, substitution and powers of liquidators and other resolutions provided by law.

The quorum required at an extraordinary shareholders' meeting of Newron (i) in the first call is the presence of shareholders representing at least 50% of Newron's share capital;

(ii) in the second call is the presence of shareholders representing more than one third of Newron's share capital and (iii) in the third call is the presence of shareholders representing at least one fifth of Newron's share capital. In the event that the extraordinary meeting

is convened for a sole call, then the quorum provided for the extraordinary meeting in the third call shall apply. At extraordinary meetings, resolutions must be approved by at least two-thirds of the share capital represented at such meetings (save for specific matters which require special majorities).

## Notice of meetings

Notice of all shareholders' meetings of listed companies must be published in the Gazzetta Ufficiale, the Italian official gazette, or in at least one of the daily newspapers set forth in the by-laws, at least 15 days prior to the date set for the meeting. Pursuant to relevant provisions of the Company's by-laws, such notice will be published in the Italian daily newspaper MF Milano Finanza or, in the case that MF Milano Finanza is no longer published for any reason, in the Italian daily newspaper Corriere della Sera, or, in the case that Corriere della Sera is no longer published for any reason, in the official gazette of the Republic of Italy (Gazzetta Ufficiale). Pursuant to the Company's by-laws, such notice will also be published in the German language in the Swiss daily newspaper Neue Zürcher Zeitung, or, in the case that Neue Zürcher Zeitung is no longer published for any reason, in the Swiss daily newspaper Tages-Anzeiger, and in the French language in the Swiss daily newspaper Le Temps or, in the case that Le Temps is no longer published for any reason, in the Swiss daily newspaper L'Agefi.

In addition, pursuant to Article 2366 of the Italian Civil Code, a meeting will be deemed duly convened if shareholders representing 100% of the Company's share capital, together with the majority of directors and the majority of members of the Board of Statutory Auditors, are present at the meeting. Persons attending may object to discussions of matters on which they have not been sufficiently informed.

Shareholders' meetings: (i) must be called promptly upon the request by holders of at least 5% of the share capital; (ii) may be called by the Board whenever it deems appropriate or (iii) may be called by the Board of Statutory Auditors or the president of the court having jurisdiction (Presidente del Tribunale), in the cases provided by law.

### **Attendance and voting rights**

To attend any shareholders' meeting, a Company shareholder must give evidence of its status as shareholder. Accordingly, a shareholder has to ask the Bank where its shares are deposited, to send to the Company the so called "comunicazione dell'intermediario"/ "biglietto d'ammissione" (communication/admission ticket) requested by the Italian law. The above communication will allow the Company to recognize the shareholder and to know how many Company shares (i.e., voting rights) he holds: this communication must reach the Company at least one business day prior to the shareholders' meeting. The registration procedure may require up to 10 working days to be duly finalized. Therefore, the Company suggests its non-Italian shareholders to start it immediately after the publication of the official call of the shareholders' meeting.

For additional information regarding the attendance procedure, please check <https://www.newron.com/investors/shareholders-meeting> – at due time ahead of each shareholders' meeting.

Shareholders may appoint proxies by written means according to Article 2372 of the Italian Civil Code.

Italian law does not foresee explicit rules for shareholders to ask for inclusion of certain topics to the agenda if the shares of a company are not listed on an Italian market. Yet, shareholders representing in the aggregate 5% of the share capital of the Company could request the directors to call a shareholders' meeting, implying their right to propose topics to the agenda.

Each share is entitled to one vote at the shareholders' meeting. The by-laws of the Company do not contain any limitations on the voting rights in respect of shares held by any shareholder.



### Minority shareholders' rights

Resolutions adopted at a shareholders' meeting are binding on all shareholders. Yet, under Italian law, any shareholder owning voting shares representing at least 0.1% of the stock of a listed company may, within specific terms, challenge any resolution of the shareholders in respect of which it has abstained from voting or cast a dissenting vote on the basis that the resolution was not adopted in conformity with applicable law or the by-laws; directors and statutory auditors may also challenge shareholders' resolutions on that basis.

Each shareholder may submit a complaint to the Board of Statutory Auditors regarding facts that such shareholder deems to be censurable, and the Board of Statutory Auditors must take any such complaint into account in its report to the meeting of the shareholders.

If shareholders collectively representing 2% of the Company's share capital submit a complaint, the Board of Statutory Auditors must promptly undertake an investigation and present its findings and any recommendations to a meeting of the shareholders (which must be convened by the Board of Statutory Auditors immediately if there appear to be grounds for the complaint and there is an urgent need to take action).

Shareholders representing in the aggregate at least 5% of the Company's share capital have the right to report major irregularities in the management of the Company to the relevant court. In addition, shareholders representing at least 2.5% of the Company's share capital may bring legal action against the directors of the Company. The Company may waive or settle the suit provided that (i) such waiver or settlement is approved by the ordinary shareholders' meeting and (ii) holders of more than 5% of the Company's share capital do not vote against such waiver or settlement. The Company will reimburse the legal costs of such action in the event that the claim of such shareholders is successful and: (i) the court does not award such costs against the relevant directors, statutory auditors or general managers; or (ii) such costs cannot be recovered from such directors, statutory auditors or general managers.

In addition, under Italian law, a single shareholder may bring an action against members of a company's board of directors in respect of damages directly suffered for negligence or willful misconduct.

# Change of Control and Defence Measures

In line with Swiss law, which is applicable to Newron as an Italian entity since May 1, 2013, Newron's shareholders (and any direct or indirect holder, acquirer, or seller of shares) are required to comply with the provisions as set forth in Articles 125 ss. of the FMIA and pertinent regulations, including FMIO-FINMA Articles 30 ss. and the Ordinance of the Takeover Board on Public Takeover Offers of August 21, 2008, as amended ("TOO") (all such laws and regulations, the "Swiss Tender Offer Laws"). The Swiss Tender Offer Laws provide, among other things, that if a person acquires shares of a company, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of 33 $\frac{1}{3}$ % of the voting rights (whether exercisable or not) of such company, that person must make an offer to acquire all of the listed shares of that company.

A Company's articles of incorporation may either eliminate application of the FMIA or may raise the relevant threshold to 49% ("opting out" or "opting up", respectively). The Company's by laws do not contain any opting out or opting up provision.

Should the Company as per the assessment by the Board experience an extraordinary transaction of severe impact on its corporate structure, the stock options as evidenced in Note "Share-based compensation" on page 69, which have not vested by that point in time will automatically vest upon such assessment and decision by the Board.

No other applicable agreements or schemes that benefit members of the Board and senior management do include change of control clauses. In particular, no agreements on severance payments in the event of takeover, special provisions on the cancellation of contractual arrangements, agreements concerning special notice periods or longer-term contracts exceeding twelve months or additional contributions to pension funds exist that protect the abovementioned persons in case of take overs.

# Auditors

Upon proposal by the management and Board of the Company, on April 5th, 2022, the shareholders' meeting has appointed EY S.p.A. as the Company's independent auditors in relation to the audit of the Company's financial statements for the three financial years until December 31, 2024. The recommendation by the Company's management and Board, who had asked alternative audit companies to provide offers for a of collaboration was based on the high quality of the audit team proposed by EY, its audit experience in the pharmaceutical industry, the capability to support international projects and the financial terms offered for the work expected to be done for Newron.

The auditor in charge, since review of the Half Year Report 2023 is Paolo Zocchi.

EY will receive an expected fee of about thousand EUR 125 (2022: EUR 108) exclusively due to the audit of the Company's Italian GAAP Financial Statements, the financial statements of the subsidiaries under the local GAAP standards, and the Group's consolidated IFRS Financial Statements. Further fees of thousand EUR 13 (2022: EUR 13) were charged by EY for the audit procedures on royalty revenues received in 2023.

## Supervisory and control instruments pertaining to the audit

The Board has installed an audit and risk committee, whose task is – amongst others – to discuss with the auditors the audit scope, audit and review procedures, significant reporting matters and fees and to assess the auditors' performance. The chairperson of the committee, Patrick Langlois, is responsible for the information of the full Board about the results of the meetings and the recommendations of the committee.

The duties of the audit and risk committee relating to the audit are:

- to consider the appointment of the external auditor, the audit fee, the independence and objectivity of the auditors and any questions of retirement, resignation or dismissal;
- to review the nature and scope of the audit, discuss the audit with the external auditor before it commences, and ensure coordination where more than one audit firm is involved;
- to review the annual financial statements before submission to the Board, focusing particularly on: (i) any changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from the audit; (iv) the going concern assumption; (v) compliance with accounting standards, (vi) compliance with legal requirements, and (vii) the Chairman's statement and statement of operations to be made in the Company's Annual Report;
- to review the results of the audit and its cost-effectiveness and in particular:
  - (i) to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary);
  - (ii) to review the external auditor's management letter and management's response and
  - (iii) to consider any significant ventures, investments or operations which are not subject to external audit;
- to review the annual budgets of the Company;
- to review annually the Company's systems of internal control (including financial, operational and compliance controls and risk management) prior to review by the Board and from time to time to make recommendations to ensure the maintenance of a sound system of internal control to safeguard shareholders' investment and the Company's assets.

In 2023, the audit committee has held three meetings with EY S.p.A., during which the members were presented the planned audit scope, timelines, budget, and results of the work performed by EY S.p.A. in auditing the IFRS Consolidated Financial Statements and the Italian GAAP Financial Statements for Newron for the year 2022, in reviewing the Interim Consolidated Financial Statements for the six months ended June 30, 2023, as well as the other services provided by EY S.p.A. and analyzing the 2024 budget. The members of the audit and risk committee do regularly give their input to such presentations and might ask for changes or a special focus of the audit/ review work, thereby controlling audit focus, performance, and cost.

During these meetings, EY S.p.A. reports any material findings of their audit and review procedures to the members of the committee as well as the CFO of the Company. In a separate part, to which members of the management of the Company do not attend, the members of the committee interrogate EY S.p.A. for any potential weaknesses in the Company's systems of internal control. The essence of the results of these meetings is reported by the Chairman of the audit and risk committee to the members of the Board.

The committee on an annual basis evaluates the performance of EY S.p.A. and decides on its recommendation to the Board whether EY S.p.A. should be proposed to the shareholders' meeting for re-election, when due.

Criteria applied include technical and operational competence, independent and objective view, sufficient and competent resources employed, focus on areas of importance to Newron, willingness to challenge, ability to provide appropriate and pragmatic recommendations and effective communication as well as open dialogue and coordination with the committee and management.

# Information Policy

Newron undertakes significant efforts to keep its shareholders informed, as otherwise achievements cannot be considered properly by capital markets and the interested public, thus leaving shareholders with suboptimal stock price performance.

We regularly update the corporate website ([www.newron.com](http://www.newron.com)), provide the regular (Annual Report, Half year Report) and extraordinary reports (directors' dealings, status of authorized capital, ad hoc news and publications) to SIX Swiss Exchange, the Duesseldorf Exchange and the general public, routinely visit conferences to present the Company to opinion leaders and multipliers of public opinion and talk to analysts and the press.

All interested parties have the possibility to directly receive from Newron free and timely notification of potentially price-sensitive facts via our web page pull service:

<https://www.newron.com/news-and-media/regulatory-news/year/all>

and our web page push service, where interested parties can register under here:

<https://www.newron.com/investors/email-alerts>

It is our aim to reach out to all potentially interested addressees in the field and once attracted to Newron, keep them up to the news. In order to keep satisfaction at high levels, we do commit to give a true and fair view to the news. Newron's PR and IR representatives are at your disposal. The Group's investor relations team is available to respond to shareholders' or potential investors' queries under [pr@newron.com](mailto:pr@newron.com) or via post at Newron Pharmaceuticals SpA, Investor Relations, Via Antonio Meucci 3 – 20091 Bresso (MI) – Italy. Inquiries may also be made by phone at +39 02 6103 46 26. For additional contacts see page 53.

Details and information on financial reports, media releases and investor relations as well as shareholders meeting invitations (when relevant) are available at Newron web site at the following link:

<https://www.newron.com/investors>

## Important dates for 2024

- Annual General Meeting of Shareholders: April 17, 2024, in the Company's offices at Via Antonio Meucci 3, 20091 Bresso (Mi), Italy
- Publication of half-year results: September 19, 2024

The calendar is also available on our website into the investors section (above link).

# Quiet periods

The Company does not tolerate insider dealing and considers insider dealing as being apt to damage the Company's image. Therefore, the Company's board of directors requires all persons having knowledge of potentially privileged information to refrain from using or transmitting such privileged information in order to obtain an economic advantage. Thus, in order to avoid any unnecessary speculations in the public, the Company has identified certain persons/group of persons (Restricted Persons) that shall not trade any shares (or other listed securities relating to the Company's shares) during the periods indicated below (Restricted Trading Periods). No exceptions are granted from the rules below.

Restricted Persons are:

1. Members of the board of directors
2. Members of the executive management
3. Employees involved in the preparation of the annual financial statements and the interim financial statements; and/or
4. Employees involved in any price-sensitive projects of the Company or having knowledge of any price-sensitive information hence capable of affecting the reasonable market participant in his decision-making

Employees listed in point 3 and 4 are – from time to time – identified either by the CEO, the CMO and the CFO.

## Restricted Trading Periods

### Publication of Annual Financial Statements and Interim Financial Statements

Any Restricted Person (from no. 1 to 3) above shall not during thirty (30) days before and two (2) days after the publication of the annual financial statements or the interim financial statements, respectively, trade in any securities of the Company.

### Price-Sensitive Information

Any Restricted Person (from no. 1, 2 and 4) above shall not from the time he is in possession of a price-sensitive information until two (2) days after the publication of the ad hoc notice trade in any securities of the Company.

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### Non-applicability/negative disclosure

It is expressly noted that any information not contained or mentioned herein is nonapplicable or its omission is to be construed as a negative declaration (as provided in the SIX Swiss Exchange Corporate Governance Directive and the Guideline thereto).

# IFRS Consolidated Financial Statements





# Consolidated Statement of Profit or Loss

(In thousand Euro, except per share information)	Note	For the year ended December 31	
		2023	2022
Licence income from contracts with customers		58	14
Royalties from contracts with customers	8	6,735	5,936
Other income from contracts with customers	8	2,264	144
<b>Revenue</b>		<b>9,057</b>	<b>6,094</b>
Research and development expenses	9/10	(13,152)	(12,005)
Marketing and advertising expenses		(80)	(81)
General and administrative expenses	9/11	(7,454)	(7,310)
<b>Operating result</b>		<b>(11,629)</b>	<b>(13,302)</b>
Financial income	12	316	301
Financial expenses	12	(4,887)	(4,471)
<b>Result before tax</b>		<b>(16,200)</b>	<b>(17,472)</b>
Income tax	13	(24)	(21)
<b>Net loss</b>		<b>(16,224)</b>	<b>(17,493)</b>
<b>Loss per share</b>			
Basic and Diluted loss per share	14	(0.91)	(0.98)
<b>Weighted average number of shares (thousands)</b>		<b>17,845</b>	<b>17,845</b>

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

# Consolidated Statement of Comprehensive Income

(In thousand Euro)	Note	For the year ended December 31	
		2023	2022
Net loss for the year		(16,224)	(17,493)
Net other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:			
Net loss on other current assets		95	(158)
Exchange differences on translation of foreign operations		9	(27)
Net other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods		104	(185)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans	26	(9)	35
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		(9)	35
Other comprehensive loss for the period, net of tax		95	(150)
<b>Total comprehensive loss for the period, net of tax</b>		<b>(16,129)</b>	<b>(17,643)</b>

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

# Consolidated Statement of Financial Position

(In thousand Euro)		As of December 31	
	Note	2023	2022
<b>Assets</b>			
Non-current assets			
Property, plant and equipment		53	72
Right-of-use assets	15	352	455
Non-current receivables	16	5,809	8,175
		6,214	8,702
Current assets			
Receivables and prepayments	17	7,053	5,719
Other current financial assets	18	6,261	9,350
Cash and cash equivalents	19	6,338	13,424
		19,652	28,493
<b>Total assets</b>		<b>25,866</b>	<b>37,195</b>
<b>Shareholders' Equity</b>			
Share capital	20	3,569	3,569
Share premium and other reserves	21	(27,293)	(9,800)
Share option reserve	22	16,044	15,847
Retained earnings		(21,396)	(22,805)
Translation differences		(832)	(814)
<b>Total shareholders' equity</b>		<b>(29,908)</b>	<b>(14,030)</b>
<b>Liabilities</b>			
Non-current liabilities			
Interest-bearing loan	23	25,753	45,165
Non-current lease liabilities	24	210	325
Cash-settled share-based liabilities	25	473	220
Employee severance indemnity	26	412	474
		26,848	46,184
Current liabilities			
Interest-bearing loan	23	22,277	0
Current lease liabilities	24	175	172
Cash-settled share-based liabilities	25	368	0
Trade and other payables	27	6,106	4,869
		28,926	5,041
<b>Total liabilities</b>		<b>55,774</b>	<b>51,225</b>
<b>Shareholders' equity and liabilities</b>		<b>25,866</b>	<b>37,195</b>

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

# 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
<b>Balance at January 1, 2022 (audited)</b>		3,569	5,101	15,367	(814)	(20,116)	3,107
Net loss						(17,493)	(17,493)
Other comprehensive income/(loss)					(27)	(123)	(150)
<b>Total comprehensive loss for the period</b>		0	0	0	(27)	(17,616)	(17,643)
Previous year loss allocation	21		(14,901)			14,901	0
Share option scheme	22			480			480
Fair value reserve release						26	26
<b>Balance at December 31, 2022 (audited)</b>		3,569	(9,800)	15,847	(841)	(22,805)	(14,030)
Net loss						(16,224)	(16,224)
Other comprehensive income/(loss)					9	86	95
<b>Total comprehensive loss for the period</b>		0	0	0	9	(16,138)	(16,129)
Previous year loss allocation	21		(17,493)			17,493	0
Share option scheme	22			197			197
Fair value reserve release						54	54
<b>Balance at December 31, 2023 (audited)</b>		3,569	(27,293)	16,044	(832)	(21,396)	(29,908)

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

# Consolidated Statement of Cash Flows

(In thousand Euro)	Note	For the year ended December 31	
		2023	2022
Result before taxes		(16,200)	(17,472)
Interest received		38	48
Interest paid		(1,200)	(1,231)
Adjustments for			
Depreciation and amortisation		201	202
R&D tax credit and other non monetary income/expense		5,134	4,959
Share option expenses	22	197	480
Employee severance indemnity expense		177	37
Changes in working capital			
Current receivables and prepayments and deferred cost		(1,307)	(882)
Trade and other payables and deferred income		577	577
Pension fund paid	26	(123)	(115)
Change in non-current receivables	16	2,366	2,305
<b>Cash used in operating activities</b>		<b>(10,140)</b>	<b>(11,092)</b>
Cash flows from investing activities			
Purchase of financial assets		(981)	(3,040)
Disposal of financial assets		4,238	2,741
Purchase of property, plant and equipment		(11)	(18)
<b>Net cash flows from/(used in) investing activities</b>		<b>3,246</b>	<b>(317)</b>
Cash flows from financing activities			
Lease liabilities	24	(192)	(186)
<b>Net cash flows from financing activities</b>		<b>(192)</b>	<b>(186)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(7,086)</b>	<b>(11,595)</b>
Cash and cash equivalents at January 1,	19	13,424	25,019
<b>Cash and cash equivalents at the end of the year</b>		<b>6,338</b>	<b>13,424</b>

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

# Notes to the Consolidated Financial Statements

## 1 Corporate information

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

- Newron Pharmaceuticals S.p.A. (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, based in Morristown, New Jersey (USA);
- Newron Sweden AB, a fully owned, private biotechnology company with registered offices based in Stocksund (Sweden) developing new medicines to treat illnesses caused by necrosis of the Central Nervous System (CNS);
- Newron Suisse SA, a clinical development fully owned subsidiary with registered offices based in Zurich (Switzerland);
- Hunter-Fleming private limited company, a private biopharmaceutical company with registered offices based in Brixham, Devon (United Kingdom) and focused on neurodegenerative and inflammatory disorders.

Newron Sweden AB, Newron Suisse SA and Hunter-Fleming are currently inactive.

The Company is incorporated and domiciled in Milan, Italy. The address of its registered office is Via Antonio Meucci 3, Bresso (MI) 20091, Italy. The Company is listed on the International Reporting Standard segment of the SIX Swiss Exchange, Zurich, Switzerland, under the trade name NWRN and is also traded in the open market at the Dusseldorf Stock Exchange on the XETRA electronic platform under the trade name NP5.

The Group is principally engaged in discover, develop and commercialise novel drugs to treat diseases of the Central Nervous System (CNS) and pain.

These consolidated financial statements have been approved for issuance by the Board of Directors on March 14, 2024.

## 2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are based on the financial statements of the subsidiaries prepared for the same reporting period using consistent accounting policies. The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities which are measured at fair value, as described in the notes.

The presentation currency is EUR. All figures included in these consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest thousand EUR except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

As of December 31, 2023, the consolidated loss amounted to EUR 16,244 and the shareholders' equity was negative by EUR 29,908. 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 8 for additional info) and loans (please refer to Note 23 for additional info) to finance the cash needs of its continuing development activities.

The net financial position is negative by EUR 36,519 as of December 31, 2023 (EUR 23,093 as of December 31, 2022), although the net current financial position is positive by EUR 12,599 as of December 31, 2023 (EUR 22,602 as of December 31, 2022). 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. From a liquidity risk perspective, the directors assessed that the financial status as of December 31, 2023, and the events described in Note 33 "Events after the balance sheet date" assures that the Group's operations will be funded for a period of at least 12 months from the date of approval of the financial statements by the Board of Directors. However, 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 raise further funds from the out-licensing of its development stage products, the issuance of new shares and other financing transactions. Consequently, the Group is exposed to significant uncertainties related to liquidity risk in the medium term. In this respect, although – as described in Note 33 – the results from its open-label study 014/015 have been considered exceptional by the market (from disclosure and until March 13, 2024, Newron' share price increased by almost 60%), 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. Management believes that, as the above-mentioned results increased the numbers of industry players interested in a potential collaboration on the development of evenamide, a transaction (for regional or world-wide rights) might occur in the coming months.

Considering the Group's current cash and balance sheet 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 12 months from the date of approval of the financial statements by the Board of Directors, and hence the consolidated financial statements have been prepared on a going concern basis.

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Management to make judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### *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 12 for additional information) and financial services industry.

#### **A Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

As of December 31, 2022, the consolidated financial statements of Newron Group include the accounts of Newron Pharmaceuticals S.p.A., Newron Suisse SA, Hunter-Fleming private limited company, Newron Sweden AB and Newron Pharmaceuticals US Inc. The four subsidiaries are fully owned by Newron Pharmaceuticals S.p.A., the parent company.



## B Summary of material accounting policies

### a) 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 mainly performed in Italy and United States of America (USA). The Group does not consider the geographies to be separate segments.

### b) Related party transactions

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions; please refer to Note 32 for additional details.

### c) Foreign currency translation

The Group's consolidated financial statements are presented in EUR, 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 are measured using that functional currency. The Group uses the direct method of consolidation and 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.

#### Measurement currency

Items included in the financial statements of each entity are recognised and subsequently measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. There are no translation differences on non-monetary items.

#### Group companies

The exchange rates used to prepare the present document, are detailed in the following table:

	Income statements in Euro (average rates)		Balance sheets in Euro (rate as of)	
	2023	2022	2023	2022
CHF 1	1.02902	0.99531	1.07991	1.01554
GBP 1	1.14970	1.17261	1.15068	1.12752
SEK 1	0.08712	0.09408	0.09012	0.08991
USD 1	0.92484	0.94962	0.90498	0.93756

The financial statements of the companies with a functional currency other than EUR are translated into EUR for the purposes of the consolidation using the year end rates for balance sheet items and the average rates for the year for the income statement items. Components of equity are translated at the dates of the relevant transaction. The resulting translation differences are recognised in other comprehensive income

### d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current

### e) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the Note 18. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate the cost or residual value of the asset over the estimated useful life, as follows:

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Office equipment and other assets	3 – 10 years
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### g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The Group recognises "Right-of-use assets" representing the right to use the underlying assets and "Lease liabilities" to make lease payments.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation

and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term; depreciations rate are the following:

Offices	6 – 12 years
Motor vehicles	3 – 4 years

Right-of-use assets are subject to impairment when impairment indicators are identified.

#### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by

an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than four years and hence not exercising any renewal options.

#### **h) Impairment of non-current assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **i) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial Assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the

case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15; please refer to Note 18 for additional details.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Based on Group's business model, financial assets' categories adopted by the Group are classified as:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss.

#### *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables

#### *Financial assets at fair value through OCI (debt instruments)*

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

#### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments.

*In December 2006, the Board of Directors approved an investment policy, which foresees that "All investments in financial instruments by the Company shall be for capital preservation purposes, aimed at safeguarding its capital, reserves and liquidity until the funds are used in the Company's primary business". It is also stated that "Any investment in derivative financial instruments shall need to be previously authorised by the Company's Board of Directors".*

#### **Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, including bank overdrafts.

Subsequent measurement of financial liabilities depends on their classification.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### **j) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

#### **k) Share capital**

Ordinary shares and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in Share Premium Reserve as a deduction from the proceeds.

#### **l) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The “Sale of licenses” is recognised when the Group assigns the rights of ownership to the customer, and collectability of the related receivables is reasonably assured. Receipts of “Upfront payments” and other similar non-refundable payments relating to the sale or licensing of products or technology are initially reported as contract assets and recognised as income on a straight-line basis over the estimated period of the collaboration required to finalise the development period.

Income from “Royalties” is recognised on an accrual basis and represents income earned as a percentage of product sales, in accordance with the terms of the relevant agreement.

“Reimbursements” received in relation to the licensing and collaboration agreement with Zambon Company S.p.A. or other entities like the European Community or Foundations are booked as a decrease of the related costs incurred since they are not considered as “ordinary operating activities” under the Group’s business model.

#### **m) Government Grants**

“Grants relating to income are recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

As far as the presentation of the R&D tax credit, Management decided to present in the Profit & Loss the R&D tax credit as a deduction to the related expenses, as allowed by IAS 20 – Government Grants.

#### **n) Research and development costs**

As stated by IAS 38, costs incurred on development projects (relating to testing of new or improved molecule drugs) are recognised as intangible assets when it is probable that the project will be a success – considering its commercial and technical feasibility – and will generate future economic benefits, the availability of adequate funding resources and the ability to measure its costs reliably.

Development costs which do not meet these criteria are recognised as an expense as incurred. Since inception, all research and development costs have been treated as expenses as commercial and technical feasibility continues to be assessed.

#### **o) Current and deferred income taxes**

The income tax charge is based on profit for the year and includes deferred taxes. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured

using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on enacted or substantially enacted tax rates as of the balance-sheet date.

Deferred tax assets and liabilities are not discounted and are classified as noncurrent assets (liabilities) in the balance sheet. They are offset against each other if they relate to the same taxable entity and tax authority.

Deferred tax assets resulting from unused tax losses and temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilized. Since inception, no tax assets have been ever recognised to offset income taxes.

#### **p) Employee benefits**

*Employee severance indemnity (Trattamento di Fine Rapporto, T.F.R.)*

In accordance with Italian legislation, an employee benefit is accrued for service to date and is payable immediately when the employee leaves the Company virtually for any reason. Accordingly, the benefit payable will depend on the employee's years of service and compensation.

According to IAS 19, the liability in respect of the severance indemnity is the present value of the defined benefit at the balance sheet date. The defined benefit obligation is calculated on a regular basis in accordance with the advice of independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities with maturities approximating those of the related liability.

The Group recognizes all actuarial gains and losses in full in the period in which they occur in other comprehensive income in accordance with IAS 19.93A. Further details are disclosed in Note 26.

#### *Pension costs*

The Group and its employees pay contributions to the state defined contribution pension plan on a mandatory basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions paid by the Group constitute net periodic costs for the year in which they are due and as such are included in staff costs.

#### *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan (Employees Stock Option Plan – ESOP). As stated by IFRS 2, the cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The total amount to be expensed over the vesting period is measured by reference to the fair value at the date on which the options were granted. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are

reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

#### q) Provisions

Provisions are recognised when i) the Group has a present obligation (legal or constructive) as a result of a past event; ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and iii) a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3 Change in accounting policies and disclosures

The accounting policies used in the preparation of the consolidated financial statements are consistent with those applied in the previous year.

#### New and amended standards and interpretations

The accounting policies adopted in the preparation of the 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.

#### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. 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 a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, 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 new standard had no impact on the Group's consolidated financial statements.



#### Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, 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 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 have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

#### Deferred Tax related to Assets and 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 consolidated financial statements.

#### International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include: · A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and · Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

The following amendments to IFRS Accounting Standards have been issued, but have not yet been adopted:

		<b>Effective for annual periods on, or after</b>	<b>Planned adoption</b>
IAS 1	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024	Financial Year 2024
IAS 7 IFRS 7	Disclosures: Supplier Finance Arrangements- Amendments to IAS 7 and IFRS 17	1 January 2024	Financial Year 2024
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024	Financial Year 2024
IAS 21	Lack of exchangeability – Amendments to IAS 21	1 January 2025	Financial Year 2025

None of the not yet adopted standards or amendments is expected to have a significant impact on the Group financial statements.

#### 4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial information requires Management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. Below are summarized the Group's accounting estimates that require the most subjective judgment: 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 in due account the actual and potential effects of the geopolitical tensions due to Russia invading Ukraine and climate changes related matters, together with other assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Revenue from contracts with customers*

The nature of the Group's business is such that many sales transactions do not have a simple structure and may consist of various performance obligations that are satisfied at different times. Contracts entered typically include performance obligations for "Sales of licences", "Upfront payments" and "Royalties".

The "Sale of licenses" is recognised when the Group assigns the rights of ownership to the customer, and collectability of the related receivables is reasonably assured. Receipts of "Upfront payments" and other similar non-refundable payments relating to the sale or licensing of products or technology are initially reported as contract assets and recognised as income on a straight-line basis over the estimated period of the collaboration required to finalise the development period. Income from "Royalties" is recognised on an accrual basis and represents income earned as a percentage of product sales, in accordance with the terms of the relevant agreement.

##### *Cost accruals*

The Group has numerous contracts with subcontractors who carry out research and development activities. The invoicing dates on these contracts do not coincide with the financial year end. Thus, Management has to exercise estimations as to the progress of work done under the contracts and apportion the cost to the different periods.

##### *Government grants receivables*

In accounting for the Research and Development (R&D) tax credit, Management has to exercise significant assumptions and judgments.

Grants related to the R&D tax credit, are booked as a reduction of "Research and development expenses". According to the Italian Law 190/2014 and following amendments, the Group is entitled to receive from the Italian Tax authorities the R&D tax credit: such grant, does not provide for a direct reimbursement of incurred expenses as relevant Research and development expenses are only used to calculate the amount that the Group can recognize as a receivable. Such receivable can be used to offset the payment of certain taxes and contributions (e.g. social contributions, VAT payments, registration fees, income and withholding taxes and all other tax-related items that companies pay on a monthly basis) with the aim of reducing the actual monthly cash-out of the companies investing in R&D activities. The recognition of the R&D tax credit is not based on taxable profits, whereas it depends on the existence of R&D expenses

recognized by the companies in specified periods as detailed by the applicable law. The R&D tax credit falls within the scope of IAS 20 – Government Grants as the eligible entities become 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.

Government grants for the acquisition of tangible fixed assets reduce the asset's carrying acquisition cost.

#### Capitalisation of development costs

IAS 38 requires the capitalisation of development costs upon the completion of certain requirements about commercial and technical feasibility of projects, the availability of adequate funding resources and the ability to measure costs reliably. All development costs incurred until December 31, 2023 have been treated as expenses as commercial and technical feasibility continues to be assessed. There are no intangible assets in relation to development expenditure except the In-process R&D projects recognised as part of business combinations.

#### Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In determining the recognition of deferred tax assets, the Group's assessment of future taxable income, available taxable temporary differences, tax planning and applicable limitations on the use of tax loss carry-forwards are factors taken into account. The Group has incurred losses since inception and the availability of future taxable profits against which such an asset may be offset is uncertain. Accordingly, no deferred tax assets have been recognised. Should different events and assumptions be used, the deferred tax assets recognised could be different.

## 5 Seasonality

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

## 6 Financial risk management

### Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and it is aimed at minimizing potential adverse effects on the Group's financial performance. Risk management, such as identification, evaluation and management of financial risks, is carried out by the Group's finance department under the policies approved by the Board of Directors. The Board of Directors has provided written principles with regard to overall risk management, as well as written policies covering specific area such as investing excess liquidity. There is no use of valuation techniques for financial assets or liabilities.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

Newron Group exposure to interest rate risk is limited as, according to a policy approved in 2006, "All investments in financial instruments by the Company shall be for capital preservation purposes, aimed at safeguarding its capital, reserves and liquidity until the funds are used in the Company's primary business". It is also stated that "Any investment in derivative financial instruments shall need to be previously authorised by the Company's Board of Directors". Consequently, to reduce the volatility of its investments, the Group has always invested in financial instrument rated  $\geq$  BBB (Fitch) with very few exceptions. As detailed, the financial instruments owned by the Group, which are mainly represented by bonds and funds, are exposed to a limited volatility and market risk, which is more relevant for equity investments, being subject to equity price changes. Group Management prepared a sensitivity analysis assuming variances of  $\pm 1\%$  and  $\pm 3\%$  in the market price of finan-

cial instruments and the variances were respectively equal to 0.5% and 1.5% of total Group's liquidity. Accordingly, Newron consider itself to be exposed to limited interest rate risk and other price risk arising from the holding of listed/government bonds and investment funds.

Newron Group is mainly exposed to currency risk i.e. the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, whereas it is not exposed to commodity price risk and other price risk.

The Group operates internationally and is exposed to currency risk arising from various exposures, primarily with respect to the Swiss Francs, UK Pounds, Swedish Krona and US Dollars. Foreign ex-change risk arises from future purchase and service transactions, recognised assets and liabilities and net investments in foreign operations. To manage foreign exchange risk, the Group maintains foreign currency cash balances to cover anticipated future requirements. Accordingly, starting from December 2016, the Board of Directors and Management have decided to purchase an amount of US dollars representing the expected needs for nine to twelve month rolling period expenses as per approved budget.

The Group did not enter into foreign exchange contracts or other financial instruments in order to hedge its foreign exchange risk. Management has performed a sensitivity analysis applying reasonably possible change in the Swiss Francs, UK Pounds, Swedish Krona and US Dollars exchange rate, with all other variables unchanged. The impact on both the Income before tax and Equity of the Group is not material.

#### *Credit Risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instruments or costumer contract, leading to a financial loss. The Group is exposed to credit risk from its operative activities since its receivables are related to only one partner. Credit risk from balances with banks and financial institutions is managed by Group's Finance in accordance with the Group's policies: consequently, cash and cash equivalents are held with approved financial institutions with at least BBB (Fitch) or higher ranking (please refer to Note 18 & 19 for additional information).

#### *Liquidity risk*

Management monitors the Group's cash position on rolling forecasts based on expected cash flow to enable the Group to finance research and development activities. The Group's principal source of liquidity is its cash reserves which were obtained through the issuing of new shares at IPO and through subsequent fund raisings including borrowings by financial institutions. The Group's policy states to invest these funds in low-risk investments including interest bearing deposits. Directors assessed that the financial status as of December 31, 2023, and the events described in Note 33 "Events after the balance sheet date" assures that the Group's operations will be funded for a period of at least 12 months from the date of approval of the financial statements by the Board of Directors. However, 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 raise further funds from the out-licensing of its development stage products, the issuance of new shares and other financing transactions. Consequently, the Group is exposed to significant uncertainties related to liquidity risk in the medium term.

The tables below summarize the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments as of:

**December 31, 2023**

<b>Maturity table</b>	<b>1 to 12 months</b>	<b>13 to 18 months</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade and other payables	5,624	-	-	-	5,624
Interest-bearing loan, undiscounted	17,500	7,500	15,000	-	40,000
Interest on loan, undiscounted	5,719	2,344	3,937	-	12,000
Non-current cash-settled share-based liabilities	-	158	315	-	473
Non-current lease liabilities	-	89	30	-	209
Current cash-settled share-based liabilities	368	-	-	-	368
Current lease liabilities	175	-	-	-	175
<b>Total</b>	<b>29,386</b>	<b>10,091</b>	<b>19,282</b>	<b>-</b>	<b>58,849</b>

**December 31, 2022**

<b>Maturity table</b>	<b>1 to 12 months</b>	<b>13 to 18 months</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade and other payables	4,336	-	-	-	4,336
Interest-bearing loan, undiscounted	-	10,000	22,500	-	40,000
Interest on loan, undiscounted	1,200	3,900	7,289	-	15,408
Non-current lease liabilities	-	77	168	-	325
Cash-settled share-based liabilities	-	55	145	-	220
Current lease liabilities	172	-	-	-	172
<b>Total</b>	<b>5,708</b>	<b>14,032</b>	<b>30,081</b>	<b>-</b>	<b>60,461</b>

As reported in Note 33, on March 14, 2024 Newron signed an agreement with EIB according to which each maturity date of Tranche 1, 2 and 3 (for a total amount of EUR 25 million) were delayed by about 17 months, therefore, amended tranches will now be repayable respectively on November 2025, April 2026 and June 2026.

**7 Group information****Information about subsidiaries**

The consolidated financial statements of the Group include the following entities:

<b>Name</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>% equity interest as of December 31</b>	
			<b>2023</b>	<b>2022</b>
Newron Suisse SA	Clinical development	Switzerland	100	100
Hunter Fleming private limited company	Biotech	United Kingdom	100	100
Newron Sweden AB	Biotech	Sweden	100	100
Newron Pharmaceuticals US Inc.	Clinical development	United States	100	100

There are no entities with significant influence over the Group.

## 8 Royalties and other income from contracts with customers

(In thousand Euro)	For the year ended December 31	
	2023	2022
Royalties and other income from contracts with customers	8,999	6,080

In 2023, Royalties from contracts with customers (royalties) were equal to EUR 6,735 (on December 31, 2022, EUR 5,936) and other income related to contracts with customers amounted to EUR 2,264 (on December 31, 2022, EUR 114).

Royalties that were payable to Newron according to the agreement in place with Zambon Group (Zambon; Partner), have been communicated to Newron by its Partner.

## 9 Staff costs net of other reimbursements

The following table summarizes the staff costs recognized among R&D and G&A expenses detailed in Notes 10 and 11:

(In thousand Euro)	For the year ended December 31	
	2023	2022
Wages and salaries	4,862	4,969
Pension costs – defined contribution plans	694	709
Share options granted to directors and employees	197	480
Employee severance indemnity costs	177	176
Social security costs	153	166
Other payroll related costs	79	7
	<b>6,162</b>	<b>6,507</b>

The average number of Group employees in 2023 was 23 (2022: 23), of whom 1 (2022: 1) was part-time: during the year, two employees left the Company and two were added. The decrease in Staff costs is mostly related to: a) the turnover of the employees; b) the reduced Share options costs and c) lower year-end accruals. A total of EUR 2,920 (2022: EUR 3,027) of Staff costs has been reclassified among R&D expenses, the remaining EUR 3,242 (2022: EUR 3,480) has been reclassified among Administrative expenses.

## 10 Research and development expenses net of grants and other reimbursements

(In thousand Euro)	For the year ended December 31	
	2023	2022
Services received from subcontractors	8,041	7,022
Staff costs	2,920	3,027
Consultancy fees	745	506
Material and consumable used	471	443
Travel expenses	383	345
Depreciation, amortisation and impairment expense	69	68
Other research and development costs	523	594
	<b>13,152</b>	<b>12,005</b>

The increase of Services received from subcontractors, Consultancy fees and Material and consumable used 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.

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 December 31, 2023, the Group did not recognize any tax credit regarding the R&D expenses incurred in 2023 following the assessment of its recoverability. The tax credit related to the R&D expenses of the year 2023 will not 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 and development 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 50 as of December 2023 (2022: EUR 44).

The following table presents research and development expenses net of the effects described above.

(In thousand Euro)	For the year ended December 31	
	2023	2022
Research and development expenses, gross	13,202	12,049
Reimbursed by Zambon	(50)	(44)
	<b>13,152</b>	<b>12,005</b>

Since inception, no development costs have been capitalised.

## 11 General and administrative expenses

(In thousand Euro)	For the year ended December 31	
	2023	2022
Staff costs	3,242	3,480
Consultancy and other professional services	2,729	2,448
Intellectual properties	870	756
Travel expenses	185	130
Operating lease cost	98	160
Depreciation and amortisation expense	132	134
Other expenses	198	202
	<b>7,454</b>	<b>7,310</b>

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 product/s.

## 12 Financial results

The following table summarize the financial income of the period:

(In thousand Euro)	For the year ended December 31	
	2023	2022
Interest incomes	179	56
Foreign exchange gains	28	245
Other income	109	0
	<b>316</b>	<b>301</b>

The Group invested available financial resources pursuant to the policy approved by the Board of Directors as described in Note 2 i) Financial Instruments. For additional information, please refer also to Notes 18 and 19.

In 2023, Other income included the increase in the fair value of certain financial assets held by the Company. The following table summarize the financial expenses of the period:

(In thousand Euro)	For the year ended December 31	
	2023	2022
Interest expense	4,155	3,933
Lease interest expense	13	14
Foreign exchange losses	98	124
Other costs	621	400
	<b>4,887</b>	<b>4,471</b>

The increase in Interest expense is due to the accrual of the interest that the Company will pay to the European Investment Bank. For additional information please refer to Notes 23 and 25.

Other costs, equal to EUR 621 is related to the evaluation of warrants granted to EIB while the 2022 balance mainly reflected the decrease in the fair value of Group Financial assets impacted both by the Covid-19 pandemic and the conflict between Ukraine and Russia recognized at fair value through profit or loss and the yearly effects of the evaluation of warrants as described above.

### 13 Income tax

Income tax amounted to EUR 24 (2022: 21) and are mainly related to the US subsidiary.

### 14 Loss per share

The basic loss per share is calculated dividing the net loss attributable to shareholders by the weighted average number of ordinary and preferred (if any) shares outstanding during the year.

(In thousand Euro)	For the year ended December 31	
	2023	2022
Net loss attributable to shareholders	(16,224)	(17,493)
Weighted average number of shares (thousands)	17,845	17,845
Loss per share – basic and diluted (in EUR)	(0.91)	(0.98)

The categories of potential ordinary shares that have dilutive effect are the stock options and warrants. At the end of the year, Newron has granted a total of n. 1,173,046 – out of which, n. 740,200 already vested (see also Note 22 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 25 for additional information). As of December 31, 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 December 31, 2023, coincided.

### 15 Right of use assets

The Group has in place lease contracts mainly for offices and motor vehicles used in its operations. In detail:

- Newron Pharmaceuticals S.p.A., leases its offices from Open Zone S.p.A. (formerly Zambon Immobiliare S.p.A.);
- Newron Pharmaceuticals US Inc. leases its offices from Symphony Workplaces. The lease expired on January 31, 2023, and was automatically renewed; effective from March 1, 2023, the parties agreed to reduce the rented spaces and, consequently, also the costs will be reduced. The agreement allows Newron Pharmaceuticals US Inc. to vary the occupied space according to short-terms requirements.

Lease of offices generally have lengths between 6

and 12 years, while leases for motor vehicles generally have lengths between 3 and 5 years. The Group is restricted from assigning and subleasing the leased assets. The table below summarizes the development of the Group's right-of-use assets.

(In thousand Euro)	Right-of-use assets		
	Offices	Motor vehicles	Total
As at December 31, 2021	416	74	490
Additions	21	109	130
Depreciation	(109)	(56)	(165)
As at December 31, 2022	328	127	455
Additions	31	48	79
Depreciation	(120)	56	(64)
Write-off	0	(118)	(118)
As at December 31, 2023	239	113	352

The new lease agreement the Company signed with Open Zone S.p.A. started on January 1, 2020, has a six-years duration and can be renovated for additional six years if no termination note is provided, within a year before the end of the first contractual period. In 2022 the Company has enlarged the rent space. Under the agreement either an "Exit Option" and an "Extension option" are provided. These options are negotiated by Management to provide space flexibility and to have an alignment with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.



## 16 Non-current receivables

(In thousand Euro)	As of December 31	
	2023	2022
Guarantee deposits for leases	65	72
R&D tax credit	5,744	8,101
	<b>5,809</b>	<b>8,175</b>

As of December 31, 2023, the Company was entitled to receive a total R&D tax credit equal to EUR 7,994 (2022: EUR 10,351) out of which EUR 5,744 classified among the Non-current asset (2022: EUR 8,101) and EUR 2,250 classified among the Current asset (2022: EUR 2,250). The total net decrease of EUR 2,357 represents the amount used to offset the payments of certain taxes and contributions incurred during the current fiscal year.

According to the Group business plan, the total amount of R&D tax credit receivable recognized as of December 31, 2023, will be recovered through the offset of the payments of certain social contributions and other tax expenses of the upcoming years. Please refer to Note 10 for additional information.

## 17 Receivables and prepayments

(In thousand Euro)	As of December 31	
	2023	2022
Receivables	2,022	1,944
Prepayments	1,871	750
VAT receivable	402	310
R&D tax credit	2,250	2,250
Other receivables	508	465
	<b>7,053</b>	<b>5,719</b>

Receivables are almost entirely represented by invoices and accruals related to both the royalties on net sales performed either by Zambon Group or its partners and the reimbursement, by Zambon Group, of safinamide research and development costs borne by the Company.

Prepayments reflects the comparison between the invoices received from CROs involved in long-lasting studies 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. For additional information, please refer to Note 16.

## 18 Other current financial assets

(In thousand Euro)	As of December 31	
	2023	2022
Listed bonds	3,511	4,708
Government bonds	486	0
Investment funds	2,264	4,642
	<b>6,261</b>	<b>9,350</b>

Gains and losses arising from the adjustment to the fair value of Other current financial assets were recognised in the statement of profit and loss or in the statement of other comprehensive income, consistently with the policy described in paragraph 2B, section i. All acquired securities and time-deposits are in line with the Group's investment policy.

## 19 Cash and cash equivalents

(In thousand Euro)	As of December 31	
	2023	2022
Cash at bank and in hand	6,338	13,424
	<b>6,338</b>	<b>13,424</b>

Management monitors the Group's cash position on rolling forecasts, based on the expected cash flows to enable the Group necessary to finance research and development activities and its ability to act as a going concern. Financial resources currently available together with events occurred after the balance sheet date as reported in Note 33, are considered adequate to support ongoing research and development activities and the ability of the Group to meet its obligations as they fall due for the foreseeable period of at least 12 months from the date of approval of the financial statements by the Board of Directors.

Cash at December 31, 2023 is mainly composed by Euro, Dollars and Suisse Francs: compared to Group's liquidity, translation's effect at year-end are not material.

Group's liquidity (Other current financial assets plus Cash and cash equivalent) amounts approximately to EUR 13 million (EUR 23 million as at December 31, 2022). Expenses of the year have been financed by royalties and existing cash. As reported in Note 33, the Company, on March 14, 2024, announced that it has raised about EUR 5,5 m from the issuance of n. 750,000 newly issued shares to an institutional investor.

## 20 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.

A summary of the changes occurred during the last 24 months in share capital is as follows (amounts are shown in Euro):

(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
<b>As of December 31, 2023 - Newron Group</b>	<b>3,569,069.00</b>

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.

As detailed in Note 33 "Events after the balance sheet date", due to the exercise of options by certain options holders occurred in January 2024 and the signature of a private placement with an institutional investor, as soon as shares will be subscribed and the relevant filing with the Chamber of Commerce executed, the share capital will increase up to EUR 3,726,366.80 consisting of 18,631,834 ordinary shares with a par value of EUR 0.20 each.

## 21 Share premium and other reserves

(In thousand EUR)	As of December 31	
	2023	2022
At the beginning of the year	(9,800)	5,101
Loss allocation	(17,493)	(14,901)
<b>At the end of the period</b>	<b>(27,293)</b>	<b>(9,800)</b>

Share premium and other reserves decreased in 2022 because of the previous year loss allocation.

As detailed in Note 33 "Events after the balance sheet date", due to the exercise of options by certain options holders occurred in January 2024 and the signature of a private placement with a major institutional investor, as soon as newly issued shares will be subscribed, the share premium will increase by EUR 5,488.

## 22 Share options reserve

(In thousand EUR)	As of December 31	
	2023	2022
At the beginning of the year	15,847	15,367
Share option scheme	197	480
<b>At the end of the period</b>	<b>16,044</b>	<b>15,847</b>

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 2020 March, ESOP 2020 December and ESOP 2022 are still valid. All options have been awarded free of charge. The options granted have different vesting, maturity, and exercise dates: the vesting of the options granted under ESOP 2020 December and ESOP 2022 is conditional to defined triggering events (Group objective). Since there is no market for trading share options, Management must use a fair value method to value them. The fair value of each of the granted share options has been determined separately with the support of an external appraiser using an enhanced binomial model. Estimates have been based on Group history or market data where appropriate.

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.

On April 2023, as one of the conditions set for the ESOP 2022 plan has not occurred within the timeframe, therefore, n. 81,422 options expired.

On July 31, 2023, the Board of Directors approved the “July 2023” stock option plan and allocated up to 189,629 options to all Newron’ employees plus certain consultants at a strike price of CHF 5.61 (EUR 5.87 as translated at the exchange rate on July 28, 2023). The stock option plan – as approved by Directors – differs from the previous ones mainly for the following reasons: a) options were not allocated to Newron’ Directors; b) to receive these options, recipients must voluntarily waive certain options they were granted on July 5, 2018, under the ESOP 2018; c) the new amount of options granted represents approximately the 75% of the options waived; d) 50% of the options will vest after 24 months from the granting date; 25% will vest after 36 months and the remaining 25% after 48 months from the granting date and, the vesting of each tranche, is conditional to a defined triggering event (Group objective). In the days immediately following the Board meeting, all recipients have officially communicated to the Company their intention: therefore, a total of 178,531 options granted under the ESOP 2018 have been voluntarily waived and a total of 164,846 new options have been granted under the “July 2023” stock option plan. During the same meeting, the Board of Directors granted additional 14,760 options (under the ESOP 2023) to new Newron employees at the same conditions.

Moreover, always on July 31, 2023, the Board of Directors granted – under the ESOP 2018 – a total of 43,720 options to non-executive Directors at a strike price of CHF 5.61 (EUR 5.87 as translated at the exchange rate on July 28, 2023).

On October 26, 2023, the Board of Directors granted 10,930 options (ESOP 2017) to a new Newron consultant at a strike price of CHF 5.14 (EUR 5.43 as translated at the exchange rate on October 25, 2023).

On December 2023, as one of the conditions set for the ESOP December 2020 plan has not occurred within the timeframe, n. 26,672 options expired.

As of December 31, 2023, the Company has granted a total of n. 1,173,046 options as shown in the following tables (granted options per plan):

Employee Share Option Plans										
	2013	2014	2015	2017	2018	Mar 2020	Dec 2020	2022	2023	Total
<b>At January 1, 2022</b>	<b>320,174</b>	<b>180,934</b>	<b>382,232</b>	<b>102,953</b>	<b>364,973</b>	<b>386,873</b>	<b>129,572</b>	<b>0</b>	<b>0</b>	<b>1,867,711</b>
Expired	0	0	0	0	0	0	(61,197)	0	0	(61,197)
Granted	0	0	0	0	0	8,537	0	169,497	0	178,034
Voluntarily waived	0	0	(180,089)	0	0	0	0	(6,642)	0	(186,731)
Waived	0	0	0	0	0	(36,992)	(7,174)	0	0	(44,166)
<b>At January 1, 2023</b>	<b>320,174</b>	<b>180,934</b>	<b>202,143</b>	<b>102,953</b>	<b>364,973</b>	<b>358,418</b>	<b>61,201</b>	<b>162,855</b>	<b>0</b>	<b>1,753,651</b>
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)
<b>At December 31, 2023</b>	<b>0</b>	<b>0</b>	<b>202,143</b>	<b>113,137</b>	<b>228,028</b>	<b>351,980</b>	<b>26,683</b>	<b>71,469</b>	<b>179,606</b>	<b>1,173,046</b>

The fair values of the options issued in 2023 have been estimated by an external appraiser on the date of grant using, among others, the following assumptions:

Dividend yield (%):	0.00
Expected volatility (%):	92.44
Resignation rate expected (%):	3.00

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 197 and it's related to the following combined effects: a) recognition of cost of the year equal to EUR 273 (out of which EUR 189 refers to G&A employees and the remaining EUR 84 to R&D employees), b) write-off of the reserve (EUR 26) related to options waived by 2 employees who left the Company and c) write-off of the reserve (EUR 50) related to options lost as condition was not met.

The following table shows additional information regarding options granted as of December 31, 2023:

Plan's name	Exercise price (in Euro)	Number of outstanding options	Weighted-average remaining contractual life (years)	Number of exercisable options
ESOP 2015	28.14	112,537	1.25	112,537
	24.90	14,938	1.25	14,938
	25.41	10,740	1.25	10,740
	15.22	6,498	1.25	6,498
	21.87	26,000	1.25	26,000
ESOP 2017	15.97	31,430	1.25	31,430
	15.97	93,524	3.66	93,524
ESOP 2018	6.10	8,683	3.66	7,073
	5.43	10,930	3.66	0
	10.06	135,223	4.51	135,222
ESOP 2020 March	7.27	22,764	4.51	22,764
	4.40	26,321	4.51	21,341
	5.87	43,720	4.51	0
ESOP 2020 December	4.40	326,369	4.51	249,597
	1.93	8,537	4.51	4,268
	1.83	8,537	4.51	4,268
ESOP 2022	1.32	8,537	4.51	0
	1.97	26,683	2.66	0
ESOP 2023	2.63	71,469	4.51	0
ESOP 2023	5.87	179,606	4.51	0
<b>Total</b>		<b>1,173,046</b>		<b>740,200</b>

In the first half of 2024, n. 159,099 options will become exercisable and further n. 4,268 will become exercisable during the second half of 2024.

### 23 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 over the coming years, 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's 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 rates are 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 25). There are no un-used tranches.

As of December 31, 2023, the Interest-bearing loan – recognized at amortized cost – is equal to EUR 48,030 (2022: EUR 45,165) of which EUR 25,753 (2022: EUR 45,165) reclassified among Non-current liabilities and the remaining EUR 22,277 (2022: zero) reclassified among Current liabilities. Please refer to Note 33 “Events after the balance sheet date” for additional information.

### 24 Lease liabilities

In the table below are shown the carrying amounts of lease liabilities and the split, as of December 31, 2023, between Non-current and Current.

(In thousand Euro)	Offices	Motor vehicles	Total
As at December 31, 2021	463	76	539
Additions	21	109	130
Interest	11	3	14
Payments	(127)	(59)	(186)
As at December 31, 2022	368	129	497
Additions	31	48	79
Interest	9	5	14
Payments	(139)	(53)	(192)
Write-off	0	(14)	(14)
As at December 31, 2023	269	115	384
Non-current lease liabilities	136	73	209
Current lease liabilities	133	42	175

Please refer to Note 2B section h) and 15 for additional information on the lease agreement in place as at December 31, 2023.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(In thousand EUR)	As of December 31	
	2023	2022
No later than 1 year	365	369
Later than 1 year and not later than 5 years	238	542
	<b>603</b>	<b>911</b>

## 25 Cash-settled share-based liability

(In thousand EUR)	As of December 31	
	2023	2022
At the beginning of the year	220	213
Period-end adjustment	621	7
At the end of the year	841	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 3.93% 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 22). 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 78.46% and no issuance of dividends. As of December 31, 2023, warrants' fair value, calculated using the EURO Interest Rate Swap curve, was equal to EUR 841 (2022: EUR 220) of which EUR 368 (2022: EUR 0) reclassified among the current liabilities.

## 26 Employee severance indemnity

Newron Pharmaceuticals S.p.A. provides for their employee severance indemnities, which are considered to be defined benefit schemes.

The following table shows the development of the Defined Benefit Obligation through the current and previous year:

(In thousand EUR)	As of December 31	
	2023	2022
Defined Benefit Obligation at the beginning of the period	474	581
Service cost	35	37
Interest costs	17	6
Indemnity paid out	(123)	(115)
Actuarial (gains)/losses	9	(35)
Defined Benefit Obligation at the end of the period	412	474

The main assumptions underlying the Company's external actuarial valuation were as follows:

Actuarial assumptions (In percent)	As of December 31	
	2023	2022
Discount rate	2.95	3.57
Inflation rate	2.00	2.30
Future salary increase	1.50	1.50
Future pension (TFR) increase	3.00	3.23

## 27 Trade and other payables

(In thousand Euro)	As of December 31	
	2023	2022
Trade payables	2,019	1,909
Accrued expenses	3,006	1,637
Pension contribution payable	336	398
Social security	146	135
Other payables	599	790
	6,106	4,869

The aggregate increase of Trade payables and Accrued expenses is mainly due to 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.

## 28 Deferred income taxes

The Group's accounts include the following significant temporary differences from the tax bases of the relevant assets and liabilities:

(In thousand Euro)	For the year ended December 31,	
	2023	2022
Other (IAS 19)	(24)	(16)
Local gaap effect on depreciations	30,388	37,184
Local fiscal benefit	8,336	8,336
Non deductible interest expense	12,518	8,960
Net gain/(loss) on other financial assets	95	(158)
<b>Net temporary differences</b>	<b>51,313</b>	<b>54,306</b>
<b>Tax losses carry forwards</b>	<b>298,735</b>	<b>281,836</b>
<b>Total differences</b>	<b>350,048</b>	<b>336,142</b>
<b>Theoretical Deferred tax asset</b>	<b>83,895</b>	<b>80,554</b>

The above theoretical deferred tax asset has been 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 has not been recognised in the consolidated financial statements due to uncertainties concerning the availability of future taxable profits against which such an asset may be offset, also considering the expiring dates of the tax losses. The tax rates used by the Company are between 20.6% and 25%.

Tax loss carry-forwards expire as follows:

(In thousand Euro)	For the year ended December 31,	
	2023	2021
No expiry date	34,406	33,958
No expiry date – DL 98/2011	264,329	247,878
	<b>298,735</b>	<b>281,836</b>

The loss identified as “No expiry date” includes EUR 6,008 related to Newron Pharmaceuticals S.p.A. (since they have been incurred during to the start-up period), EUR 19,288 related to Hunter-Fleming private limited company (equal to GBP 16,763 translated at the year-end exchange rate) and EUR 9,110 related to Newron Sweden AB (equal to SEK 101,102 translated at the year-end exchange rate). This amount has been positively affected (about EUR 400 thousands) by the exchange rate fluctuation that have impacted the UK Sterling.

In 2011, the Italian Tax Authorities issued a set of rules that modified the previous treatment of tax losses carry forwards. According to the D.L. 98/2011, at the end of 2011, all existing tax losses carry forwards will never expire but they can off-set only the 80% of the taxable income of the year. The rules do not affect the tax loss carry forwards that refers to the start-up period, defined as the first three years of operations starting from the inception of the Company.

During 2018, the Company has filed within the Tax Authority the application of the Paten Box for its Intellectual Properties called safinamide: the tax relief ended in 2021 and it was renewed for additional 5 years. It consists of an exclusion from the taxable base – for both corporation tax (IRES, with an ordinary rate of 24%) and regional tax (IRAP, with an ordinary rate of 3.9%) purposes – of a percentage of the income sourced from the usage of intellectual property. The regime is optional, lasts irrevocably for five years and can be renewed. As Newron doesn't pay income taxes, the cumulated relief – as of December 31, 2023, the Company has filed within the Tax Authority only for the period 2016–2020 – increased by about EUR 13.5 million the loss carry-forwards.

From 2021, the Company has included in its fiscal declaration also an additional relief: it consists of an exclusion from the taxable base – for both corporation tax (IRES, with an ordinary rate of 24%) and regional tax (IRAP, with an ordinary rate of 3.9%) purposes – of a percentage of the increase in the Company's equity. As of December 31, 2023, the Company has accrued a total of EUR 8.3 million (2022: EUR 8.3m); the balance is in line with 2022 as there was no increase in the share capital.

## 29 Net Financial Position

As of December 31, 2023, the net financial position is negative by EUR 36,519 (2022: EUR 23,108) with a decrease by EUR 13,411 in comparison with last year. The decrease was mainly due to the activities performed during the year. The following table details the net financial position as of December 31, 2023, and December 31, 2022, respectively:

	As of December 31	
	2023	2022
Other current financial assets	6,261	9,350
Cash and cash equivalent	6,338	13,424
<b>A. Total Current Financial Asset</b>	<b>12,599</b>	<b>22,774</b>
Interest bearing loan	(22,277)	0
Cash-settled share-based liabilities	(230)	0
Current lease liabilities	(175)	(172)
<b>B. Current Financial Liabilities</b>	<b>(22,682)</b>	<b>(172)</b>
<b>C. Net Current Financial Position (A+B)</b>	<b>(10,083)</b>	<b>22,602</b>
Interest bearing loan	(25,753)	(45,165)
Cash-settled share-based liabilities	(473)	(220)
Non-current lease liabilities	(210)	(325)
<b>D. Non Current Financial Liabilities</b>	<b>(26,436)</b>	<b>(45,710)</b>
<b>E. Net Financial Position (C+D)</b>	<b>(36,519)</b>	<b>(23,108)</b>

## 30 Commitments and contingent liabilities

### Other commitments

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

### Contingent liabilities

According to the agreements signed, the achievement of future results related to the development of certain Newron' compounds will trigger the payment of 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.



### 31 Financial instruments by category

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

#### As of December 31, 2023

(in thousand Euro)	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
<b>Assets</b>					
Other current financial assets	1	–	3,997	2,264	–
Trade and other receivables	3	2,530	–	–	–
<b>Total</b>		<b>2,530</b>	<b>3,997</b>	<b>2,264</b>	<b>–</b>
<b>Non-current liabilities</b>					
Interest-bearing loan	2	–	–	–	25,753
Non-current lease liabilities		–	–	–	210
Cash-settled share-based liabilities	2	–	–	473	–
<b>Current liabilities</b>	2	–	–	–	–
Interest-bearing loan	2	–	–	–	22,277
Cash-settled share-based liabilities	3	–	–	368	–
Trade and other payables		–	–	–	2,618
Current lease liabilities		–	–	–	175
<b>Total</b>		<b>–</b>	<b>–</b>	<b>841</b>	<b>51,033</b>

#### As of December 31, 2022

(in thousand Euro)	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
<b>Assets</b>					
Other current financial assets	1	–	4,708	4,642	–
Trade and other receivables	3	2,409	–	–	–
<b>Total</b>		<b>2,409</b>	<b>4,708</b>	<b>4,642</b>	<b>–</b>
<b>Liabilities</b>					
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
<b>Total</b>		<b>–</b>	<b>–</b>	<b>205</b>	<b>48,360</b>

The Management assessed that the fair value of Trade and other receivables as well as Trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of Other current financial assets are based on price quotations at reporting date.

During the whole year, there were no transfers between Levels.

#### 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

## 32 Related party transactions

### i) Related entity

The Company does not have related entities.

### ii) Related parties, transactions

The following tables provide the total amount of transactions that have been entered into with related parties during the fiscal year ended December 31, 2023, and December 31, 2022, as well as balances with related parties as of December 31, 2023, and December 31, 2022:

#### As of December 31, 2023

(in thousand Euro)	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)	2,314	6,735	240	(6)	65

#### As of December 31, 2022

(in thousand Euro)	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)	181	5,936	327	99	15

### iii) Key Management personnel

The total remuneration of key Management personnel is as follows:

(In thousand Euro)	For the year ended December 31	
	2023	2022
Salaries	2,628	2,391
Bonuses	261	369
Social security contributions	383	398
Share option compensation	122	233
Employee severance indemnity	107	83
	<b>3,501</b>	<b>3,474</b>

### 33 Events after the balance sheet date

On January 4, 2024, Newron announced exceptional final one-year results from its open label study 014/015, evaluating its investigational drug evenamide as an add-on to antipsychotics for the management of treatment-resistant schizophrenia. The data demonstrated that treatment with evenamide was associated with sustained clinically significant benefit that increased throughout the one-year course of treatment.

During the second half of January 2024, certain option-holders have exercised n. 36,489 options.

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. As soon as the shares will be subscribed and the relevant filing with the Chamber of Commerce executed, the share capital will increase up to EUR 3,726,366.80 consisting of 18,631,834 ordinary shares with a par value of EUR 0.20 each.

Also on March 14, 2024, the Compagny 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 to 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 one now scheduled for November 25, 2025, tranche two for April 2026 and tranche three for June 2026. This rescheduling is conditional to a certain milestone to be met no later than on April 30, 2025.

Other terms have been amended as follows:

- from the effective date, 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 milestone within December 31, 2024, interest rates will increase by 3% p.a.

Bresso, March 14, 2024



Stefan Weber  
Chief Executive Officer  
Newron Pharmaceuticals S.p.A.

# Auditor Report



# Newron Pharmaceuticals S.p.A.

Consolidated financial statements  
as at December 31, 2023

Independent auditor's report

## Independent auditor's report on the consolidated financial statements

To the Shareholders of  
Newron Pharmaceuticals S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Newron Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Newron Pharmaceuticals S.p.A. in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Italy, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainties related to going concern

We draw attention to the information provided in the Notes "2. Basis of preparation" and "6. Financial risk management" of the Consolidated Financial Statements describing the Directors' assessment on going concern. In detail, the Directors state that, even if the Group is exposed to material uncertainties related to liquidity risk in the medium term, the cash and balance sheet position as of December 31, 2023 and the events described in Note 33 "Events after the balance sheet date" of the Consolidated Financial Statements, assure that the Group's operations will be funded for a period of at least 12 months from the date of approval of the financial statements by the Board of Directors.

The procedures performed to address this matter included, among others, reading the minutes of the Shareholders' Meetings and the Board of Directors, gaining an understanding, also through inquiries with management, of the elements underlying the assessment of going concern, with particular reference to the identified material uncertainties and related mitigating factors, the analysis of the reasonableness of the key assumptions included in management's budgets approved by the Board of Directors on March 14, 2024 and the cash forecast prepared by the Directors, and the examination of the events occurred after the balance sheet date. Lastly, we reviewed the disclosure included in the notes to the financial statements as of 31 December 2023.

Our audit procedures did not lead to any reservations concerning the ability of the Group to act as a going concern in the foreseeable period of at least 12 months starting from the date of approval of the financial statements by the Board of Directors.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainties Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Measurement of clinical trials costs

Area of focus	<p>The Group incurred costs related to clinical trials, which represent a significant portion of research &amp; development costs. Accounting of these costs involves judgement on the determination of the appropriate timing of recognition based on the assessment of actual services received according to contracts with suppliers, generally multi-annual, which may differ from the billing schedules and thus may include a significant accrual or deferral amount. The Group determined the stage of completion of the clinical trials as of the balance sheet date based on information received by the suppliers and monitoring of progress of clinical trials by the Group’s clinical team, supervised by the finance department.</p> <p>See Note 10 “Research and development expenses net of grants and other reimbursements”.</p>
Our audit response	<p>We obtained an understanding of the relevant Group’s process to determine timing of recognition of clinical trial costs. We focused on the analysis of terms and conditions of relevant contracts with subcontractors related to the main clinical trials and evaluated the reasonableness of management’s estimate of the stage of completion of these clinical trials. We corroborated management’s estimate with questionnaires and other relevant documentation provided by the suppliers to the Group’s clinical team, summarizing work performed as of the balance sheet date. Our audit procedures did not lead to any reservations concerning the recognition and measurement of the clinical trials costs.</p>

## Other Information

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Newron Pharmaceuticals S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may



involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We have provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

The partner in charge of the audit resulting in this independent auditor's report is Paolo Zocchi.

Milan, March 18, 2024

EY S.p.A.



Paolo Zocchi  
(Auditor)

# 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 (SIX)

	FY 2023	FY 2022
Number of fully paid-in shares as at December 31	17,845,345	17,845,345
Year high (in CHF)	9.18	1.67
Year low (in CHF)	1.75	1.01
Year-end (in CHF)	4.95	1.55
Loss per share (in EUR)	0.91	0.98
Cash and cash equivalents, other short-term financial assets as at December 31 (in EUR 1,000)	12,6	22,8
Market capitalization as at December 31 (in CHF)	88,334,458	27,660,285

## Major shareholders\*

Zambon 4.41 %

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

## Financial calendar

Publication of Annual Report 2023	March 19, 2024
Analyst/Investor/Media Conference Call	March 19, 2024
Annual Shareholders' meeting 2024	April 17, 2024
Half-year report 2024	September 19, 2024

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## **Imprint**

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### **Important Notices**

This document contains forward-looking statements, including (without limitation) about (1) Newron's ability to develop and expand its business, successfully complete development of its current product candidates, the timing of commencement of various clinical trials and receipt of data, and current and future collaborations for the development and commercialization of its product candidates, (2) the market for drugs to treat CNS diseases and pain conditions, (3) Newron's financial resources, and (4) assumptions underlying any such statements. In some cases these statements and assumptions can be identified by the fact that they use words such as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", and other words and terms of similar meaning. All statements, other than historical facts, contained herein regarding Newron's strategy, goals, plans, future financial position, projected revenues and costs and prospects are forward-looking statements.

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Newron does not undertake any obligation to publicly update or revise forward-looking statements except as may be required by applicable regulations of the SIX Swiss Exchange where the shares of Newron are listed.

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