



Half-Year Report 2020

Corporate profile

Newron is a biopharmaceutical company focused on the development of novel therapies for patients with diseases of the central nervous system (CNS) and pain.

We are committed to delivering innovative treatments to improve the quality of life for patients with CNS disorders. Our team has built a balanced and robust pipeline comprised of drug candidates at different clinical stages and has a proven track record of drug development and commercialization.

Xadago®/safinamide has received marketing authorization for the treatment of Parkinson's disease in the European Union, Switzerland, the USA, Australia, Canada, Brazil, Colombia, the United Arab Emirates, Japan and South Korea, and is commercialized by Newron's partner Zambon, their partners and Meiji Seika and Eisai. Supernus Pharmaceuticals holds the commercialization rights in the US.

In addition to Xadago® for Parkinson's disease, Newron has a pipeline of promising treatments including Evenamide as the potential first add-on therapy for the treatment of patients with positive symptoms of schizophrenia and ralfinamide for patients with specific rare pain indications.

Founded in 1999, Newron is headquartered in Bresso, near Milan, Italy, with a subsidiary in Morristown, NJ, USA. The Company is listed on the SIX Swiss Exchange, under the trading symbol NWRN. Newron shares are also traded on Xetra (NP5).

Half-Year 2020 Highlights

Evenamide – Schizophrenia

- All evenamide pre-clinical studies requested by the FDA completed without identifying any toxicity concerns
- First clinical safety study initiated despite industry wide delays caused by COVID-19
- Newron on track to initiate its pivotal Phase III program in 2021
- Newron currently evaluating potential options for partnering/co-developing evenamide

Xadago®/safinamide – Parkinson's disease

- Newron noted Supernus Pharmaceuticals acquired CNS portfolio of US WorldMeds, including the US rights to Xadago®/safinamide, effective June 2020
- Progress made in plans to perform the PD LID (levodopa-induced dyskinesia) study with Xadago:
 - Zambon previously held discussions with the FDA on the design of a potentially pivotal efficacy study to evaluate the effects of Xadago®/safinamide in patients with levodopa induced dyskinesia (PD LID)
 - Intention is to perform the study in the USA, Europe and Asia/Australia
 - Zambon acknowledges Newron's experience in the development of Xadago in patients with Parkinson's Disease; discussions to have Newron as the party responsible for conducting the study; Zambon will remain associated with the study
 - Financial terms to stay unchanged: Newron will make a fixed financial contribution to the study, in return for a one-time milestone payment and a greater share of royalties should the study lead to a label extension

Sarizotan – Rett syndrome

- Newron terminated development program, after Sarizotan Treatment of Apneas in Rett Syndrome (STARS) clinical study did not demonstrate evidence of efficacy on the primary or secondary efficacy variables
- Company to share learnings from the Rett Syndrome International Burden of Illness study, evaluating passing on the study to another pharmaceutical company for completion

Corporate

- Newron received third tranche of EUR 7.5 million under financing agreement with the European Investment Bank (EIB)
- In light of COVID-19 pandemic, Newron reiterated its commitment to health and safety of patients, caregivers and employees
- Newron is evaluating opportunities to broaden its pipeline of treatments for central and peripheral nervous system diseases

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Shareholder Letter



Dr. Ulrich Köstlin



Stefan Weber

Dear Shareholder,

We are pleased to share with you Newron's progress in the first six months of 2020. It has been a challenging period for our Company, with our Sarizotan Treatment of Apneas in Rett Syndrome (STARS) study not demonstrating efficacy on the primary or secondary end-points of the study, and the temporary delay in initiation of our clinical trials in evenamide, due to the ongoing COVID-19 pandemic. But we remain resilient as a business and are moving forward with our vision and strategy for the future.

As part of this strategy, post-period in August, we shared an update on our lead clinical program, evenamide, with which we have made significant progress. We have completed all pre-clinical studies requested by the US Food and Drug Administration (FDA), initiated our first clinical safety study, and remain on track to initiate the pivotal Phase III program in 2021. With our marketed product Xadago®/safinamide, discussions are progressing well with our partner, Zambon, in relation to a potentially pivotal efficacy study to evaluate the effects of the drug in patients with Parkinson's disease levodopa-induced dyskinesia (PD LID).

We are also assessing a number of strategic opportunities and additional compounds to build out our pipeline of novel therapies, and we will update the market accordingly.

COVID-19

In March 2020, in order to protect our employees and ensure business continuity, Newron implemented enhanced safety and monitoring standards designed to address and mitigate the spread of COVID-19. Specifically, we promoted remote working and strengthened the health and hygiene standards in our facilities. Our Italian offices reopened on June 15, 2020 to those employees who felt comfortable accessing the premises, respecting both the rules set by the building owner and the policy drafted and approved by our management team, which are consistent with applicable government requirements and focus on employee safety. Our New Jersey, US based workforce is still working from home. We will continue to closely monitor the effects of the pandemic, amending and evolving our plans and policies, as needed, going forward.

Sarizotan – Rett syndrome

We were very disappointed, in May, to announce that our STARS study did not demonstrate evidence of efficacy on the primary or secondary efficacy variables. The study was well-designed and executed, based on highly promising data from a genetic model of Rett syndrome in mice. The results of the study demonstrate the inherent difficulties in translating effects in animal models, even if genetic, to human clinical studies. As a consequence of the clinical outcome, Newron has decided to terminate this development program and would like to reiterate our sincere thanks to the patients, caregivers and their families who participated in the study.

As part of our commitment to the Rett syndrome community, we are exploring options as to how we can pass on the valuable information we developed through our Burden of Illness study, potentially via another pharmaceutical company that would complete the study, so that patients and caregivers can take away learnings from this ground-breaking study.

Evenamide – Schizophrenia

During the reporting period, we made considerable progress with our lead clinical program, evenamide, potentially the first add-on therapy for the treatment of patients with inadequately-treated symptoms of schizophrenia.

In January, Newron reached an agreement with the FDA on the design and conduct for additional short-term pre-clinical explanatory studies with evenamide, as well as the protocol for the first, four-week safety study in patients with schizophrenia. The requested pre-clinical studies have now been successfully completed, with no toxicity issues reported.

Despite anticipated delays associated with COVID-19, Newron has initiated the first clinical safety study, an explanatory four-week randomized, double-blind placebo controlled study to evaluate the safety, tolerability, Electroencephalography (EEG) effects and preliminary efficacy of two fixed doses of evenamide in outpatients suffering from chronic schizophrenia receiving treatment with a second generation atypical antipsychotic. Newron intends to recruit approximately 120 patients. Patient recruitment is progressing well at sites in the US and India, with more than 75 patients enrolled, and contingent on no further COVID-19 restrictions, results from the study are currently expected in Q1 2021. Together with the

Newron’s current Pipeline

Product		Phase I	Phase II	Phase III	Market	Commercial Rights
Xadago® (safinamide)	Adjunctive therapy in PD	▶				Zambon
	Adjunctive therapy in PD	▶				Zambon / Supernus
	Adjunctive therapy in PD	▶				Meiji Seika / Eisai
	Levodopa Induced Dyskinesia (PD LID)	▶				Zambon / Supernus
Evenamide (NW-3509)	Adjunctive therapy in Schizophrenia	▶				Newron
	Adjunctive therapy in Clozapine TRS	▶				Newron
Ralfinamide	Orphan indication in neuropathic pain	▶				Newron

pre-clinical results confirming the absence of toxicity that have been submitted to the FDA, the extensive explanatory study package should deliver robust, convincing clinical data to proceed with the next, pivotal phase of clinical development.

Newron remains confident that it is on track to initiate the Phase III studies with evenamide in Q2 2021. The first study will be in patients experiencing worsening of psychosis on atypical antipsychotics, and a second study in treatment-resistant schizophrenia patients not responding to clozapine. The latter represents an orphan-like indication with approximately 20,000 to 25,000 patients in the US (with similar numbers in the EU). Positive results in both studies could lead to the approval of evenamide as a new treatment paradigm for patients with schizophrenia, showing inadequate response to their current medication.

In key territories, we continue to expect to commercialize evenamide ourselves in the treatment-resistant schizophrenia indication. For the indication of patients showing inadequate response to their current atypical antipsychotics and experiencing worsening of psychosis, we are currently evaluating potential options for partnering/co-development.

Xadago®/safinamide – Parkinson’s disease

Xadago®/safinamide has now received marketing authorization for the treatment of Parkinson’s disease in the European Union, Switzerland, the United States, Canada, Australia, countries in Latin America and Arabia as well as Japan and South Korea. It is commercialized by Newron’s partner Zambon, their partners and Meiji Seika and Eisai.

In April, we noted the agreement between US WorldMeds and Supernus Pharmaceuticals, under which Supernus intended to acquire the central nervous system (CNS) portfolio of US WorldMeds, including the US rights to Xadago®/safinamide. The transaction subsequently closed in June. Supernus’ focus is in the development and commercialization of products for the treatment of CNS diseases, and we look forward to having them as the US partner for Xadago®/safinamide.

Newron progresses in the plans to perform the LID study with Xadago: Zambon had previously held discussions with the U.S. Food and Drug Administration (FDA) on the design of a potentially pivotal efficacy study to evaluate the effects of Xadago®/safinamide in patients with levodopa induced dyskinesia (PD LID). The intention is to perform the study in the USA, Europe and Asia/Australia.

Zambon acknowledges Newron’s experience in the development of Xadago in patients with Parkinson’s Disease and there have been discussions to have Newron as the party responsible for conducting the study. Zambon will remain associated with to the study. Financial terms will stay unchanged: Newron will make a fixed financial contribution to the study, in return for a one-time milestone payment and a greater share of royalties should the study lead to a label extension.

Financials

For the first six months of 2020, Newron reported a net loss of EUR 10.5 million, compared to EUR 14.0 million in the same period in 2019. The reduction is mostly due to the termination of the Sarizotan development program in Rett syndrome. Cash used in operating activities has decreased to EUR 7 million from EUR 14.7 million in 2019. Xadago® revenues received from Zambon increased by 12.4% (EUR 2.5 million versus EUR 2.2 million in 2019). Newron's R&D expenses have fallen to EUR 7.8 million from EUR 10.3 million in 2019. G&A expenses reached EUR 4.4 million in the first six months of 2020 versus EUR 5.9 million in 2019. Cash and Other current financial assets at June 30, 2020 were at EUR 39.4 million, compared to EUR 39.2 million at the beginning of the year.

Under our financing agreement with the European Investment Bank (EIB) that was announced in 2018 and comprised of funding up to EUR 40 million, we were pleased to receive our third tranche of funds in April 2020. Tranche 3 consisted of EUR 7.5 million and will primarily be used to support the Company's development programs in diseases of the CNS. Newron received its first tranche of EUR 10 million in early July 2019, and its second tranche of EUR 7.5 million in November 2019.

Newron's total available funding, including the EIB funds not yet drawn down, in addition to its royalty income and Italian R&D tax credits, will fund Newron's planned development programs and operations well into 2022.

We were also pleased to report that our shareholders approved all resolutions at our 2020 Annual General Meeting, which included the approval of our financial statements as of 31 December 2019 and the appointment of all members of the Board of Directors for a three-year term. We reiterate our thanks to our shareholders for their continued support and commitment to Newron.

The first half of 2020 has presented obstacles, but we move forward excited by our current pipeline of novel drugs and are confident in our ability to advance these through the clinic and improve their positioning on the market. We look forward to progressing towards our Phase III clinical program evaluating evenamide in schizophrenia, to complete preparations towards the new label study with Xadago, and to potentially broaden our CNS pipeline. We will update you throughout the rest of the year.

Yours sincerely,



Dr. Ulrich Köstlin
Chairman



Stefan Weber
Chief Executive Officer

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2020



Auditor Report

Newron Pharmaceuticals S.p.A.

Review report on the interim condensed consolidated financial statements

Review report on the interim condensed consolidated financial statements

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the interim condensed consolidated statement of financial position, the interim condensed consolidated statements of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed statement of cash flows and the related explanatory notes of Newron Pharmaceuticals S.p.A. and its subsidiaries (the "Newron Group") as of 30 June 2020. The Board of Directors of Newron Pharmaceuticals S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Newron Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 11, 2020

EY S.p.A.



Paolo Zocchi
(Auditor)

Interim Condensed Consolidated Statement of Profit or Loss

(In thousand Euro, except per share information)	Note	For the six months ended June 30	
		2020 unaudited	2019
Licence income from contracts with customers		23	56
Royalties from contracts with customers		2,486	2,176
Revenue	6	2,509	2,232
Research and development expenses	7	(7,777)	(10,298)
Marketing and advertising expenses		(325)	(440)
General and administrative expenses	8	(4,374)	(5,934)
Operating result		(9,967)	(14,440)
Financial income	9	580	452
Financial expenses	9	(1,110)	(52)
Result before tax		(10,497)	(14,040)
Income tax		(6)	(6)
Net loss		(10,503)	(14,046)
Loss per share	10		
Basic and diluted loss per share for the period		(0.59)	(0.79)
Weighted average number of shares (thousands) – Basic		17,845	17,845

Interim Condensed Consolidated Statement of Comprehensive Income

(In thousand Euro)	Note	For the six months ended June 30	
		2020 unaudited	2019
Net loss for the period		(10,503)	(14,046)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on other current assets	14	(94)	44
Exchange differences on translation of foreign operations		15	(5)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		(79)	39
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurements on defined benefit plans		(9)	(11)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(9)	(11)
Other comprehensive income/(loss) for the period, net of tax		(88)	28
Total comprehensive loss for the period, net of tax		(10,591)	(14,019)

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

Interim Condensed Consolidated Statement of Financial Position

(In thousand Euro)	Note	As of	
		June 30, 2020 unaudited	December 31, 2019 restated ¹⁾
Assets			
Non-current assets			
Property, plant and equipment		106	116
Right-of-use assets	11	676	136
Intangible assets		16	20
Non-current receivables	12	13,473	14,525
		14,271	14,797
Current assets			
Receivables and prepayments	13	4,198	6,328
Other current financial assets	14	17,508	17,111
Cash and cash equivalents	15	21,857	22,052
		43,563	45,491
Total assets		57,834	60,288
Shareholders' equity			
Share capital	16	3,569	3,569
Share premium and other reserves	17	26,099	46,306
Share option reserve	18	14,054	13,144
Retained earnings		(15,740)	(25,341)
Translation differences		(865)	(880)
Total shareholders' equity		27,117	36,798
Liabilities			
Non-current liabilities			
Interest-bearing loan	19	24,702	16,749
Cash-settled share-based liabilities	20	137	436
Non-current lease liabilities		573	78
Employee severance indemnity		664	632
		26,076	17,895
Current liabilities			
Current lease liabilities		135	60
Trade and other payables	21	4,506	5,535
		4,641	5,595
Total liabilities		30,717	23,490
Shareholders' equity and liabilities		57,834	60,288

1) In 2020, Management restated the 2019 figures related to the R&D tax credit receivables (item into "Current Assets - Receivables and prepayments"). For additional information, please refer to Note 2 (New standards, interpretations and amendments adopted by the Group) and Note 12.

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

Interim Condensed Consolidated Statement of Changes in Equity

(In thousand Euro)	Note	Share capital	Share premium	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2019		3,569	61,341	11,018	(889)	(20,203)	54,836
Net loss						(14,046)	(14,046)
Other comprehensive income/(loss)					(5)	33	28
Total comprehensive loss for the period		0	0	0	(5)	(14,014)	(14,019)
Previous year loss allocation			(15,035)			15,035	0
Fair value reserve release						17	17
Share option scheme	18			1,153			1,153
Balance at June 30, 2019		3,569	46,306	12,171	(894)	(19,165)	41,987
Balance at January 1, 2020		3,569	46,306	13,144	(880)	(25,341)	36,798
Net loss						(10,503)	(10,503)
Other comprehensive income/(loss)					15	(103)	(88)
Total comprehensive loss for the period		0	0	0	15	(10,606)	(10,591)
Previous year loss allocation			(20,207)			20,207	0
Share option scheme	18			910			910
Balance at June 30, 2020		3,569	26,099	14,054	(865)	(15,740)	27,117

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

Interim Condensed Consolidated Statement of Cash Flow

(In thousand Euro)		For the six months ended June 30,	
	Note	2020 unaudited	2019
Loss before tax		(10,497)	(14,040)
Adjustments for:			
Depreciation and amortisation		109	103
Interest received		25	29
Interest paid		(376)	(8)
R&D tax credit and other non monetary income/expense	7	541	(3,301)
Share option expenses	18	910	1,153
Employee severance indemnity expense		95	89
Changes in working capital:			
Current receivables and prepayments and deferred cost		2,130	(1,450)
Trade and other payables and deferred income		(1,028)	2,746
Pension fund paid		0	(24)
Change in non-current receivables	12	1,052	3
Cash used in operating activities		(7,039)	(14,700)
Cash flows from investing activities			
Purchase of financial assets	14	(1,793)	(1,079)
Disposal of financial assets	14	1,207	528
Purchase of property, plant and equipment		(12)	(48)
Purchase of intangible assets		(1)	0
Net cash flows from/(used in) investing activities		(599)	(599)
Cash flows from financing activities			
Proceeds from borrowings	19	7,500	0
Lease liabilities		(57)	(83)
Net cash flows from financing activities		7,443	(83)
Net increase in cash and cash equivalents		(195)	(15,382)
Cash and cash equivalents at January 1,		22,052	27,623
Cash and cash equivalents at the end of the period		21,857	12,241

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

Notes to the Interim Condensed Consolidated Financial Statements

(In thousand Euro unless otherwise stated)

1 Corporate information

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

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

The Company is incorporated and domiciled in Milan, Italy. From January 1, 2020 the Company moved to new offices: accordingly, 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 at the Dusseldorf Stock Exchange and traded on the XETRA electronic trading platform under the trade name NP5.

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

The interim condensed consolidated financial statements of Newron Group for the six months ended June 30, 2020, were authorised for issuance by the Board of Directors (“the Board”) on September 8, 2020.

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

The interim condensed consolidated financial statements of the Group for the six-months period ended June 30, 2020 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2019.

The Company has incurred recurring losses since inception, including net losses of EUR 10.5 million for the six-month period ended June 30, 2020. The Company expects to continue to generate operating losses in the foreseeable future, even though certain spending associated with clinical trials have been delayed as a result of the COVID-19 pandemic. Considering the Group’s current cash position and the level of spending according to management’s business plan, the Directors believe that the Group will be able to meet its obligations as they fall due for a period of at least twelve months from the date of signing of the interim condensed consolidated financial statements. Hence, the interim condensed consolidated financial statements have been prepared on a going concern basis.

COVID-19 pandemic effects

The spread of the COVID-19 pandemic resulted in a significant impact on production and commercial activities in many countries, mainly as a consequence of the restrictions and containment measures adopted by local governments, including travel bans, quarantines and other public emergency measures. Due to the spread of COVID-19 pandemic, the Group experienced a limited impact on the valuation of the

fair value of its financial assets and, from a business perspective, a slight delay on the expected timing of certain studies. In this respect, the Group is working closely with the vendors to mitigate any potential disruption to the on-going or planned clinical trials as a result of the COVID-19 pandemic. Should the COVID-19 pandemic persist for an extended period, the Group could experience a disruption or a significant delay in the ability to initiate trial sites, enrol and assess patients. In addition, as the Group relies on the support by Clinical Research Organizations and other third parties to perform its clinical trials, the Group cannot guarantee that its subcontractors will continue to perform their contractual duties in a timely and satisfactory manner as a result of the COVID-19 pandemic.

Although the Group put in place measures to ensure the protection of its employees and business continuity, it cannot be ensured that these safeguards are able to guarantee their effectiveness. In particular, the adoption of hygiene and safety measures cannot exclude that Group's employees are infected by the virus. Furthermore, it cannot be excluded that any interruption in development activities or trials could occur. The aforementioned circumstances could entail the risk for the Group of being unable to conduct its development plans as expected, with a substantial negative effect on its business, economic, equity and/or financial situation.

Significant accounting judgements, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the reporting date. As estimates, these may differ from the actual results attained in the future. Group management based the estimates on historical experience and on various other assumptions assessed as reasonable, the results of which form the basis for making judgments about the carrying value of assets, liabilities and equity and the amount of revenues and expenses. While making estimates and assumptions, Group management has taken in due account the actual and potential effects of the COVID-19 pandemic.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of January 1, 2020.

In this respect, it should be noted that in 2020, Management restated the 2019 figures due to the reclassification of the R&D tax credit receivable, amounting to EUR 16,655 as of December 31, 2019. The receivable was entirely classified among Current assets in the financial statements as of December 31, 2019, instead of being split between Current and Non-current assets, as a portion of the receivable would have been realised in a period longer than twelve months. In accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Management reclassified the figures as of December 31, 2019 disclosing the receivable related to R&D tax credit that expect to be realized in a period longer than twelve months among Non-current assets (EUR 14,455) and the remaining part among Current assets (EUR 2,200).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

*Amendments to IFRS 7, IFRS 9 and IAS 39:
Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group, as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

*Conceptual Framework for Financial Reporting issued
on 29 March 2018*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised

Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

3 Segment reporting

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

4 Seasonality

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

5 Exchange rates of principal currencies

Functional currency

The Group's consolidated financial statements are presented in Euro, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity 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.

Transactions and balances

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

Group exchange rates

The exchange rates used are detailed in the following table:

	Income statements in Euro (average rates) Six months ended June 30,		Balance sheets in Euro (rates as of)	
	2020	2019	June 30, 2020	Year-end 2019
CHF 1	0.93972	0.88538	0.93888	0.92132
GBP 1	1.14334	1.14465	1.09597	1.17536
SEK 1	0.09381	0.09507	0.09529	0.09572
USD 1	0.90740	0.88512	0.89302	0.89015

6 Royalties from contracts with customers

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Royalties from contracts with customers	2,486	2,176

In 2020, Royalties from contracts with customers (royalties) increased by 14%. During the second quarter, Supernus Pharmaceuticals, Inc. announced the closing of the acquisition of the entire CNS portfolio of US WorldMeds, thus becoming the US commercial partner of Zambon.

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

7 Research and development expenses net of grants and other reimbursements

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Services received from subcontractors	4,749	7,259
Staff costs	1,579	1,296
Consultancy fees	705	557
Material and consumable used	247	677
Operating lease cost	145	146
Travel expenses	181	270
Depreciation and amortization expense	32	26
Other research and development costs	139	67
	7,777	10,298

The decrease in Services received from subcontractors is mainly due to the decision taken by Management and communicated to the market on May 4, 2020, to terminate the Phase III double-blind, placebo-controlled study performed to evaluate the efficacy of sarizotan in Rett Syndrome patients due to the lack of evidence of efficacy on the primary or secondary efficacy variables. In addition, the spread of COVID-19 pandemic – that forced governments to impose restrictions and containment measures in several countries – resulted in delaying the start of certain clinical studies until mid-June.

Staff costs amount to EUR 1,579 (2019: EUR 1,296). Staff cost in 2019 were reduced by EUR 393, as a consequence of the accrual of the R&D Tax Credit related to the R&D expenses incurred in the six-months period ending on June 30, 2019. As of June 30, 2020, the Group did not accrue any R&D tax credit due to the change in the development plans of the Group resulting from the abovementioned termination of the study on sarizotan and due to the modification of the applicable Italian law occurred in 2020, which is currently under review by Management. During 2020, the number of employees decreased and stock options costs were lower than the ones occurred in the corresponding period of 2019.

As stated by art. 1, paragraph 35 of the Italian Law 190/2014 – the so called “2015 Stability Law” – and clarified, by the Italian Tax Authority in the Official Memorandum 5/E dated 23 March 2016, companies investing in research and development activities are allowed to recognize an R&D tax credit in the period 2015–2020. 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.

The “2020 Stability Law” has ceased the old structure of the R&D Tax Credit. Starting from January 1, 2020, companies investing in research and development activities are allowed to recognize an R&D tax credit that will be equal to the 12% of certain R&D expenses incurred in the year. For the year 2020, the total R&D tax credit that can be granted, is limited to EUR 3 million. As of June 30, 2020, the Group did not accrue any R&D tax credit due to the change in the development plans of the Group resulting from the abovementioned termination of the study on sarizotan and due to the modification of the applicable Italian law occurred in 2020, which is currently under review by Management. The tax credit related to the R&D expenses of the six-month period ending on June 30, 2020, won't be lost as the Group became entitled to the right to obtain and use a tax credit in return of past compliance with certain conditions relating to the operating activities of the entity.

Expenses reimbursed by Zambon are those related to the assistance provided by Newron in managing the post-filing regulatory review related to safinamide, in accordance with the agreement in place between the parties since May 14, 2012.

Research and development expenses are presented net of grants and other reimbursement received by the Group. Gross Research and development expenses amounted to EUR 7,803 and EUR 13,221 as detailed in the following table.

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Research and development expenses, gross	7,803	13,221
R&D Tax Credit	0	(2,898)
Reimbursed by Zambon	(26)	(25)
	7,777	10,298

Since inception, no development costs have been capitalised except for the Intangible assets recognized in the context of the purchase price allocation processes of Hunter-Fleming Ltd and Newron Sweden AB: both have been completely written off in previous years.

8 General and administrative expenses

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Staff costs	2,272	2,624
Consultancy and other professional services	1,346	2,478
Intellectual properties	387	423
Travel expenses	59	168
Operating lease cost	36	48
Depreciation and amortization expense	77	77
Other expenses	197	116
	4,374	5,934

The decrease in Staff costs is mainly due to reduced stock options' cost and the effect of one employee leaving the Company.

In the first half of 2019, the Company was assessing a potential dual listing: all activities were terminated in 2019 and no similar expenses were incurred in the six-months period ending on June 30, 2020. Accordingly, Consultancy and other professional services as of June 30, 2020, were lower by EUR 1,132 in comparison with the figures as of the corresponding period of 2019.

9 Financial results

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Interest income	35	46
Foreign exchange gains	73	97
Other income	472	309
	580	452

Other income comprises the effects (equal to EUR 472) of valuation of warrants issued by the Company in accordance with the contracts in place with the European Investment Bank (EIB); in 2019, Other income was related to the increase in the fair value of Group's Financial assets recognized at fair value through profit or loss. Please refer to Note 20 for additional information on warrants.

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Interest expenses	1,007	(25)
Foreign exchange losses	21	(27)
Other costs	82	0
	1,110	(52)

During the last twelve months, the Company has drawn EUR 25 million from its financing agreement with the EIB: the increase in Interest expenses is mainly due to the accrual of the interest, equal to EUR 963 (2019: EUR 5), related to the outstanding loan and recognized at amortized cost (IFRS 9).

Other costs reflect the decrease in the fair value of Group's Financial assets recognized at fair value through profit or loss. According to the investment policy approved by the Board of Directors in December 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".

10 Loss per share

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

(In thousand Euro)	For the six months ended June 30,	
	2020	2019
Net loss attributable to shareholders	(10,503)	(14,046)
Weighted average number of shares (thousands) – Basic	17,845	17,845
Losses per share – basic and diluted (in Euro)	(0.59)	(0.79)

The categories of potential ordinary shares that have dilutive effect are the stock options and warrants. At the end of the six-months period, Newron has granted a total of n. 1,895,902 (see also Note 18 for additional information) stock options to certain employees, directors and consultants and a total of n. 504,481 warrants to EIB (please refer to Note 20 for additional information). As of June 30, 2020, these are antidilutive, as their conversion would decrease the loss per share. Thus, the values of basic and diluted loss per share as of June 30, 2020, coincided.

11 Receivables and prepayments

(In thousand Euro)

	Right-of-use assets		Total
	Offices	Motor vehicles	
As at December 31, 2018	165	103	268
Addition	0	84	84
Depreciation	(93)	(62)	(155)
Write-off ROU assets	(439)	0	(439)
Write-off Cumulated depreciation	373	5	378
As at December 31, 2019	6	130	136
Right-of-use asset, gross	62	307	369
Cumulated depreciation	(56)	(177)	(233)
As at January 1, 2020	6	130	136
Addition	624	0	624
Depreciation	(54)	(30)	(84)
Write-off ROU assets	0	(102)	(102)
Write-off Cumulated depreciation	0	102	102
As at June 30, 2020	576	100	676
Right-of-use asset, gross	686	205	891
Cumulated depreciation	(110)	(105)	(215)

On January 1, 2020, Newron started a new leasing agreement with OpenZone S.p.A. (a Company within the Zambon group) and moved to new offices. Accordingly, the Right-of-use assets increased by EUR 624 to reflect the new contract in place with the counterparty. The old leasing agreement, terminated on December 31, 2019, was entirely written off.

12 Non-current receivables

(In thousand Euro)

	As of	
	June 30, 2020	December 31, 2019
	unaudited	restated
Guarantee deposits for leases	67	70
R&D tax credit	13,406	14,455
	13,473	14,525

As stated in Note 2 – New standards, interpretations and amendments adopted by the Group – Management restated the 2019 figures due to the classification of the R&D tax credit receivable, whose portion realizable in a period longer than twelve months has been reclassified among Non-current receivables.

As of June 30, 2020, the Company was entitled to receive a total R&D tax credit equal to EUR 15,306 (2019: EUR 16,655) out of which EUR 13,406 reclassified among the Non-current asset (2019: EUR 14,455) and EUR 1,900 reclassified among the Current asset (2019: EUR 2,200). The net decrease represents the amount used to offset the payments of certain taxes and contributions incurred during the six-month period ended June 30, 2020. According to the Group business plan, the total amount of R&D tax credit receivable recognized as of June 30, 2020, will be recovered through the offset of the payments of certain social contributions and other tax expenses of the upcoming years.

13 Receivables and prepayments

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	restated
Receivables	1,381	1,749
Prepayments	407	1,322
VAT receivable	161	706
R&D tax credit	1,900	2,200
Other receivables	349	351
	4,198	6,328

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

The reduction of Prepayments is mainly due to the reimbursement of an advance payment recognized in 2019 to a CRO involved in a clinical trial that has been delayed.

In late 2019, the Company requested the Italian tax authorities to reimburse part of its VAT receivable and cashed-in about EUR 700 in the first six months of 2020.

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

14 Other current financial assets

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
Government bonds	506	506
Listed bonds	6,470	6,155
Investment funds	10,532	10,450
	17,508	17,111

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

15 Cash and cash equivalents

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
Cash at bank and in hand	21,777	20,272
Short-term investments	80	1,780
	21,857	22,052

Management monitors the Group's cash position on rolling forecasts based on expected cash flows to enable the Group necessary to finance research and development activities. Financial resources currently available are considered adequate to support ongoing research and development activities.

Group liquidity (Other current financial assets plus Cash and cash equivalents) amounts approximately to EUR 39 million (EUR 39 million as of December 31, 2019). Expenses of the period have been partially financed by royalties and existing cash and the draw-down of an EIB tranche amounting to EUR 7.5 million.

16 Share capital

As of December 31, 2019, the subscribed share capital was equal to EUR 3,569,069.00, divided into 17,845,345 ordinary shares with par value equal to EUR 0.20 each. There was no authorised share capital.

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

(In Euro)	Total
As of December 31, 2018 – Newron Group	3,569,069.00
As of December 31, 2019 – Newron Group	3,569,069.00
As of June 30, 2020 – Newron Group	3,569,069.00

Accordingly, as of June 30, 2020, 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 is no authorised share capital.

17 Share premium

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
At the beginning of the year	46,306	61,341
Loss allocation	(20,207)	(15,035)
At the end of the period	26,099	46,306

18 Share option reserve

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
At the beginning of the year	13,144	11,018
Share option scheme	910	2,126
At the end of the period	14,054	13,144

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 2011, ESOP 2013, ESOP 2014, ESOP 2015, ESOP 2017 and ESOP 2018 are still valid. All options have been awarded free of charge.

On February 28, 2020, the Board of Directors granted 18,496 options (ESOP 2017) to two new Newron employees at a strike price of CHF 6.49 (EUR 6.10 as translated at the exchange rate on February 27, 2020).

On March 31, 2020, Newron' Board of Directors – partially executing the power granted by the Company's shareholders' meeting held on 27 March 2018 – resolved to increase, with exclusion of options rights pursuant to article 2443 and 2441, parts 5, 6 and/or 8 of the Italian Civil Code, Newron' share capital up to EUR 72,377,20 corresponding to up to n. 361,886 ordinary shares to be dedicated to a new stock option plan (ESOP 2020) approved during the same meeting. ESOP 2020 characteristics are in line with the ones of the existing plans. During the meeting, the Board of Directors granted a total of n. 361,886 options to all Newron' employees and directors plus certain consultants at a strike price of CHF 4.65 (EUR 4.40 as translated at the exchange rate on March 30, 2020). During the same meeting, the Board of Directors granted additional n. 46,951 options (ESOP 2018) to certain Newron employees at a strike price of CHF 4.65 (EUR 4.40 as translated at the exchange rate on March 30, 2020).

The table below shows a summary of the granted options:

	Employee Share Option Plans							
	2011	2013	2014	2015	2017	2018	2020	Total
At January 1, 2019	55,451	320,174	180,934	392,691	246,784	385,828	0	1,581,862
Waived	0	0	0	(7,551)	(6,974)	(18,257)	0	(32,782)
At December 31, 2019	55,451	320,174	180,934	385,140	239,810	367,571	0	1,549,080
Expired	(55,451)	0	0	0	0	0	0	(55,451)
Granted	0	0	0	0	18,496	46,951	361,886	427,333
Waived	0	0	0	(2,753)	(2,093)	(15,367)	(4,847)	(25,060)
At June 30, 2020	0	320,174	180,934	382,387	256,213	399,155	357,039	1,895,902

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 910 and it's related to the following combined effects: a) additional costs of the period equal to EUR 992 (out of which EUR 748 refers to G&A employees and the remaining EUR 244 to R&D employees), and b) the write-off of the reserve (EUR 82) related to options waived by two employees working for the R&D department that left the Company.

The following table shows additional information regarding options granted as of June 30, 2020:

Plan's name	Granting date	Exercise price (in Euro)	Number out-standing	Weighted-average remaining contractual life (years)	Number of exercisable options
ESOP 2013	18.01.13	6.32	312,924	2.75	312,924
ESOP 2013	18.04.13	6.66	7,250	2.75	7,250
ESOP 2014	28.01.14	13.88	76,494	2.75	76,494
ESOP 2014	16.07.14	13.94	104,440	2.75	104,440
ESOP 2015	04.06.15	28.14	225,391	4.75	225,391
ESOP 2015	10.09.15	24.90	14,938	4.75	14,938
ESOP 2015	19.11.15	25.41	28,455	4.75	28,455
ESOP 2015	27.07.16	15.22	8,537	4.75	6,402
ESOP 2015	24.02.17	21.87	34,857	4.75	27,743
ESOP 2015	08.09.17	15.97	70,209	4.75	35,413
ESOP 2017	08.09.17	15.97	237,717	7.16	119,900
ESOP 2017	28.02.20	6.10	18,496	7.16	0
ESOP 2018	05.07.18	10.06	315,212	8.01	0
ESOP 2018	08.11.18	7.27	36,992	8.01	0
ESOP 2018	31.03.20	4.40	46,951	8.01	0
ESOP 2020	31.03.20	4.40	357,039	8.27	0
			1,895,902		959,350

As of June 30, 2020, n. 959,350 options were vested; additional n. 254,527 options will vest within year end.

19 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 three tranches (identified as Tranche 1, Tranche 2 and Tranche 3) amounting respectively to EUR 10 million (cashed-in on July 1, 2019), EUR 7.5 million (cashed-in on November 25, 2019) and EUR 7.5 million (cashed-in on April 14, 2020). 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%, while Tranche 2 and 3 fixed rates are equal to 6.25%. Furthermore, according to the agreement between the parties, Newron has granted EIB with a total of n. 504,481 warrants (out of which n. 201,793 related to Tranche 1, n. 151,344 related to Tranche 2 and n. 151,344 related to Tranche 3) to purchase ordinary shares of Newron (for additional information, please refer to Note 20). The unused tranches of the financing agreement still available at June 30, 2020, amount to EUR 15 million.

As of June 30, 2020, the Interest-bearing loan is equal to EUR 24,702 (2019: EUR 16,749) million recognized at amortized cost.

20 Cash-settled share-based liability

As a consideration for the three tranches cashed-in from EIB, the Company awarded EIB, free of charge, with n. 504,481 warrants, representing 2.49% 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 18). 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 while the remaining n. 302,688 issued warrants can't be exercised before September 15, 2025. 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 and April 14, 2020) and is determined at each reporting date. The fair value has been calculated with the support of an external appraiser according with the binomial model assuming no arbitrage, a risk-neutral framework, a volatility equal to 70% and no issuance of dividends.

As of June 30, 2020, warrant's fair value, calculated using the Swiss Interest Rate Swap curve, was equal to EUR 137.

21 Trade and other payables

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
Trade payables	1,704	2,406
Accrued expenses	1,870	1,889
Pension contribution payable	299	319
Social security	135	191
Other payables	498	730
	4,506	5,535

Decrease in Trade payables and Accrued expenses is related to the reduced development activities performed by the Group during the first half of 2020 as a result of the decision taken by Management to terminate the sarizotan study and the delay in the start of certain clinical studies due to the restrictions imposed by the COVID-19 pandemic.

22 Net Financial Position

As of June 30, 2020, the net financial position decreased by EUR 8,022. The decrease was mainly due to the new tranche of the EIB loan amounting to EUR 7.5 million drawn down in period to finance the operating activities and the recognition of the lease liabilities related to the contract in place for the rent of the new offices. The above effects were partially offset by a reduction in the fair value of warrants granted to EIB.

The following table details the net financial position as of June 30, 2020, and December 31, 2019 respectively:

(In thousand Euro)	As of	
	June 30, 2020	December 31, 2019
	unaudited	
Other current financial assets	17,508	17,111
Cash and cash equivalent	21,857	22,052
A. Total current financial Asset	39,365	39,163
Current lease liabilities	(135)	(60)
B. Current financial liabilities	(135)	(60)
C. Net current financial position (A+B)	39,230	39,103
Interest bearing loan	(24,702)	(16,749)
Cash-settled share-based liabilities	(137)	(436)
Non-current lease liabilities	(573)	(78)
D. Non current financial liabilities	(25,412)	(17,263)
E. Net financial position (C+D)	13,818	21,840

23 Financial instruments by category

The following tables present the breakdown of financial assets and liabilities, evaluated at fair value, by category as of June 30, 2020, and December 31, 2019 respectively:

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.

	Level	Financial assets at amortized costs	Financial assets at fair value through OCI with reclassification	Financial assets at fair value through profit and loss	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost
As of June 30, 2020						
Assets						
Non current receivables	3	13,473	-	-	-	-
Other current financial assets	1	-	6,976	10,532	-	-
Trade and other receivables	3	27,084	-	-	-	-
Total		40,557	6,976	10,532	-	-
Liabilities						
Interest-bearing loan	2	-	-	-	-	24,702
Non-current lease liabilities		-	-	-	-	573
Current lease liabilities		-	-	-	-	135
Trade and other payables	3	-	-	-	-	2,202
Cash-settled share-based liabilities	2	-	-	-	137	-
Total		-	-	-	137	27,612
As of December 31, 2019						
Assets						
Non current receivables	3	14,786	-	-	-	-
Other current financial assets	1	-	6,661	10,450	-	-
Trade and other receivables	3	3,071	-	-	-	-
Total		17,857	6,661	10,450	-	-
Liabilities						
Interest-bearing loan	2	-	-	-	-	16,749
Non-current lease liabilities		-	-	-	-	78
Current lease liabilities		-	-	-	-	60
Trade and other payables	3	-	-	-	-	3,136
Cash-settled share-based liabilities	2	-	-	-	436	-
Total		-	-	-	436	20,023

There were no transfers between Levels during the six-month period ending on June 30, 2020 and the whole year 2019.

24 Related party transactions

The following tables provide the total amount of transactions that have been entered into with related parties during the six-month period ending June 30, 2020 and June 30, 2019, as well as balances with related parties outstanding as of June 30, 2020, and June 30, 2019 respectively:

As of June 30, 2020	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)	51	2,486	103	16	27
As of June 30, 2019					
Zambon (whole group)	87	2,176	106	169	0

25 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 at the balance sheet date but not yet incurred is equal to about EUR 18 million. The Company shall not incur material penalty fees for the closure of any of its contracts.

Contingent liabilities

According to the agreements signed with Zambon S.p.A. and Merck KGaA, 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.

26 Events after the balance sheet date

On August 11, 2020, the Company reported that it has successfully completed all the evenamide preclinical studies requested by the FDA and no toxicity issues were reported; accordingly, it has initiated the first clinical safety study that is a four-week, randomized, double-blind placebo controlled study designed to evaluate the safety, tolerability, EEG effects and preliminary efficacy of two fixed doses of evenamide.

Bresso, September 8, 2020



Stefan Weber
CEO

Information for Investors

Stock exchange information

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

Share price data

Number of fully paid-in shares as at June 30, 2019	17,845,345
52-week high (in CHF)	7.69
52-week low (in CHF)	1.59
June 30, 2020 closing share price	1.70
Loss per share (in EUR)	0.59
Cash and cash equivalents, other short-term financial assets as at June 30, 2020 (in EUR 1,000)	39,365
Market capitalization as at June 30, 2020 (in CHF)	30,337,087

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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 and current and future collaborations for the development and commercialization of its product candidates and reduce costs (including staff costs), (2) the market for drugs to treat diseases of the central and peripheral nervous system; (3) Newron's anticipated future revenues, capital expenditures and 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.

By their very nature, such statements and assumptions involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described, assumed or implied therein will not be achieved. Future events and actual results could differ materially from those set out in, contemplated by or underlying the forward-looking statements due to a number of important factors. These factors include (without limitation) (1) uncertainties in the discovery, development or marketing of products, including without limitation negative results of clinical trials or research projects or unexpected side effects, (2) delay or inability in obtaining regulatory approvals or bringing products to market, (3) future market acceptance of products, (4) loss of or inability to obtain adequate protection for intellectual property rights, (5) inability to raise additional funds, (6) success of existing and entry into future collaborations and licensing agreements, (7) litigation, (8) loss of key executive or other employees, (9) adverse publicity and news coverage, and (10) competition, regulatory, legislative and judicial developments or changes in market and /or overall economic conditions.

Newron may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements and assumptions underlying any such statements may prove wrong. Investors should therefore not place undue reliance on them. There can be no assurance that actual results of Newron's research programmes, development activities, commercialization plans, collaborations and operations will not differ materially from the expectations set out in such forward-looking statements or underlying assumptions.

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