Newron
Pharmaceuticals

Annual Report 2015

Company profile

Newron (SIX: NWRN) is a biopharmaceutical company focused on the development of novel therapies for patients with diseases of the central nervous system (CNS) and pain. The Company is headquartered in Bresso near Milan, Italy. Marketing authorization in the EU for Xadago® (safinamide) for the treatment of Parkinson's disease was granted by the EU Commission in February 2015, followed by Swissmedic's marketing authorization for Switzerland in November 2015. The drug has been launched by Newron's partner Zambon in the first key EU territories Germany, Spain, Italy, as well as in Switzerland. The New Drug Application (NDA) has been accepted for review by the FDA, PDUFA date March 29, 2016. Zambon has the rights to develop and commercialize safinamide globally, excluding Japan and other key Asian territories, where Meiji Seika has the rights to develop and commercialize the compound. Newron's additional projects are based on highly promising treatments for rare disease patients and are at various stages of clinical development. They include Sarizotan for patients with Rett Syndrome, for which Newron received Orphan Drug Designation in both the US and the EU, ralfinamide for patients with specific rare pain indications, and NW-3509 as potentially the first add-on therapy for the treatment of patients with positive symptoms of schizophrenia.

Key Corporate Events

2015 Highlights

Xadago (safinamide)

- EU Commission approves Xadago® for mid-late stage Parkinson's disease patients
- Xadago® New Drug Application late-cycle review meeting completed with US FDA – PDUFA date 29 March 2016
- Zambon launches Xadago® for patients with mid- to late-stage Parkinson's disease in Germany
- Meiji Seika Pharma initiates Phase II/III confirmatory and Phase III long-term trials with safinamide as add-on therapy to levodopa in Japanese patients with Parkinson's disease
- Swissmedic approves Xadago® for use in Parkinson's disease patients in Switzerland
- Zambon launches Xadago® (safinamide) for patients with Parkinson's disease in Switzerland, Spain and Italy (post-period event)

NW-3509

- Completion of first in man US Phase I study of novel sodium channel blocker, presentation of results
- US Phase II study initiation in patients with schizophrenia

Sarizotan

- Orphan Drug Designation for the treatment of patients with Rett Syndrome received from EU Commission
- Orphan Drug Designation for the treatment of patients with Rett Syndrome received from US FDA
- Planned international double-blind, placebo-controlled efficacy study in patients with Rett Syndrome

Corporate

- Completion of CHF 24.3 million/USD 25.5 million Private Placement with leading EU and US investors
- Completion of USD/CHF 5.4 million Private Placement with US Biotechnology/ Healthcare Specialist Fund
- Restructuring of Swedish operations

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Shareholder's Letter

Ulrich Köstlin

Stefan Weber

Dear Shareholder,

2015 has been a pivotal year for Newron. We have seen the approval of Xadago® (safinamide) in Europe, launches in Germany and, post-period end, in Switzerland, Spain and Italy. It is a great thrill to know that Parkinson's disease patients are now being treated with Xadago®! In parallel, we have progressed the development of our pipeline products in the clinic.

Early in the year the European Commission approved the use of Xadago® for mid-to-late-stage Parkinson's disease patients. Xadago® was approved as add-on therapy to levodopa alone or in combination with other Parkinson's disease treatments, making it the first new chemical entity in ten years to receive approval for the treatment of Parkinson's disease. Most importantly, the label clearly lists the unique features of the product. In May, our partner Zambon launched Xadago® in Germany and, following November's Swissmedic approval of Xadago® for use in Parkinson's disease patients in Switzerland, Zambon announced in early 2016, that Xadago® has been launched in Switzerland. Initial feedback has been positive and we look forward to further European launches.

Further to this, in September the US FDA New Drug Application late-cycle review meeting for Xadago® was completed with a PDUFA date of March 29, 2016. Shortly after, in October, our Japanese partner, Meiji Seika Pharma initiated Phase II/III confirmatory and Phase III long-term trials of safinamide as add-on therapy to levodopa in Japanese patients with Parkinson's disease experiencing the "wearing-off" phenomenon of their standard therapies. We are delighted that Xadago® has been approved and launched in several countries across Europe and that it is continuing to progress towards approval in both the US and Japan. We are confident that this means many more Parkinson's disease patients will begin to feel the benefit of Xadago® in the coming months and years.

Our shareholders have been supportive of our strategic goals over the years and we are very grateful that this support has continued in to 2015. In March, our shareholders approved capital increases of up to 1.3 million additional shares, to raise funds for developing the Company's pipeline assets. In April, current institutional shareholders and institutional investors from Europe and the US, including Aviva, J.P. Morgan Asset Management, Investor AB, Sphera Global HealthCare Fund and Nyenburgh, demonstrated their continued confidence in Newron by subscribing to 843,072 newly issued shares raising gross proceeds of EUR 23.4 million. Further to this, in November Newron completed a private placement of 209,364 shares with a leading US biotechnology and healthcare specialist fund, raising

gross proceeds of EUR 4.9 million. These funds will be used to accelerate the development of our innovative product pipeline, namely our lead clinical programs, Sarizotan in Rett Syndrome and NW-3509, our novel add-on therapy for schizophrenia.

A milestone achieved: Xadago® available to patients in key European countries.

Good progress has been made with Sarizotan in 2015. This new chemical entity is being developed for the treatment of Rett Syndrome, a rare neurodevelopmental disorder characterized by severe breathing irregularities, a loss of acquired fine and gross motor skills that lead to the loss of ability to conduct daily life activities, walk or communicate. Rett Syndrome is also associated with a reduced life expectancy and primarily affects females. There are currently no approved treatments available. Mid-year, the Committee for Orphan Medicinal Products (COMP) adopted a positive opinion recommending Sarizotan as an orphan medicinal product to the European Commission for the treatment of Rett Syndrome.

This was followed by both the European Commission and the US FDA granting Orphan Drug Designation to Sarizotan for the indication. Based on its use in pediatric patients, Sarizotan would benefit from market exclusivity of 12 years in the EU and 7.5 years in the US We believe Sarizotan has the ability to reduce apneas and hyperventilation episodes, significantly, therefore having the potential to improve the quality of life of Rett Syndrome patients and, by reducing secondary cardio-respiratory complications, to extend the lives of girls and women with Rett Syndrome. We have carried out advanced and extensive discussions with regulatory authorities in Europe, the US and Canada and are planning a 24-week, double-blind, placebo-controlled efficacy study for Sarizotan. We will update shareholders on the plan and timelines for submission of an application for marketing authorization. If approved, Sarizotan is likely to be the first product that Newron commercializes on its own.

Earlier in the year we also announced the completion of the first in man US Phase I study of our novel, voltage-gated sodium channel blocker NW-3509, which is being investigated as add-on treatment in schizophrenia, schizo-affective and bipolar disorders. This new chemical entity comes from Newron's in-house ion-channel discovery program that led to the development of Xadago®. NW-3509 has been accepted as an Investigational New Drug (IND) by the US FDA as add-on to antipsychotics for patients with schizophrenia. The Phase I study was performed in 54 healthy patients and demonstrated that NW-3509 was well tolerated at all doses. Following the positive results of the Phase I trial, we have initiated a Phase II study of NW-3509 as add-on treatment in schizophrenic patients on stable and adequate doses of atypical antipsychotics, whose symptoms are not effectively controlled by their medication. We expect the results of this trial to read out in Q4 2016.

At the beginning of the year, we initiated early Phase II studies with sNN0031 and sNN0029. As we reported in our Half-Year Report, the third-party supplier of the medical device used to deliver both these compounds to the brain announced in Q2 2015 that it had

entered a consent decree with US health authorities that limited them from commercializing the device until the quality issues identified were resolved. Although the FDA exempted the performance of clinical studies from the ban, requests for additional information from health authorities and ethics committees impacted on the progress of the studies. In October our assessment, together with the continuing delays and information relating to the inability of the supplier to manufacture new catheters to replace the current ones that would have expired on 27 February 2016, led us to the decision to discontinue the development of both programs and to a restructuring of our operations in Sweden, that regretfully affected a small number of employees.

Including the proceeds from fundraising we started the new year with funds totalling about EUR 41 million, which we expect to take the Company well into 2017, beyond expected key value inflexion points.

We are delighted that Xadago® has been approved by the European Commission and is now commercially available in Germany, Spain, Italy and Switzerland. The FDA has given a PDUFA date for Xadago® of March 29, 2016. Our key pipeline projects Sarizotan and NW-3509 are progressing well and we look forward to publishing the results from the Phase II study of NW-3509 in Q4 2016. In 2016, we will continue to build and strengthen our position as a leading player in the CNS space.

The Board of Newron would like to take this opportunity to thank our team, as ever, for the hard work undertaken in advancing Xadago® to European approval and for their continued commitment to developing our pipeline. We would like to also thank our shareholders for their on-going support and confidence that has been put in the management team's strategy.

Yours sincerely

Dr. Ulrich Köstlin
Chairman

Stefan Weber
Chief Executive Officer

Corporate Governance

Newron's Board of Directors (the "Board") and management are committed to high standards of corporate governance, including transparency and accountability towards its shareholders as well as equal treatment of all shareholders. This report explains how the leadership and the management of Newron Pharmaceuticals S.p.A. ("Newron" or the "Company") are organized and provides background information on the group's executive officers and bodies, effective December 31, 2015. The report is based on the SIX Swiss Exchange Directive on Information relating to Corporate Governance, dated September 1, 2014. The Swiss Code of Best Practice for Corporate Governance, in force since July 1, 2002 and amended in 2007 and 2014, has also been taken into account.

Group Structure and Shareholders

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 office and principal business office in Bresso (Milan), Italy.

The operations of the Company focus on the development of pharmaceutical products. Currently, the Company is not generating revenues from the sale of any commercial pharmaceutical product.

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, the Vice President Finance and the General Manager of Newron Sweden AB (formerly NeuroNova AB).

Related entities

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, since September 13, 2007, and with registered office and principal business office in Basel, 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 the company focus on the research and development, manufacturing and distribution of pharmaceutical products and services. The operations of the company are managed by Stefan Weber as General Manager (Geschäftsführer). Philippe A. Weber and Roberto Galli are members and Stefan Weber is the chairman of the Board of directors (Verwaltungsrat) of the company.

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 of different classes with a par value of SEK 0.0094825 each, and registered office at Fiskartorpsvägen 15 C, 114 33 Stockholm, 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 the company are managed by Anders Haegerstrand, Marco Caremi and Stefan Weber as General Managers. Anders Haegerstrand, Marco Caremi and Stefan Weber are members of the board of directors of the company.

Newron Pharmaceuticals US, Inc., is a US 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 306, Morristown, New Jersey 07960, USA. The operations of the company focus on the research and development, manufacturing and distribution of pharmaceutical products and services. They are managed by Marco Caremi as President and Roberto Galli as Secretary and Treasurer. Stefan Weber, Marco Caremi and Roberto Galli are members of the Board of directors of the company.

Hunter-Fleming Ltd. is a limited liability company incorporated under the laws of England with its registered office and principal business office in Brixam, UK. 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 the company are managed

by Stefan Weber and Marco Caremi as directors. Operations related to the development compounds of the company are taken care of by Newron Pharmaceuticals US, Inc. and Newron.

Newron is the only listed company within the group.

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 Ludovico Ariosto 21, Bresso (Milan), Italy, are listed according to the international reporting standard of the SIX Swiss Exchange AG, Zurich, Switzerland.

Swiss Security Number	2 791 431
ISIN	IT0004 147 952
Common Code	27612440
Ticker Symbol	NWRN
Market capitalization on December 31, 2015	CHF 364,010,803 (based on 14,219,172 outstanding shares and a share price of CHF 25.60)

Significant shareholders

In line with Swiss law, shareholders of Newron must comply with the Swiss Ownership Disclosure Laws as set forth in Article 120 ss. of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of June 19, 2015, as amended (the "FMIA"), as well as pertinent regulations, including Articles 10 ss. 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 (the "FMIO-FINMA") (all such laws and regulations, the "Swiss Ownership Disclosure Laws"). Such Swiss Ownership Disclosure Laws provide, among other things, that persons who, directly, indirectly or acting in concert with third parties, acquire or sell for their own account or purchase or sell rights relating to securities of Newron and thereby attain, exceed or fall below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the voting rights (whether exercisable or not), shall notify Newron and the SIX Swiss Exchange of such transactions within four trading days. Following receipt of such notification, the Company is also obliged to publish the disclosure within two trading days.

Newron's information about the exact holding position of individual shareholders is depending on and deriving from the reports filed with SIX Swiss Exchange and Newron by such shareholders.

To the best of Newron's knowledge, the following shareholders had holdings of 3% or more of the equity capital and therefore, voting rights of Newron as at December 31, 2015.

The number of shares shown as well as the holding percentages are based on the last disclosure of shareholding communicated by the shareholder (report of material shareholding, registration for shareholders' meeting, etc.) or otherwise known to the Company (resulting from a corporate transaction). Please be aware that since then, the information could have become outdated because of changes that did not trigger notification duties:

Shareholder	Note	Holding at Dec. 31, 2015	
		Shares	% of share capital
Investor AB	1	1,772,817	12.5%
Zambon	1	1,311,957	9.2%
Aviva Investors		1,080,862	7.6%

1 As per report on significant shareholding published on November 5, 2015; both shareholders have reported the existence of a shareholders' agreement as per report published on January 29, 2013 (expired on January 21, 2016)

Please see below the link to access individual significant shareholders' reports.
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings

As of December 31, 2015, 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, 2015	December 31, 2014	December 31, 2013
Number of ordinary shares with par value of EUR 0.20	14,219,172	13,042,539	11,624,504
Share capital	2,843,834.40	2,608,507.80	2,324,900.80
Number of authorized shares with par value of EUR 0.20 (up to)	0	0	0
Authorized share capital (up to)	0	0	0
Number of conditional shares with par value of EUR 0.20 (up to)	1,053,338	777,035	800,000
Conditional share capital (up to)	210,667.60	155,407	160,000

As of December 31, 2015, Newron's outstanding share capital was EUR 2,843,834.40, consisting of 14,219,172 ordinary shares with a nominal value of EUR 0.20 each. All shares are fully paid-in.

As of December 31, 2015, Newron had conditional (pre-authorized) capital of EUR 210,667.60, represented by 1,053,338 shares with a nominal value of EUR 0.20 per share, exclusively related to the purpose of implementing stock-based incentive compensation plans for employees and directors of the Company and subsidiaries.

Changes in capital

On April 18, 2013, the ordinary shareholders' meeting resolved, among other things, to
a) increase the Company's share capital, excluding any pre-emptive rights by the Company's current shareholders to subscribe to such capital increase, by an amount of up to EUR 90,000.00, corresponding to up to 450,000 new Newron ordinary shares with a par value of EUR 0.20 per share. These shares have been subscribed in several transactions, the completion of which was announced by the Company as of June 24, 2013 and as of January 31, 2014, by existing shareholders Aviva and Zambon and new institutional investor J.P. Morgan Asset Management.
b) increase the Company's share capital, excluding any pre-emptive rights by the Company's current shareholders to subscribe to such capital increase, by an amount of up to EUR 160,000.00, corresponding to up to 800,000 new Newron ordinary shares with a par value of EUR 0.20 per share, reserved for incentive plans for employees, consultants and directors of the Company and its subsidiaries.

On March 27, 2014, the ordinary shareholders' meeting resolved, among other things, to
a) increase the Company's share capital, excluding any pre-emptive rights by the Company's current shareholders to subscribe to such capital increase, by an amount of up to EUR 236,719.40, corresponding to up 1,183,597 new Newron ordinary shares with a par value of EUR 0.20 per share, within the limits of 10% of the share capital in accordance with article 2441, paragraph fourth, second part, of the Italian Civil Code and with article 6 of Newron's By-Laws. These shares have been subscribed in a transaction, the completion of which was announced by the Company as of April 7, 2014, by existing shareholders J.P. Morgan Asset Management, Aviva, Investor AB and new institutional investors, including Swisscanto.
b) delegate to the administrative body, in accordance with article 2443 of the Italian Civil Code, for a share capital increase for payment, severable, for a maximum amount of nominal EUR 375,844.00 and therefore up to n. 1,879,220 Newron ordinary shares, having the same

features of the existing shares, to be offered for payment, with exclusion of the option right, in accordance with article 2441, paragraph fifth, of the Italian Civil Code in one or more tranches, to the Newron shareholders and to one or more qualified investors.
c) Revoke, subject to the approval and to the execution of the above mentioned share capital increase as illustrated under b) above, even partial, the share capital increase, with option right, approved by the extraordinary shareholders' meeting on April 2, 2010, severable, for payment, up to a maximum amount of EUR 375,844.00, by issuance of a maximum number of Newron's ordinary shares equal to 1,879,220.

On March 24, 2015, the ordinary shareholders' meeting resolved, among other topics, to:
a) increase the Company's share capital, excluding any pre-emptive rights by the Company's current shareholders to subscribe to such capital increase, by an amount of up to EUR 260,850, corresponding to up 1,304,250 new Newron ordinary shares with a par value of EUR 0.20 per share, within the limits of 10% of the share capital in accordance with article 2441, paragraph fourth, second part, of the Italian Civil Code and with article 6 of Newron's By-Laws. Existing shareholders of the company Aviva, Investor AB, J.P. Morgan Asset Management together with new institutional investors as Nyenburgh and Sphera Global HealthCare Fund and a US-based biotechnology and healthcare specialist fund have subscribed 1,078,522 shares in two transactions on April 28 and November 2015, respectively. The company can issue additional 225,728 ordinary shares.
b) increase the Company's share capital, excluding any pre-emptive rights by the Company's current shareholders to subscribe to such capital increase, by an amount of up to EUR 80,000.00, corresponding to up to 400,000 new Newron ordinary shares with a par value of EUR 0.20 per share, reserved for incentive plans for employees, consultants and directors of the Company and its subsidiaries.

Shares and participation certificates

As of December 31, 2015, Newron's outstanding share capital was EUR 2,843,834.40, consisting of 14,219,172 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 effected 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 2015, 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 2016.

Convertible bonds

Newron has no convertible bonds outstanding.

Stock-based remuneration

2011 Stock Option Plan

By decision of the Board dated March 24, 2011, the 2011 Stock Option Plan was established, and up to 230,781 stock options were allocated to the 2011 Stock Option Plan. Of these, by December 31, 2014, 130,229 were validly granted to Company's and its subsidiaries' employees, consultants and one former employee of the Company. All these options vested by March 24, 2014. As per December 31, 2015, 74,778 of these options were exercised, and 55,451 options were left. These options will expire by March 30, 2020. The exercise price of these options is EUR 5.29.

2013 Stock Option Plan

By decision of the Board dated January 18, 2013, the 2013 Stock Option Plan was established, and up to 560,000 stock options were allocated to this plan. Of these, by January 18, 2013, 493,496 options were granted to Company's and its subsidiaries' employees, consultants and directors of the Company. The exercise price for these options is EUR 6.32. Further 28,500 options were granted to new directors and one new employee on April 18, 2013. The exercise price for these options is EUR 6.66.

During 2013, 7,500 of the options granted were waived by employees leaving the Company. As a result, by December 31, 2013, 514,496 options were still validly granted to the beneficiaries.

During 2014, further 32,500 of the options granted were waived by employees leaving the Company. As per December 31, 2015, 72,384 of these options were exercised and 409,612 were left of which 389,612 options at a strike price of EUR 6.32 and 20,000 at a strike price of EUR 6.66.

Of these options left as per December 31, 2015, 168,611 vested during 2015, 120,499 will vest in 2016 and the remaining 120,502 will vest in 2017. The options will expire as at March 31, 2023.

2014 Stock Option Plan

By decision of the Board dated January 28, 2014, the 2014 Stock Option Plan was established, and up to 192,267 stock options were allocated to this plan.

Of these, by January 28, 115,773 were granted to Company's and its subsidiaries' employees, consultants, and directors of the Company. The exercise price for these options is EUR 13.94. Further 76,494 options were granted to new employees and new directors on July 16, 2014. The exercise price for these options is EUR 13.88.

During 2015, 4,492 of the options granted were waived by employees leaving the Company. As a result, by December 31, 2014, a total of 187,775 options were still validly granted to the beneficiaries, of which 111,281 options at a strike price of EUR 13.94 and 76,494 options at a strike price of EUR 13.88.

Of these options, 50% will vest within 24 months, 25% within 36 months and the remaining 25% within 48 months following the grant date respectively in 2016, 2017 and 2018. The options will expire as at March 31, 2023.

2015 Stock Option Plan

By decision of the Board dated June 4, 2015, the 2015 Stock Option Plan was established, and up to 277,464 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 19,918 options were granted to an employee on September 10, 2015 and on November 19, 2015 additional 28,455 were granted to a new employee; the exercise price for these options is EUR 24.90 and EUR 25.41 respectively.

Of these options 50% will vest within 24 months, 25% within 36 months and the remaining 25% within 48 months following the grant date. The options will expire as at March 24, 2025.

As per December 31, 2015, the total volume of granted stock options under the above plans was 930,302 options to acquire one share, each, at nominal value of EUR 0.20, each, an equivalent of 6.5% of the total number of fully paid-in ordinary shares of the Company.

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, 2015, the Board was comprised of seven (7) directors, all who have been elected by the ordinary shareholders' meeting as of March 27, 2014. One of these directors was first elected in 2008. One member was first elected in 2012. Three directors were first elected in 2013. The remaining two directors were first elected in 2014. 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, 2016. 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.

The following table sets forth certain information about the Company's directors:

Name	Position	Member since	Relevant external positions
Ulrich Köstlin	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, Director on the Board of Constantia Flexibles AG and Universitätsklinikum Würzburg, Germany
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 PJL Conseils; Chairman of the Board of Directors of Sensorion and Vice Chairman and Senior Independent of Stallergenes S.A.; Director on the Board of Directors of Innate Pharma S.A. and Scynexis Inc
Bo Jesper Hansen	Non-executive director, member of R&D committee, member of audit and risk committee	2013	Executive Chairman of Swedish Orphan Biovitrium AB; Chairman of the Board of Directors at Karolinska Development AB; Director on the Board of Directors of Orphazyme ApS, Ablynx (Be), Hyperion Therapeutics Inc., Genspera Inc. and CMC Contrast AB
Robert Holland	Non-executive director, member of R&D committee	2013	Former VP & Head of Neuroscience Therapeutic Area at AstraZeneca; Non-Executive Director of Karolinska Development AB; Executive Director of Early Clinical Development Consulting Ltd.; CMO of Oxford Gene Technology IP Ltd.
Don de Bethizy	Non-executive director, member of R&D committee	2014	Co-Founder, Former CEO & President of Targacept, Inc.; former President, CEO & director on Board of Management of Santaris Pharma; former Executive Chairman of the Board of Directors of Contera Pharma ApS, Denmark; Director on the Board of Directors of Noxxon Pharma AG; President of Innovent LLC and White City Consulting ApS
Luca Benatti	Non-executive director, member of R&D and audit and risk committees	2014	CEO & director of Erydel SpA; Member of the Board of Directors of Intercept Pharmaceuticals, Chairman of Italian Angels for Biotech,Vice President & director of Assobiotec; Co-founder and former CEO & director of Newron;, Inc, Chairman of Strategic advisory board of Zambon Pharma S.p.A.

Luca Benatti was a member of Newron's management and a director of the Company until June 2012. None of the other non-executive members of the Board as per December 31, 2015 was a member of Newron's management in the three financial years preceding the current year.

None of the Board members had significant business connections with the Company or its subsidiaries. None of the Board members exercises official functions or holds political posts.

Ulrich Köstlin is Chairman of the Board since 2013. Ulrich was member of the Board of Management of Bayer Schering Pharma AG until 2011. He was responsible for multiple regions globally – Europe, Asia Pacific, Latin America, Japan and North America. Dr. Köstlin 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 VP Sales and Marketing and General Manager Diagnostic Imaging of the US subsidiary. In 1994 Dr. Köstlin was appointed to the former Schering AG's Executive Board. He currently serves as Curator of the AREPO Foundation, Liechtenstein, Director on the Boards of Constantia Flexibles AG, Vienna and the Universitätsklinikum Würzburg, Germany. Ulrich Köstlin was born in Stuttgart, Germany and studied law at the Universities of Erlangen and Tübingen in Germany, and Geneva in Switzerland. Ulrich Köstlin holds a Dr.iur. Doctorate from Tübingen University and a Master of Laws degree from the University of Pennsylvania Law School. Ulrich is German.

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 Fern Universität Hagen (*Diplom-Kaufmann*). He has more than 25 years of industry experience in finance and has been serving as Chief Financial Officer of public and private biotechnology companies since 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. After joining Girindus, a fine chemistry process development and scale-up provider in 1999, he was appointed Chief Financial Officer in 2000. From 2001 to 2005, he was the Chief Financial Officer of Biofrontera, a company active in drug discovery and development. Stefan Weber has been responsible for executing numerous substantial financing transactions, including debt, equity and mezzanine financing as well as national and European grants. He has executed IPOs to the stock exchanges in Frankfurt and Zurich. He furthermore has been involved in a number of M&A transactions, disinvestments and strategic restructurings. Stefan Weber is German.

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 in Rhône-Poulenc and Aventis Group in France and the USA. Prior to that, he was with Banque Louis-Dreyfus. At present, he is General Partner of PJL Conseils, a consulting firm in healthcare. He holds a doctorate in economics from University of Rennes (France). Patrick Langlois is Chairman of the Board of Directors of Onxeo S.A. and Stallergenes S.A. (both France), Director on the Board of Directors of Innate Pharma S.A. (France) and Scynexis Inc (USA). He is French.

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

Bo Jesper Hansen, a director since 2013, founded Scandinavian Medical Research, while serving as Medical Advisor for Synthélabo, Pfizer, Inc., Pharmacia Corporation and Yamanouchi Pharmaceutical Co. Ltd. He acted both as Chief Executive Officer and Director of the Board of Swedish Orphan International AB from 1998 to 2010. Dr. Hansen has been with Swedish Orphan International AB since 1993, where he grew the business from a small Nordic-focused niche specialty-/orphan drug pharma to an international organization, with over 60 products across Europe. Prior to joining Swedish Orphan International AB, Bo also co-founded the Shared Clinic "The Prostate Clinic" in Denmark. Currently, he is Executive Chairman of Swedish Orphan Biovitrum AB and Chairman of the Board of Directors at Karolinska Development AB (Sweden). Bo is also a director on the Board of Director of Orphazyme ApS (DK) and Ablynx (B), Hyperion Therapeutics Inc., Genspera Inc. (both USA) and CMC Contrast AB (Sweden). He holds an MD and a PhD from the University of Copenhagen. Bo's experience includes orphan drug research and development, international marketing and contract negotiations with extensive knowledge within regulatory, pharmacovigilance, medical marketing and business development with close connections in the Orphan Drug area at executive level. He is Danish.

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

Robert Holland, a director since 2013, served as VP & Head, Personalised HealthCare & Biomarkers and from 2005 to 2010 as VP & Head of the Neuroscience Therapeutic Area at AstraZeneca. He was also a member of the R&D Leadership Team at AstraZeneca until 2012. Previously, Robert has held positions in research and clinical development at Upjohn, Solvay, Rhone Poulenc and the Wellcome Foundation. He has extensive experience in the discovery, development and commercialisation of medicines for both neurological and psychiatric conditions and in the in-licensing and successful co-development of medicines originating from different kinds of partner companies. He has been a lecturer at The Royal London Hospital and at Merton College, Oxford in Human Physiology and Anatomy, respectively. He holds a medical as well as a doctorate degree from the University of Oxford. In addition to his position at Newron, he acts as Chief Medical Officer of Oxford Gene Technology IP Ltd., as Executive Director on the Board of Directors of Early Clinical Development Consulting Ltd. (both England), as Non-executive Director on the Board of Directors of Karolinska Development AB (Sweden) and as permanent consultant to the Wellcome Trust (England). Robert is English.

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

J. Donald (Don) deBethizy, PhD, a director since March 27, 2014, brings more than 20 years of experience in managing and financing life science related technologies, and has played a key role in building and advising several life science companies. In his role as President, CEO and Director on the Board of Management of Santaris Pharma A/S he led the sale of the company to Roche; he co-founded Targacept, Inc. and served as its President and CEO for 15 years. Don led Targacept's private and public financings totaling approximately USD330 million including the company's Initial Public Offering (IPO) in April, 2006. He played a key role in developing business relationships with GSK, AstraZeneca, Aventis, and Dr. Falk Pharma which generated non-dilutive revenues of over USD300 million. Don at present is President of Innovent LLC (USA) and White City Consulting ApS (Denmark), as well as a Director on the Boards of Noxxon Pharma AG (Germany) and ArGEN-X NV (Netherlands) and Chairman of the boards of Albumedix A/S (Denmark) and Rigontec GmbH (Germany). Don is a US citizen and resident of Denmark.

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

Luca Benatti, a director since March 27, 2014 is CEO & Director in the Board of Directors of EryDel S.p.A. He has 27 year experience in Pharma and Biotech. He was Co-founder, CEO and Member of the Board of Newron until May 2012. Under his guidance, Newron developed a pipeline of innovative therapies, with most advanced compound safinamide now approaching worldwide regulatory approval for the treatment of Parkinson's disease. During his tenure, Newron raised significant capital from international venture capital firms, and was listed at the SIX Swiss Exchange. He also was instrumental in finalizing multi-million licensing deals with Merck Serono, Meiji Seika and Zambon, and in the acquisition of the UK biotech Company Hunter Fleming. Luca graduated and performed his post-doctoral training at Milano Genetics Institute. He is Chairman of Italian Angels for Biotech, Vice President and a member of the Board of Assobiotec, the Italian Biotech Association, a member of the Board of Directors of Intercept Pharmaceuticals, Inc, Chairman of the Strategic Advisory Board of Zambon Pharma S.p.A. and member of the jury of the European Biotechnica Award. He has authored several scientific publications and holds numerous patents. Luca is Italian.

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 material litigation, material non-budgeted expenditure, material agreements, entering into joint ventures, M&A, licensing, material lending agreements, 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 business.

Although the Company's by-laws specifically permit the Board to appoint an executive committee, as at December 31, 2015, 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.

Pursuant to the Italian Civil Code, Newron is also required to appoint a supervisory body referred to as the Board of Statutory Auditors (see "Board of Statutory Auditors").

The Company's directors are elected at the Company's annual ordinary meeting of shareholders for a term of up to three financial years. The Company's directors may be re-elected for an unlimited number of consecutive terms. If the shareholders fail 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 or the Company's Executive Director. Resolutions are adopted by a majority vote of the directors present at the meeting.

In 2015, a total of 7 meetings of the full Board were called, of which 3 were held physically and 4 by phone. In addition, the audit and risk committee convened twice by phone, the compensation and nomination committee convened twice by phone and the R&D committee convened twice by phone. While the physical meetings of the full board are called on a quarterly basis and usually take a business day, 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 pre-determined annual agenda to ensure that important reviews take place at the appropriate time throughout the year and they undergo a periodic self-review to ensure continued effectiveness.

Members of senior management are regularly attending the Board and committee meetings 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.

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 receive on a monthly basis a comprehensive management report designed to provide them with an update on business activities in general and relevant developments with regard to 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 CEO is the main contact to the members of the compensation and nomination committee, while the Vice President Finance takes this function towards the members of the audit and risk committee and the Chief Medical Officer towards the members of the R&D 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 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 on a monthly basis, 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.

On a quarterly basis, the Board of Statutory Auditors is updated as well, as required by Italian law (see below). 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. 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, 2015, the audit and risk committee consisted of Patrick Langlois (Chairman), Bo Jesper Hansen 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 40.

As at December 31, 2015, 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 it 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, 2015, the R&D committee consisted of Bo Jesper Hansen (Chairman), Robert Holland, Don de Bethizy 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.

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 18, 2013, for a three-year term expiring upon the approval of the Company's financial statements for the year ending December 31, 2015. It 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 his 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 registers 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 in particular 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.

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 18, 2013.

Name	Position	Member since
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

Each of the members of the Company's Board of Statutory Auditors also serves as statutory auditors 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
Marco Caremi	Executive Vice President Business Development
Roberto Galli	Vice President Finance
Anders Haegerstrand	General Manager Newron Sweden AB

For a biography of Stefan Weber, Newron's CEO, see "Board of Directors" page 18.

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.

Ravi Anand, a Swiss resident, has been the Company's Chief Medical Officer since May 2005. He received his university education in New Delhi, India, and his medical training in the specialties of psychiatry and neurology in the United States. For over 20 years, Dr. Anand has worked in international drug development and registration departments of major pharmaceutical companies, including F. Hoffmann-La Roche (Switzerland), Sandoz/Novartis (United States) and Organon (Netherlands). From 1993 to 1997, he 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. From 2001 to 2003, he served as the global Head of CNS Clinical Research at Organon. Since 2003, Dr. Anand has been acting as a consultant for Newron and other clients. During his tenure in the pharmaceutical industry, Dr. Anand has worked in all phases (I through III) of drug development as well as in medical commercialization (phase IV). Overall, he has been responsible for the conduct of clinical trials in over 30 countries. He has been involved in over 30 investigational new drug applications, and over 7 international new drug applications. He has published extensively, including over 50 papers and 200 abstracts, posters and presentations. He is both a US and Swiss citizen.

Marco Caremi is Executive Vice President Business Development since 2012. He has been in Vice President positions with the Company since September 2002. Marco holds a university degree in natural science from the University of Milan and has successfully completed the Advanced Development Programme at the London Business School. He has built almost 30 years of experience in the pharmaceutical industry. From 1998 to 2002, he was the Director of Business Development at Schwarz Pharma S.p.A. where he had responsibility for researching and evaluating all in and out-licensing deals, analysing companies for potential acquisitions and developing strategic plans for forthcoming market opportunities. From 1996 to 1998, he was the Business Development Manager at Schering-Plough S.p.A. From 1990 to 1996, he held several marketing and sales positions at Schering-Plough S.p.A. Before that time, he was a sales representative, sales specialist and sales district coordinator at Polifarma S.p.A. Marco Caremi is Italian.

Roberto Galli is Vice President Finance since 2012. He joined Newron in 2002. Since, he has covered various managerial positions within the Finance Department and was involved in the IPO, M&A and other strategic corporate transactions. He started as auditor at Coopers& Lybrand (CL), then joining PricewaterhouseCoopers (PwC) where he served as Senior Auditor & Business Advisor dealing with companies from the pharmaceutical, fashion, energy and automotive industries. He has more than 18 years experience in biotech, finance and auditing. He holds a degree in Business Economics from the University – Luigi Bocconi – in Milan and he is registered with the national register of auditors. Roberto Galli is Italian.

Anders Haegerstrand is the General Manager of Newron Sweden AB and member of the Newron senior management since 2012. He joined Newron Sweden (at that time: NeuroNova) in 2000, as CEO and first employee, and from 2004 as Chief Scientific Officer, focusing on the translation of the sNN0031 and sNN0029 programs from the discovery phase through preclinical and early clinical development. He received his training as Doctor of Medicine (MD) at Karolinska Institute in Stockholm from which he also received a PhD degree and became associate professor in Neuroscience, and where he established a lab with a focus on regenerative medicine and cell transplantation during 1990 – 1995. From 1995 to 1998, he was Project Leader for a US biotech collaboration and later VP of Discovery Research, both at Astra Pain Control (a part of the former Astra Group). This included responsibilities for programs ranging from early stage drug discovery to Phase I/II clinical trials. Following the merger between Astra and Zeneca in 1998, he was Vice President in the CNS and Pain Research Area Management team. Dr Haegerstrand has pharmaceutical industry and biotech experience including small molecules, peptides, proteins, cells and medical devices. He has actively participated in several investigational new drug applications and as Principal Investigator for substantial non-dilutive research grants. He has published extensively, including approximately 50 original papers and multiple posters and presentations. Anders Haegerstrand is Swedish.

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 proposal for such maximum total annual compensation was approved by the shareholders' meeting of March 27, 2014. Since then, the maximum total remuneration for the members of the Newron Board is EUR 320,000. The allocation of all or a part of the maximum total remuneration to the individual members is up to the decision by the Board. The compensation of the members of the Board as per December 31, 2015 consists of a fixed annual remuneration of EUR 28,000 per capita and an additional remuneration for the Chairman/members of Board committees of EUR 10,000/7,500/5,000 per capita and per committee chairmanship/membership. The Chairman's remuneration is EUR 55,000.

Furthermore, non-executive directors, as per decision by the board of January 18, 2013, are participating to the Stock Option Plans 2013, 2014 and 2015 (see page 15). Under such plans, the non-executive directors have been allocated 21,061 stock options, each. It is the current policy not to pay a variable remuneration to non-executive members of the Board.

For the fiscal year ended December 31, 2015, Stefan Weber has waived his compensation as director.

When proposing the maximum total annual compensation for the members of the Board in 2014, the compensation and nomination committee of the Board did not ask for third-party support. Instead, the Board did an assessment of the remuneration of peer companies mentioned in the 2014 Annual Report and proposed to moderately increase the previous remuneration to cover the increase of the number of Directors and to allow the Company to win internationally experienced senior executive managers from a variety of disciplines (R&D, marketing, finance, general management) in the pharmaceutical industry with the competence to execute the duties of the Board as described in Note "Board of Directors" on page 16 et seq., especially the management of the Company, to the extent it is not delegated to the senior management, and the control of management in the mid and long-term interest of the shareholders, as measured by the development of the market capitalization of the Company. The compensation and nomination committee is aware that the successful recruitment of qualified Board members as well as senior managers depends on an overall remuneration that is competitive to companies of the same industry and comparable market capitalization.

In February 2015, the compensation and nomination committee of the Board as well as the full Board of Directors were presented the report on Board and senior management compensation by a leading external Advisor, comparing Newron to peer companies in Europe (17, including amongst others Ablynx, Belgium; Biotie Therapies, Finland; Oxford Biomedica, UK; Pharming Group, NL; Prothena, Ireland; Santhera Pharmaceuticals, CH; Silence Therapeutics, UK; Skyepharma, UK; UniQure, NL; Vernalis, UK) and the United States (20) 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, given the still predominant European presence of the Company, proposed to the full Board who agreed to apply the European peer group's data and ignore the US based peers. The committee furthermore proposed and the full Board agreed to compare Newron's remuneration to the 50th percentile of the European peer companies. With respect to the cash based remuneration of the Newron Board of Directors and the senior management, the analyses did not

result in an amendment of the cash based remuneration for the Directors, which was found to be slightly below the 50th percentile of the European peer companies, but given the higher than average number of Directors, represented total expense to the Company that was well within the peer group's 50% percentile. Instead, two of the senior managers were granted an increase of their base remuneration, to reduce the gap towards the 50th percentile. With respect to long term incentive compensation (stock based remuneration program), Newron was found to rank between the 25th and 50th percentile of the European peers. As a result, the 2015 Extraordinary Shareholders' Meeting was proposed - and did approve - a new stock based remuneration program, allowing the Company to move to the 50th percentile of the European peers with the overall program, to allocate new options to senior management and all employees, and to perpetuate the option allocation to Directors.

Generally, the compensation of the members of the senior management, excluding the ExecutiveDirector'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 policies. The review is based on experience of the members of the committee, publicly available information as well as advice from leading human resources consulting firms with regards to remuneration packages required to attract internationally experienced senior executive managers from the biopharmaceutical industry, including information available on peer companies, as mentioned in the previous paragraph. The nomination and remuneration committee is required to inform the Board of the decisions taken.

The compensation consists of base salary, bonus and stock-based remuneration (stock options, for more details see Note "Stock-based remuneration" on page 14). The maximum bonus for senior management is 30% (CEO: 40%) of the base salary, half of this based on Company and half on individual performance objectives. In addition, Newron offers to Senior management company cars, mandatory social security payments and certain life and disability insurance coverage.

The compensation and nomination committee of the Board decides on an annual basis on the level of achievement of the Company performance objectives which are related to the key value drivers of the Company like development progress, licensing and M&A transactions, financing measures and budgetary discipline, and agreed upon at the beginning of each year. The achievement on individual performance objectives is determined by the nomination and remuneration committee of the Board compared to objectives, including the acceptance of filing of the New Drug Application (NDA) for safinamide in the United States, the granting of the orphan drug status for sarizotan by both the Food and Drug Administration and the European Commission, progress in the development of NW-3509, staying within budgeted spending, funding of the operations and strengthening of the institutional shareholder base.

The total gross compensation of the members of the Board in 2015 is outlined below:

(In thousand EUR)	Cash compensation	Stock options**	Total 2015	Total 2014
Ulrich Köstlin, non-executive Chairman, Chairman of compensation and nomination committee	63	64	127	90
Stefan Weber, executive director*	375	250	625	585
Patrick Langlois, non-executive director, Chairman of audit and risk committee, member of compensation and nomination committee	42	62	104	65
Bo Jesper Hansen, non-executive director, member of R&D and audit and risk committee	39	64	103	62
Robert Holland, non-executive director, member of R&D committee	33	64	97	57
Don de Bethizy, non-executive director, member of R&D committee	33	83	116	40
Luca Benatti, non-executive director, member of R&D committee, member of audit & risk committee	38	83	121	43
Total	**623**	**670**	**1,293**	**942**

* Full year remuneration in his function as CEO
** Evaluation under IFRS rules, not necessarily reflects personal income

For the fiscal year ended December 31, 2015, the aggregate compensation (consisting of statutory auditors' fees) paid by Newron to the Company's Board of Statutory Auditors was about EUR 55 (2014: EUR 60).

The total gross compensation and the highest individual compensation of the members of the senior management in 2015 are outlined below.

(In thousand EUR)	Base salary/ remuneration	Bonus	Stock options	Total 2015	Total 2014
Ravi Anand, CMO	718	156	160	1,034	984
Total senior management	1,755	404	793	2,952	2,529

Payments to former management and directors

The Company has executed one consultancy agreement with one of the former directors of the Company. The agreement has a 21 months term and will end in December 2016. Total payments due under the agreement is EUR 21,000, of which EUR 9,000 were incurred in 2015.

Share allotment

In the year ended December 31, 2015, 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, stock options and stock appreciation rights in Newron by members of the Board, senior management and parties closely linked to them as of December 31, 2015, are outlined below:

	Shares*	Stock options	– of which vested
Ulrich Köstlin non-executive Chairman of BoD	14,000	21,061	3,500
Stefan Weber, CEO, executive member of BoD	11,001	141,006	59,449
Patrick Langlois non-executive Director	0	21,061	3,500
Bo Jesper Hansen non-executive Director	0	17,561	0
Robert Holland non-executive Director	0	17,561	0
Don de Bethizy non-executive Director	0	21,061	0
Luca Benatti non-executive Director	0	21,061	0
Ravi Anand, CMO	6,040	98,703	48,169
Marco Caremi, Executive Vice President Business Development	0	40,317	0
Roberto Galli, Vice President Finance	2,500	69,505	28,968
Anders Haegerstrand, General Manager Newron Sweden	2,000	70,505	25,000

* As far as the Company is aware.

The weighted average exercise price of the stock options is EUR 13.19.
The exercise ratio in all cases is 1 share for 1 stock option.

Additional fees and remunerations

Besides the consulting agreement described above, 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 2015.

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 2015 to current and former members of the Board or senior management. In addition, as of December 31, 2015, 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 2015, 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 2015 to persons related to Board and senior management members of the Company. In addition, as of December 31, 2015, 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 the following calls do not require any quorum for the validity of the meeting. 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 the majority of the shares present or represented at the meeting.

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; (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, Swiss daily newspaper Neue Zürcher Zeitung, or, in the case that Neue Zürcher Zeitung is no longer published for any reason, in the German language, Swiss daily newspaper Tages-Anzeiger, and the French language, Swiss daily newspaper Le Temps or, in the case that Le Temps is no longer published for any reason, in French language, 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 (1) must be called promptly upon the request by holders of at least 5% of the share capital; (2) may be called by the Board whenever it deems appropriate; or (3) 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 Newron shareholder must, at least one business day prior to the date fixed for the meeting, instruct the relevant intermediary to communicate his relevant shareholding and voting rights to the Company (see www.newron.com/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.

Minority shareholders' rights

The by-laws of the Company do not contain any limitations on the voting rights in respect of shares held by any shareholder. 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' 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 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 *"Stock-based remuneration" on page 14* 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 12 months or additional contributions to pension funds exist that protect the above mentioned persons in case of take overs.

Auditors

Upon proposal by the management and Board of the Company, on April 18, 2013, the shareholders' meeting has appointed Reconta Ernst & Young 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 ending December 31, 2015. The recommendation by the Company's management and Board, who had asked alternative audit companies to provide offers for a 3-year period (as foreseen by Italian law) of collaboration was based on the high quality of the audit team proposed by E&Y, 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, starting with the review of the Half Year Report 2014, is Enrico Lenzi.

Reconta Ernst & Young will receive an expected fee of EUR 135 (2014: EUR 138) 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 EUR 26 were charged by Reconta Ernst & Young for other audit-related services, mainly for issuing report activities (2015 capital increase).

Supervisory and control instruments pertaining to the audit

The Board has installed an audit and risk committee, whose task it 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, (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 2015, the audit committee has held two meetings with Reconta Ernst & Young S.p.A., during which the members were presented the planned audit scope, timelines, budget and results of the work performed by Ernst & Young S.p.A. in auditing the IFRS Consolidated Financial Statements for the year 2014, the Italian GAAP Financial Statements for Newron for the year 2013 and reviewing the Interim Consolidated Financial Statements for the six months ended June 30, 2015, as well as the other services provided by Ernst & Young S.p.A. 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 Reconta Ernst & Young S.p.A. reports any material findings of their audit and review procedures to the members of the committee as well as the Vice President Finance 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 Reconta Ernst & Young 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 Ernst & Young S.p.A. and decides on its recommendation to the Board whether Ernst & Young 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), provide the regular (annual report, half-year report) and extraordinary reports (directors' dealings, status of authorized capital, ad hoc news and publications) to the SIX Swiss Exchange and the general public, routinely visit conferences to present the Company to opinion leaders and multiplicators 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,

www.newron.com/ENG/Default.aspx?MOD=NWS&SEZ=5&PAG=163. 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.

Important dates for 2016

Annual General Meeting of Shareholders: March 22, 2016 in the Company's offices in Bresso (Mi), Italy
Publication of half-year results: September 15, 2016

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Non-applicability/negative disclosure

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

IFRS Consolidated Financial Statements

Consolidated Statement of Income

(In thousand Euro, except per share information)		For the year ended December 31	
	Note	2015	2014
Licence income	8	1,800	1,300
Royalties	9	475	0
Other income		105	257
Revenue		2,380	1,557
Research and development expenses	10/11	(18,449)	(6,017)
Marketing and advertising expenses	10/12	(53)	(53)
General and administrative expenses		(8,278)	(6,702)
Operating result		(24,400)	(11,215)
Financial result net	13	(583)	492
Result before tax		(24,983)	(10,723)
Income tax	14/29	2,167	628
Net loss		**(22,816)**	**(10,095)**
Loss per share			
Basic and diluted	15	**(1.66)**	**(0.80)**
Weighted average number of shares (thousands)			
		13,722	**12,686**

(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 2015	2014
Net loss for the period		(22,816)	(10,095)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on available-for-sale assets		(29)	124
Exchange differences on translation of foreign operations		40	(601)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		11	(477)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on benefit plan for employees	27	12	(35)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		12	(35)
Other comprehensive income/(loss) for the period, net of tax		23	(513)
Total comprehensive loss for the period, net of tax		**(22,793)**	**(10,608)**

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

Consolidated Statement of Financial Position

(In thousand Euro)		As of December 31	
	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	16	79	67
Intangible assets	17	265	6,993
Available for sale investments	18	0	584
Non-current receivables		62	42
		406	7,686
Current assets			
Inventories		38	102
Receivables and prepayments	19	3,005	3,584
Available for sale financial assets	20	4,920	6,946
Cash and cash equivalents	21	36,011	18,756
		43,974	29,388
Total assets		**44,380**	**37,074**
Shareholders'equity			
Share capital	22	2,844	2,609
Share premium and other reserves	23	61,580	40,903
Share option reserve	24	5,392	3,559
Retained earnings		(31,914)	(16,980)
Translation differences		(790)	(830)
Total shareholders'equity		37,112	29,261
Liabilities			
Non-current liabilities			
Deferred tax liability	25	75	2,268
Long-term borrowings	26	364	729
Employee severance indemnity	27	316	327
		755	3,324
Current liabilities			
Deferred income		0	299
Short-term borrowings	26	362	358
Trade and other payables	28	6,151	3,832
		6,513	4,489
Total liabilities		7,268	7,813
Shareholders'equity and liabilities		**44,380**	**37,074**

(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	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2014		2,325	28,933	2,374	(229)	(12,313)	21,091
Net loss						(10,095)	(10,095)
Other comprehensive losses					(601)	88	(513)
Total comprehensive loss for the period		0	0	0	(601)	(10,007)	(10,608)
Previous year loss allocation			(5,339)			5,339	0
Issue of shares		279	17,956				18,235
Issuing costs			(809)				(809)
Exercise of options		5	117				122
Exercise of options – reclassification of reserves			45	(45)			0
Share option scheme				1,230			1,230
Balance at December 31, 2014		**2,609**	**40,903**	**3,559**	**(830)**	**(16,980)**	**29,261**
Net loss						(22,816)	(22,816)
Other comprehensive losses					40	(17)	23
Total comprehensive loss for the period		0	0	0	40	(22,833)	(22,793)
Previous year loss allocation			(7,900)			7,900	0
Issue of shares	22/23	210	28,149				28,359
Issuing costs	23		(701)				(701)
Exercise of options	22/23	25	710				735
Exercise of options – reclassification of reserves	23		419	(419)			0
Share option scheme	24			2,251			2,251
Balance at December 31, 2015		**2,844**	**61,580**	**5,392**	**(790)**	**(31,914)**	**37,112**

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

Consolidated Statement of Cash Flow

(In thousand Euro)		For the year ended December 31	
	Note	2015	2014
Loss before tax		(24,983)	(10,723)
Adjustments for:			
Depreciation and amortization	16/17	71	33
Impairment of In-process R&D	17	6,725	2,125
Impairment of Available for sale investments	18	584	0
Grants and other non monetary income		(1,797)	(526)
Share option expenses	24	2,251	1,230
Employee severance indemnity expense	27	111	79
Changes in working capital:			
Inventories		63	201
Current receivables and prepayments and deferred cost (excluding grants receivable)		609	(1,267)
Trade and other payables and deferred income (excluding advances of grants)		2,020	(2,343)
Government grants received		1,504	1,420
Pension fund paid		0	(218)
Change in non-current receivables		(20)	(9)
Net cash (used in) operating activities		(12,862)	(9,998)
Cash flows from investing activities			
Purchase of financial assets		0	(6,946)
Disposal of financial assets	20	2,026	0
Purchase of property, plant and equipment	16	(60)	(22)
Purchase of intangible assets	17	(4)	0
Interest received		123	108
Net cash flows from/(used in) investing activities		2,085	(6,860)
Cash flows from financing activities			
Repayment of borrowings	26	(360)	(359)
Proceed from issue of shares	22/23	29,093	18,356
New shares issuing costs	23	(701)	(809)
Net cash flows from/(used in) financing activities		28,032	17,188
Net increase/(decrease) in cash and cash equivalents		17,255	330
Cash and cash equivalents at January 1,		18,756	18,426
Cash and cash equivalents at the end of the year		**36,011**	**18,756**

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

Notes to the Consolidated Financial Statements

(In thousand Euro unless otherwise stated)

1 General 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 Suisse SA, a clinical development fully owned subsidiary based in Basel (Switzerland), established during 2007;
- Hunter-Fleming private limited company, a private biopharmaceutical company based in Brixham (United Kingdom) and focused on neurodegenerative and inflammatory disorders;
- Newron Sweden AB, a private biotechnology company based in Stockholm (Sweden) developing new medicines to treat illnesses caused by necrosis of the Central Nervous System (CNS);
- Newron Pharmaceuticals US Inc., a fully owned clinical development subsidiary, incorporated on June 6, 2014 under the Delaware rules, based in Morristown, New Jersey (USA) whose activities started on July 8, 2014.

The Company is incorporated and domiciled in Milan, Italy. The address of its registered office is Via Ludovico Ariosto 21, Bresso (MI) 20091, Italy. The Company is listed on the International Reporting Standard (since August 3, 2015 previously at the Main Standard) segment of the SIX Swiss Exchange, Zurich, Switzerland, under the trade name NWRN.

These consolidated financial statements have been approved for issuance by the Board of Directors on February 24, 2016.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 financial statements and notes to the financial statements are rounded to the nearest thousand EUR except when otherwise indicated.

Since its inception, the Group has incurred significant costs for the funding of its research and development activities without generating revenues to sustain them. The Groups liquidity requirements arise primarily from the need to fund its ongoing research and development activities and, although the results of research are substantially positive, it is not certain that the research and development activities will lead to the introduction of new products to the market. Historically, Newron has primarily used capital contributions from shareholders, and limited government grants and loans, to finance the cash needs of its continuing development activities.

Considering the Group's current cash position and the level of spending planned in management's budgets, the directors believe that the Group will be able to meet its obligations as they fall due for a period of at least 12 months from the date of signing of the financial statements, and hence the consolidated financial statements have been prepared on a going concern basis.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to make judgements 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 6.

A Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. 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. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements of Newron Group include the accounts of Newron Pharmaceuticals S.p.A., Newron Suisse SA, Hunter-Fleming Limited, Newron Sweden AB and Newron Pharmaceuticals US Inc. as of December 31, 2015. The four subsidiaries are fully owned by Newron Pharmaceuticals S.p.A., the parent company.

B Summary of significant accounting policies

a) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

b) 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, Switzerland, United Kingdom, Sweden and in USA. The Company does not consider the geographies to be separate segments.

c) 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.

Foreign currency translation

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'). The financial statements are presented in EUR, which is the Group's functional and presentation 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 preparing the present document, are detailed in the following table:

	Income statements in Euro (average rates)		Rates as of December 31,	
	2015	2014	2015	2014
CHF 1	0.93645	0.82332	0.92293	0.83167
GBP 1	1.37760	1.24054	1.29207	1.28386
SEK1	0.10691	0.10991	0.10882	0.10646
USD 1	0.90131	1.28830 *	0.91853	1.21410

* The consolidation of Newron Pharmaceuticals US Inc. started as of July 1, 2014 and accordingly the Group has consolidated the operations of the subsidiary for the last six months of the year. As a consequence, the exchange rate used to consolidate Newron Pharmaceuticals US Inc. operations corresponds to the average exchange rate for the six months from July 1st to December 31st 2014. The exchange rate used to translate the Newron Pharmaceuticals US Inc. opening Balance Sheet as of July 1st, 2014 is equal to USD 1 = EUR 1.3605.

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 rate 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) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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:

Leasehold improvements	remaining life of the lease contract
Laboratory equipment and instruments	2.5 years
Office equipment and other assets	3 – 10 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Capital investment grants relating to the purchase of property, plant and equipment are deducted from the cost of the related assets. The grant is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge.

e) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

f) Research and development

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, 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. Since inception, all research and development costs have been treated as expenses as commercial and technical feasibility continues to be assessed.

g) Intangible assets

Computer software and licences

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the asset's estimated useful life of five years.

Brands

Costs incurred in depositing the Group's name and logo and obtaining their exclusive use world-wide are classified as brands and are shown at historical cost. Brands have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs over the asset's estimated useful life of three years.

In-process research and development

In-process research and development ("IPR&D") projects acquired in a business combination are capitalized as intangible assets if the project meets the definition of an asset and its fair value can be measured reliably. Expenditure incurred on each project after acquisition is accounted for in accordance with the policy stated for internally incurred research and development costs. Before the achievement of the corresponding market authorization IPR&D are tested annually for impairment. When selling approval has been obtained, the projects are reclassified to developed technologies with the subsequent commencement of the amortization process.

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) Investments

The Group classifies its investments – within the scope of IAS 39 – in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date when it is permitted and appropriate to do so.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value, at the close of business on the balance sheet date, with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss.
The fair values of listed investments are based on current market prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair values by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option-pricing models refined to reflect the Company's specific circumstances. At each balance sheet date, the Group assesses whether a financial asset or group of financial assets is impaired. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss.

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".

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated market price less applicable variable selling expenses. Inventories consist of drug substances used for testing and experiments.

k) Trade and other Receivables

Trade and other receivables are recognized initially at fair value. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the provision are recognized in the income statement.

l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

m) Available for sale financial assets – current

Available for sale(AFS) financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income (OCI) and credited in the Retained earnings reserve until the investment is derecognised. If sold, the cumulative gain or loss is recognised in other operating income; if the investment is determined to be impaired, the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the Effective Interest Rate method.

n) 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 equity as a deduction from the proceeds.

o) Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

p) Current and deferred income taxes

The income tax charge is based on profit for the year and includes deferred taxes.

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 non current 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 recognized 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 recognized to offset income taxes.

q) 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 27.

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). 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.

r) Revenue recognition

Revenue comprises the sale of licenses and is recognised when the Group assigns the rights of ownership to the customer, and collectability of the related receivables is reasonably assured.

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

Receipts of upfront payments and other similar non-refundable payments relating to the sale or licensing of products or technology are initially reported as deferred income and recognised as income on a straight-line basis over the estimated period of the collaboration required to finalise the development period.

The incremental costs directly attributable to entering into the collaboration agreements are recognised as deferred cost and amortised over the relevant period of collaboration.

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.

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

t) 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 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 Group classifies all other liabilities as non-current.

u) 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 Notes 17 and 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.

3 Change in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those applied in the previous year. The following amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group:

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 2014, except for the adoption of new standards and interpretations effective as of January 1, 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

This amendment is not relevant to the Group since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010–2012 Cycle

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions that are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement does not apply to Newron ESOP plans.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Company operates in a single business segment, as detailed in Note 2 "Segment reporting".

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.
The Group did not record any revaluation adjustment during the current year, accordingly this amendment is not relevant for the Group.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011 – 2013 Cycle

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Newron is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not affect the accounting policy of the Group.

4 Seasonality

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

5 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 minimize 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 of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. Newron Group is mainly exposed to currency risk whereas it is not exposed to commodity price risk, other price risk and interest rate risk fluctuations since the Group's borrowing is essentially a loan received from the government at subsidised interest rates.

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 exchange 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.

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 A+ or higher ranking (please refer to Note 20 and 21 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. The Group's policy states to invest these funds in low risk investments including interest bearing deposits. The financial status at December 31, 2015 assures that the Group's operations will be well funded into 2016, not taking into account further cash-generating revenue streams. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium term is highly dependent on the Group's ability to raise further funds from the out-licensing of its development stage products and the issuance of new shares. Consequently, the Group is exposed to significant liquidity risk in the medium term.

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

December 31, 2015

Maturity table	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Short-term borrowings	181	181	–	–	362
Long-term borrowings	–	–	364	–	364
Other current financial liabilities	–	–	–	–	–
Trade and other payables	6,151	–	–	–	6,151
Total	**6,332**	**181**	**364**	**–**	**6,877**

December 31, 2014

Maturity table	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Short-term borrowings	179	179	–	–	358
Long-term borrowings	–	–	729	–	729
Trade and other payables	3,832	–	–	–	3,832
Total	**4,011**	**179**	**729**	**–**	**4,919**

6 Critical accounting estimates, assumptions and judgments

The preparation of this 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 of management in making 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.

Share-based compensation expense

The Group has granted share options to some of its employees, directors and consultants. The options granted have different vesting, maturity and exercise dates. Since there is no market for trading share options, management must use a fair value method to value them. Fair value methods require management to make several assumptions, the most significant of which are the selection of a fair value model, share price volatility and the average life of an option. The fair value of each of the share options has been determined separately by an external appraiser using an enhanced binomial model. Estimates have been based on Group history or market data where appropriate. There is no certainty that the results of a fair value method would be the value at which the share options would be traded for cash. Should different assumptions be used, the expenditure recognised could be different. Additional information is reported at Note 2 "r) Employee benefits".

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.

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, 2015 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 recognized as part of business combinations.

Deferred tax assets and liabilities

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 and liabilities, 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.

Impairment of intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash generating unit level in accordance with IAS 36.

The Group's impairment test for intangible assets with indefinite useful lives is based on a calculation performed with a discounted cash flow model. The cash flows are derived from the Group's budget and do not include restructuring activities that the Group is not committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. Based on this model, management performed an impairment analysis at the year end date to assess the sustainability of the assets'values and an impairment has been made, as disclosed in Note 17. The key assumptions used to determine the recoverable amount for the different cash generating units are further explained in Notes 17 and 18.

Impairment of Available for sale financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant'is evaluated against the original cost of the investment and 'prolonged'against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant'or 'prolonged'requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.
Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

7 Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest as of December 31, 2015	% equity interest as of December 31, 2014
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

Entity with significant influence over the Group

Zambon Company S.p.A. and DUBA AB (representing Investor AB), as per report on material shareholdings published on May 7, 2014, have reported the existence of a shareholders'agreement. The two companies hold a total of 3,149,928 shares equal to 24.13%. The agreement has expired on January 21, 2016.

8 Licence income

(In thousand Euro)	For the year ended December 31	
	2015	2014
Licence income	1,800	1,300

Licence income, amounting to 1,800 Euro (2014: 1,300 Euro), is related to the non-refundable milestone payment cashed-in from Zambon S.p.A. upon the approval – obtained from the European Commission on February 24, 2015 – of the use of Xadago® (safinamide) for the treatment of idiopathic Parkinson's disease.

9 Royalties

(In thousand Euro)	For the year ended December 31	
	2015	2014
Royalties	475	0

Following the European Commission approval of the use of Xadago® (safinamide) for the treatment of idiopathic Parkinson's disease, starting by May 15, 2015, Zambon has launched Xadago® in the first European country, Germany. Royalties payable to Newron according to the agreement in place with Zambon, have been generated by net sales occurred in the period from May 15 to December 31, 2015 as communicated to Newron by its partner.

10 Staff costs

(In thousand Euro)	For the year ended December 31	
	2015	2014
Wages and salaries	3,479	1,555
Pension costs – defined contribution plans	604	470
Share options granted to directors and employees	2,251	1,230
Employee severance indemnity costs	74	(61)
Social security costs	747	202
	7,155	**3,396**

The average number of Group employees in 2015 was 23 (2014: 23), of whom 1 (2014: 1) was part-time. The material increase is mostly related to the combined effect of: i) the increase (equal to approximately 1 million Euro) in share options costs (please refer to Note 24 for additional information); ii) the decrease in hours dedicated to financed projects or activities reimbursed by third parties (please refer to Note 11 for additional information); iii) the impact of the full year consolidation of operations and personnel costs of the US component (in 2014 only 6 months); iv) social contributions paid/accrued on exercised/vested options in certain countries and v) the accruals related to the restructuring process running in Newron Sweden AB.

11 Research and development expenses

(In thousand Euro)	For the year ended December 31	
	2015	2014
Services received from subcontractors	4,646	1,138
Staff costs	3,634	746
Consultancy fees	1,409	1,161
Material and consumable used	1,262	477
Laboratory operating lease cost	248	193
Travel expenses	470	117
Depreciation, amortisation and impairment expense	6,774	2,139
Other research and development costs	6	46
	18,449	**6,017**

Research and Development expenses include an impairment charge of 6,725 Euro (2014: 2,125 Euro) recognized on the sNN0029 and sNN0031 (please refer to Note 17 for additional information).

The increase by 3,508 Euro in Services received from subcontractors is mainly due to increase in development activities performed by the Group on its projects NW3509 and sarizotan together with the expenses accrued by Newron Sweden AB to terminate all development activities (for additional information please refer to Note 17).

Since May 14, 2012, research and development expenses borne by the Group to complete the development of safinamide, prepare the applications and file for marketing approval in Europe and the US are reimbursed by Zambon. Since the submission of the safinamide dossier to the European Medicines Agency (EMA) and to the Food and Drug Administration (FDA), Newron is also supporting Zambon in managing the post-filing regulatory review. Based on the amended agreement, Zambon is reimbursing to Newron all the expenses incurred in providing such assistance, including personnel expenses which are invoiced at cost plus mark-up. As of December 2015, Zambon has reimbursed an amount equal to 3,188 Euro (2014: 6,352 Euro).

The Research and development expenses are presented also net of the costs that will be reimbursed by other external parties (i.e. Tax Authorities, Ministries, Foundations, etc.) according to different scientific research programmes granted to the Group. Accordingly, as of December 2015, the Company has offset the Research and development expenses for an amount equal to 1,660 Euro (2014: 2,098 Euro) related to: i) a project granted to Newron Sweden AB, acting as the coordinator of the consortium conducting a clinical safety and efficacy study in patients diagnosed with Parkinson's disease, by the European Community Seventh Framework Programme on December 2011 for a total amount of 6 million EUR and ii) a project partially financed by the Wellcome Trust who supports a phase I/II clinical trial (up to 2.5 million EUR) for Newron's experimental compound sNN0029 for the treatment of Amyotrophic Lateral Sclerosis (ALS).

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

(In thousand Euro)	For the year ended December 31	
	2015	2014
Research and development expenses, gross	23,297	14,467
Granted project	(1,660)	(2,098)
Reimbursed by Zambon	(3,188)	(6,352)
	18,449	**6,017**

Since inception, no development costs have been capitalised with the exception of the Intangible assets recognised in the context of the purchase price allocation processes related to the acquisition of i) Hunter-Fleming Ltd (occurred in 2008) and ii) Newron Sweden AB (occurred in 2012).

12 General and administrative expenses

(In thousand Euro)	For the year ended December 31	
	2015	2014
Staff costs	3,521	2,650
Consultancy and other professional services	2,802	2,412
Intellectual properties	1,229	963
Travel expenses	260	238
Operating lease cost	152	132
Depreciation and amortization expense	22	19
Other expenses	292	288
	8,278	**6,702**

General and administrative expenses increased by 1,576 Euro mostly as a consequence of the increase i) in Staff costs (please refer to Note 10 for additional information); ii) in Consultancy and other professional expenses mainly because of an increase in public relations costs and iii) in intellectual property expenses due to validation of some patents in all European countries.

13 Financial result, net

(In thousand Euro)	For the year ended December 31	
	2015	2014
Interest income/ (expenses), net	123	107
Foreign exchange gains/ (losses), net	(73)	450
Write-off of available for sale investment	(584)	0
Other costs, net	(49)	(65)
	(583)	**492**

Financial income decreased by 1,075 Euro with respect to prior year mostly as a consequence of the recognition, in 2014, of relevant foreign exchange gains and the write-off, in 2015, of an available for sale investment (please refer to Note 18 for additional information). The Group invested available financial resources pursuant to the policy approved by the Board of Directors as described in Note 2 j) Investments. For additional information, please refer also to Note 19 & 20.

14 Income tax

Income tax amounted to 2,167 Euro as of December 31, 2015 (2014: 628 Euro). The amount is mainly related to the release of Deferred Tax Liabilities amounting to 2,178 Euro following the impairment of assets detailed in Note 18 and 19. In addition, the Group accrued income taxes of 26 Euro (2014: 10 Euro), mostly related to the Newron Suisse operations.

15 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. Preferred shares were included in the calculation as they had similar rights to those of the ordinary shareholders.

(In thousand Euro)	For the year ended December 31	
	2015	2014
Net loss attributable to shareholders	(22,816)	(10,095)
Weighted average number of shares (thousands)	13,722	12,686
Loss per share - basic and diluted (in Euro)	(1.66)	(0.80)

The only category of potential ordinary shares are the share options granted to employees and directors. During the presented years, these were anti-dilutive, as their conversion would have decreased the loss per share. Thus, the values of the basic and diluted loss per share coincide.

In case of future profits, options granted to employees (as of today n. 930,302- see also Note 24) may have a dilutive effect on the net profit per share.

16 Property, plant and equipment

(In thousand Euro)	Leasehold improvements	Laboratory and office equipment	Total
Cost			
At January 1, 2014	498	2,081	2,579
Addition	0	16	16
Disposals	0	(56)	(56)
Exchange differences	0	(1)	(1)
At December 31, 2014	498	2,040	2,538
Accumulated depreciation			
At January 1, 2014	(498)	(2,002)	(2,500)
Addition	0	(27)	(27)
Disposals	0	56	56
At December 31, 2014	(498)	(1,973)	(2,471)
Net book value	**0**	**67**	**67**
Cost			
At January 1, 2015	498	2,040	2,538
Additions	0	58	58
Disposals	0	(638)	(638)
Exchange differences	0	2	2
At December 31, 2015	498	1,457	1,955
Accumulated depreciation			
At January 1, 2015	(498)	(1,973)	(2,471)
Additions	0	(64)	(64)
Disposals	0	660	660
At December 31, 2015	(498)	(1,377)	(1,875)
Net book value	**0**	**79**	**79**

The Group has incurred significant losses since inception. As a result, property, plant and equipment were reviewed for impairment. Management assessed that the property, plant and equipment fair value less costs to sell exceeds its carrying amount, and no impairment write-down was required.

17 Intangible assets

(In thousand Euro)	Licences and software	In-process R&D	Total
Cost			
At January 1, 2014	342	18,758	19,100
Additions	6	0	6
At December 31, 2014	348	18,758	19,106
Accumulated amortization and impairment			
At January 1, 2014	(317)	(9,658)	(9,975)
Impairment	0	(2,125)	(2,125)
Additions	(13)	0	(13)
At December 31, 2014	(330)	(11,783)	(12,113)
Net book value – Newron Group	**18**	**6,975**	**6,993**
Cost			
At January 1, 2015	348	18,758	19,106
Additions	4	0	4
At December 31, 2015	352	18,758	19,110
Accumulated amortization and impairment			
At January 1, 2015	(330)	(11,783)	(12,113)
Impairment	0	(6,725)	(6,725)
Additions	(7)	0	(7)
At December 31, 2015	(337)	(18,508)	(18,845)
Net book value – Newron Group	**15**	**250**	**265**

IAS 36 requires assessing an asset not in use for impairment on an annual basis by comparing the carrying value to its recoverable amount. In prior years, the recoverable amount is the higher of the fair value less cost to sell and the value in use. Management used a risk-adjusted Net Present Value (NPV) assessment to test for impairment the above intangible assets. The assessment was performed based on industry average rates for successful development of the projects to the market (5% by end of drug discovery, 13% by end of pre-clinical development, 21% by end of clinical phase I, 46% by end of clinical phase II and 76% by end of clinical phase III), a usual discount rate to future cash-in and outflows (15% p.a.), the properties of the compounds and their target product profile, the sales potential as well as comparable transaction terms for licensing of the compounds usually after phase II proof of concept. During the current year, given that the development of the IPR&D has been terminated both in Hunter Fleming Limited and Newron Sweden AB, the Group evaluated the assets at their fair value less cost to sell, amounting to Euro 50 per each compound.

As uncertainty remains as to whether a final and successful market registration will be achieved, a risk of additional future adjustments to the carrying amount of the above in-process R&D stays.

Hunter-Fleming Limited

Upon the acquisition of Hunter-Fleming Limited in 2008, an amount of 11,933 EUR was allocated to four development projects – currently three as in year 2009 one compound was returned to its inventor - based on a risk-adjusted NPV assessment. These projects have been classified as In-process R&D. The following table shows a break-down of the results of the book value of the projects:

Project	Development phase	Book value 2014	Write-off	Book value 2015
HF0220	Clinical phase II	50	0	50
HF0299	Clinical phase I	50	0	50
HF1220	Discovery	50	0	50
		150	**0**	**150**

Newron Sweden AB

Upon the acquisition of Newron Sweden AB. in 2012, an amount of 6,825 Euro was allocated to two development projects based on a risk-adjusted NPV assessment. These projects were classified as In-process R&D.

On October 28, 2015, the Group announced that, as a consequence of the completion of its benefit-risk assessment of the early-stage development programs, has decided to discontinue both sNN0029 and sNN0031. These compounds are delivered into the brain with an investigational drug delivery catheter from a third-party supplier, who entered into a consent decree with US FDA in April/May 2015, preventing it from commercializing the catheter or engaging in new manufacturing of the catheter until previously identified quality system issues are resolved. The issues raised by the FDA, led the Group to: a) temporarily interrupt any further activities on running clinical studies and b) start the benefit-risk assessment. This analysis, together with the continuing delays and information relating to the inability of the supplier to manufacture new catheters to replace the current ones that expire on 27 February 2016, has caused the decision to terminate the development of both programs and, accordingly, the recognition of a write-off of the book value, as detailed in the table below.

Project	Development phase	Book value 2014	Write-off	Book value 2015
sNN0029	Clinical phase I	1,469	(1,419)	50
sNN0031	Clinical phase II	5,356	(5,306)	50
		6,825	**(6,725)**	**100**

Upon the acquisition, the Group, recognized deferred tax liabilities amounting to 2,048 Euro, calculated using a tax rate of 30%. Following the write-off recognized on the book value of both sNN0029 and sNN0031, the Group released to the statement of income the related deferred tax liabilities amounting to EUR 2,018. Please refer to Note 25 for additional information.

18 Available for sale investment

At year end, available for sale investment are equal to zero (2014: 584 Euro). It was entirely represented by a minority interest (13.17%) held in a Special Purpose Vehicle (SPV) – Trident Pharmaceuticals Inc. – set-up to develop novel immunomodulatory drug products for the treatment of autoimmune disorders and allergic diseases and acquired by the Company in 2008 upon the finalisation of the Hunter Fleming Limited deal.

During 2015, Trident Pharmaceuticals, Inc. has been unsuccessful in raising capital to support further development of the company's product HF1020. Therefore, Trident has halted all research and development of the HF1020 product and no further clinical development of the molecule will be pursued. Effective December 31, 2015 Trident's Board of Directors and Shareholders authorized the wind-up and shut down of the company's operations which is anticipated to be completed in Q3 2016. As a consequence to the abovementioned decision, Newron has written-off the whole book value of its asset.

Following the write-off recognized on the book value, the Group released to the statement of income the related deferred tax liabilities amounting to Euro 175. Please refer to Note 25 for additional information.

19 Receivables and prepayments

(In thousand Euro)	As of December 31	
	2015	2014
Receivables	1,219	2,710
Government grants receivable	264	264
Prepayments	1,076	234
VAT receivable	393	300
Other receivables	53	76
	3,005	**3,584**

Receivables are almost entirely represented by invoices and accruals related to both the reimbursement, by Newron'partner Zambon Group, of safinamide research and development costs borne by the Company in activities related to the submission to the Food and Drug Administration (FDA) and royalties on net sales performed by Zambon Group in Germany since May 2015. As the Company, during the last months of 2015, signed agreements related to its development activities and, accordingly, paid invoices whose costs have to be spread over the period of collaboration, the Prepayments to suppliers increased.

20 Available for sale financial assets – current

(In thousand Euro)	As of December 31	
	2015	2014
Listed bonds	4,920	4,414
Short-term time-deposit	0	2,532
	4,920	**6,946**

During the year the Group acquired Italian and foreign listed government and corporate bonds. "Short-term time deposit" referred to a liquid investment with a duration of 3 or 6 months. Gains and losses arising from the adjustment to the fair value of the above assets were recognized in the statement of other comprehensive income. All acquired securities and time-deposits are in line with the Group's investment policy.

21 Cash and cash equivalents

(In thousand Euro)	As of December 31	
	2015	2014
Cash at bank and in hand	26,203	8,513
Short-term investments	9,808	10,243
	36,011	**18,756**

The "Short-term investments" are highly liquid investments easily convertible into cash, not subject to significant changes in value and with no withdrawal penalty. Gain and losses arising from the adjustment to the fair value were recognized in the statement of other comprehensive income. All acquired short term deposits are in line with the Group's investment policy.

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

Group's liquidity, including Available for sale financial assets and Cash and cash equivalents, amounts approximately to EUR 41 million.

22 Share capital

As of December 31, 2014, Newron's outstanding share capital was EUR 2,608,507.80, consisting of 13,042,539 ordinary shares with a nominal value of EUR 0.20 each. There is no authorized share capital.

A summary of the changes in share capital is as follows:

(In Euro)	Total
As of December 31, 2013 – Newron Group	2,324,900.80
– issue of ordinary share (Capital Increase)	42,294.60
– issue of ordinary share (Capital Increase)	236,719.40
– issue of ordinary share (Stock options exercise)	4,593.00
As of December 31, 2014 – Newron Group	2,608,507.80
– issue of ordinary share (Capital Increase)	168,614.40
– issue of ordinary share (Capital Increase)	41,872.80
– issue of ordinary share (Stock options exercise)	24,839.40
As of December 31, 2015 – Newron Group	**2,843,834.40**

On April 18, 2013, the extraordinary shareholders' meeting resolved, among other items, to increase the Company's share capital by up to 90,000.00 EUR (i.e. within the limit of the 10% of existing share capital), corresponding to 450.000 newly issued Newron ordinary shares with a par value of 0.20 EUR per share. The extraordinary shareholders'meeting resolved to exclude any pre-emptive rights to the Company's current shareholders to subscribe such capital increase. On January 31, 2014, J.P. Morgan Asset Management has subscribed the remaining 211,473 ordinary shares (par value equal to EUR 0.20) by means of a private placement.

On March 27, 2014, the extraordinary shareholders' meeting resolved, among other items, to increase the Company's share capital by up to 10%, or the equivalent of an amount of up to 236,719.40 EUR, corresponding to 1,183,597 newly issued Newron'ordinary shares with a par value of 0.20 EUR per share. The extraordinary shareholders'meeting resolved to exclude any preemptive rights to the Company's current shareholders to subscribe such capital increase. Existing shareholders and new international institutional investors have subscribed the above shares; the Company as of April 7, 2014 announced the completion of the placement.

During 2014, certain stock option holders exercised their right: accordingly, the Company issued 22,965 new ordinary shares (par value equal to EUR 0.20).

On March 24, 2015, the extraordinary shareholders'meeting resolved, among other items, to increase the Company's share capital by up to 10%, or the equivalent of an amount of up to 260,850.00 EUR, corresponding to up to 1,304,250 newly issued Newron ordinary shares with a par value of 0.20 EUR per share. The extraordinary shareholders'meeting resolved to exclude any preemptive rights to the Company's current shareholders to subscribe such capital increase. The Company as of April 30, 2015 announced that existing shareholders and new international institutional investors have subscribed 843,072 ordinary shares (nominal value equal to EUR 0.20) by means of a private placement.

On November 20, 2015 the Company announced that that it has completed a private placement of 209,364 shares (nominal value equal to EUR 0.20) with a leading US-based biotechnology and healthcare specialist fund. Under the agreement, the fund holds an option to subscribe to additional 209,364 newly issued ordinary shares no later than June 30, 2016: the subscription price is governed by the March 24, 2015 extraordinary shareholders' meeting authorization.

During the year ended on December 31, 2015, certain stock option holders have exercised their right: accordingly, the Company issued 124,197 new ordinary shares (par value equal to EUR 0.20).

As of December 31, 2015, the subscribed share capital was equal to EUR 2,843,834.40, divided into 14,219,172 ordinary shares with par value equal to EUR 0.20 each. There is 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 2016, as of the date of the approval for issuance of these consolidated financial statements the share capital has increased up to Euro 2,844,709.40 consisting of 14,223,547 ordinary shares with a par value of Euro 0.20 each.

23 Share premium and other reserves

(In thousand Euro)	As of December 31	
	2015	**2014**
At the beginning of the year	40,903	28,933
Loss allocation	(7,900)	(5,339)
Issue of shares	28,149	17,956
Issue of shares (exercise of options)	710	117
Reclassification from share option reserve	419	45
Share capital issue costs	(701)	(809)
At the end of the period	**61,580**	**40,903**

Share premium and other reserves increased in 2015 mainly due to the issuance of shares described in Note 22. In addition, because of the exercise of options, the related cost accrued into the Share options reserve throughout the vesting period was reclassified into the Share premium reserve.

24 Share options reserve

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 and ESOP 2014 are still valid. All options have been awarded free of charge.

On March 24, 2015, the extraordinary shareholders'meeting resolved, among other items, to increase Newron'shares capital for a maximum of 80,000 EUR (nominal value of 0.20 EUR) corresponding to maximum 400,000 ordinary shares to serve one or more stock incentive plans granting the Board of Directors all relevant powers.

On June 4, 2015, in execution of the rights granted, the Board of Directors approved a new Options Plan (ESOP 2015) and assigned 229,091 new options to certain Group's employees, directors and consultants, out of which 114,532 can be exercised after two years from the grant date, 57,266 after three years and the remaining 57,293 after four years. The options'strike price is settled at 29.34 CHF (28.14 EUR as translated at the exchange rate on June 3, 2015) and its fair value is equal to 3,911 CHF (EUR 3,751 at granting date).

On September 10, 2015, the Board of Directors approved to grant 19,918 options to an employee and on November 19, 2015, additional 28,455 were granted to a new employee. The exercise price for these options is respectively 27.12 CHF (24.90 EUR as translated at the exchange rate on September 9, 2015) and 27.54 CHF (25.41 EUR as translated at the exchange rate on November 18, 2015).

As of December 31, 2015, the Company has granted a total of n. 930,302 options.

The fair values of the issued options have been estimated on the date of grant using, among others, the following assumptions:

(In percent)	
Dividend yield	0.00
Expected volatility	70.00
Resignation rate expected	3.00

A summary of the granted options is as follows:

	Employee Share Option Plans				
	2011	2013	2014	2015	Total
At January 1, 2014	130,229	514,469	0	0	644,725
Granted	0	0	192,267	0	192,267
Waived	0	(32,500)	(4,492)	0	(36,992)
Exercised	(22,965)	0	0	0	(22,965)
At December 31, 2014	**107,264**	**481,996**	**187,775**	**0**	**777,035**
Granted				277,464	277,464
Exercised	(51,813)	(72,384)			(124,197)
At December 31, 2015	**55,451**	**409,612**	**187,775**	**277,464**	**930,302**

The options granted are recognised as personnel expenses over the original vesting period.

In 2015, option grants resulted in personnel net expenses of 2,251 EUR, with a corresponding increase in the share option reserve. R&D personnel expenses are equal to 802 EUR (2014: 338 EUR) whereas 1,449 EUR refers to G&A personnel (2014: 892 EUR).

Plan's name	Exercise price (in Euro)	Number out-standing	Weighted-average remaining contractual life (years)	Number exer-cisable
ESOP 2011	5.29	55,451	4.25	55,451
ESOP 2013	6.32	389,612	7.25	162,861
ESOP 2013	6.66	20,000	7.25	5,750
ESOP 2014	13.88	76,494	7.25	0
ESOP 2014	13.94	111,281	7.25	0
ESOP 2015	24.90	19,918	9.25	0
ESOP 2015	25.41	28,455	9.25	0
ESOP 2015	28.14	229,091	9.25	0
		930,302		**224,062**

On January 18 and 28, 2016, respectively n. 113,374 and n. 55,632 options will become exercisable. On April 18, 2016, additional n. 7,125 options will vest and further 38,247 will become exercisable on July 16, 2016. All the above options will expire on March 31, 2023.

25 Deferred tax liabilities

(In thousand Euro)	As of December 31	
	2015	2014
Deferred tax liabilities, gross	2,268	2,906
Write-off's effect on deferred tax liabilities	(2,193)	(638)
	75	**2,268**

As explained in Note 17 and 18, Deferred tax liabilities decreased by 2,193 EUR due to the impairment charge recognized on both the compounds developed by Newron Sweden AB and the asset owned by Hunter Fleming Ltd.

26 Borrowings

(In thousand Euro)	As of December 31	
	2015	2014
At beginnig of year	1,087	1,444
Repayment	(361)	(357)
Total borrowings	**726**	**1,087**
Long term	364	729
Short term	362	358

In 2008 Newron was awarded with a 5 million EUR grant by the Italian government's Ministero dell'Istruzione, dell'Università e della Ricerca – M.I.U.R.. About 60% of the grant bears interest of 0.5% per year and is required to be fully repaid within 10 years from the grant date through two yearly instal-ments (January 1 and July 1) ending on January 1, 2018.

27 Employee severance indemnity

Certain Group companies provide for their employee severance indemnities, which are considered to be a defined benefit schemes.

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

(In percent)	December 31	
Actuarial assumptions	**2015**	**2014**
Discount rate	2.03	1.49
Inflation rate	1.50	0.60
Future salary increase	1.50	1.50
Future pension (TFR) increase	2.625	1.95

The amount recognised on the balance sheet in respect of the Group's defined benefit plan amounted to 316 Euro (2014: 327 Euro). The following table shows the development of the Defined Benefit Obligation through the current and previous year:

(In thousand Euro)	As of December 31	
	2015	**2014**
Defined Benefit Obligation at the beginning of the period	673	573
Service cost	77	93
Interest costs	11	22
Indemnity paid out	0	(63)
Actuarial (gains)/losses	7	48
Defined Benefit Obligation at the end of the period	**768**	**673**

28 Trade and other payables

(In thousand Euro)	As of December 31	
	2015	**2014**
Trade payables	1,636	1,046
Accrued expenses	2,351	1,390
Pension contribution payable	282	268
Social security	746	280
Other payables	1,136	848
	6,151	**3,832**

Trade and other payables increased from Euro 3,832 to Euro 6,151 mainly as a consequence of the increase in Trade payables and Accrued expenses respectively due to increase in on-going development activities performed by the Group and the expenses accrued by Newron Sweden AB to terminate the activities (for additional information please refer to Note 11 and 17).

29 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,	
	2015	**2014**
Employees retirement benefit	(160)	(142)
Total taxable differences	(160)	(142)
Net gain on available for sale assets	31	36
Total deductible differences	31	36
Net temporary differences	(129)	(106)
Tax losses carry forwards	148,501	131,999
Total differences	**148,372**	**131,893**
Deferred tax asset	34,591	34,872

The above deferred tax asset has been measured using the average 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. On December 28, 2015, the Italian Government has issued the Law 208/2015 according to which, among other topics, from 2017 on, the Corporates' income will be taxed at 24% (currently the tax rate is equal to 27.5%). This decision has reduced the deferred tax asset of about 4.1 million Euro.

Tax loss carry-forwards expire as follows:

(In thousand Euro)	December 31, 2015
No expiry date	36,817
No expiry date – DL 98/2011	111,655
	148,472

The loss identified as "No expiry date" includes 6,008 EUR related to Newron Pharmaceuticals S.p.A. (since they have been incurred during to the start-up period); 21,332 Euro related to Hunter-Fleming Limited (equal to 16,510 GBP translated at the year-end exchange rate) and 9,477 Euro related to Newron Sweden AB (equal to 87,091 SEK translated at the year-end exchange rate). In 2011, the Italian Tax Authorities issued a new set of rules that modified the previous treatment of tax losses carry forwards. According to what has been stated by 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 new 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.

30 Commitments and contingent liabilities

Operating lease commitments – whereby the Group is the lessee

The Company leases the offices from Zambon Immobiliare S.p.A.. The contract was renewed for an additional 6 years and will last until September 30, 2020; based on the agreement, one year of notice period is required to terminate the lease contract.

Newron Suisse SA leases its offices from Livit AG. The lease will expire on June 30, 2018.

Newron Sweden AB leases its offices from Kungl Djurgårdens Förvaltning. The lease expires every year at December 31 and it is automatically renewed; based on the agreement, the notice period to terminate the contract is equal to six months.

Newron Pharmaceuticals US Inc. leases its offices from Symphony Workplaces. The lease expires on December 31, 2017.

Hunter-Fleming Limited does not rent premises.

During the year ended December 31, 2015, a net expense for operating leasing amounting to Euro 400 was recognised in the statement of income (2014: Euro 324).

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

(In thousand Euro)	As of December 31	
	2015	**2014**
No later than 1 year	480	332
Later than 1 year and not later than 5 years	842	574
Later than 5 years	0	83
	1,322	**989**

Should the Company decide to leave its offices, it would be liable to a 6 month remittance.

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 7 million Euro. The Company shall not incur material penalty fees for the termination of any of these contracts, other than for the contract with Merck KGaA for which the Company has the option to cancel future purchases of product batches paying a penalty fee of Euro 650.

Contingent liabilities

According to the agreement signed with Merck KGaA, the achievement of certain future results related to the development of sarizotan project will trigger the payment of certain milestones fees up to 1 million EUR.

31 Financial instruments by category

As of December 31, 2015

(in thousand Euro)	Cash, loans and receivables	Assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost
Assets						
Non current receivables	62	–	–	–	–	–
Available for sale financial assets – non current	–	–	–	–	–	–
Available for sale financial assets – current	–	–	–	4,920	–	–
Cash and cash equivalents	36,011	–	–	–	–	–
Trade and other receivables	2,560	–	–	–		
Total	**38,633**	**–**	**–**	**4,920**	**–**	**–**
Liabilities						
Trade and other payables	–	–	–	–	–	5,869
Short-term borrowings	–	–	–	–	–	362
Long-term borrowings	–	–	–	–	–	364
Total	**–**	**–**	**–**	**–**	**–**	**6,595**

The Company has classified its financial instrument as follow: Available for sale financial assets – current – in Level 1; Available for sale financial assets – non current – and Borrowings in Level 2 and all the remaining financial instruments in Level 3 (For additional information, please refer to Note 20 and 26 respectively).

As of December 31, 2014

(in thousand Euro)	Cash, loans and receivables	Assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost
Assets						
Non current receivables	42	–	–	–	–	–
Available for sale financial assets – non current	–	–	–	584	–	–
Available for sale financial assets – current	–	–	–	6,964	–	–
Cash and cash equivalents	18,756	–	–	–	–	–
Trade and other receivables	3,208					
Total	**22,006**	**–**	**–**	**7,548**	**–**	**–**
Liabilities						
Trade and other payables	–	–	–	–	–	3,564
Short–term borrowings	–	–	–	–	–	358
Long–term borrowings	–	–	–	–	–	729
Total	**–**	**–**	**–**	**–**	**–**	**4,651**

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, 2015 and December 31, 2014, as well as balances with related parties as of December 31, 2015 and December 31, 2014:

As of December 31, 2015

(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)	5,421	475	142	502	3

As of December 31, 2014

(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)	7,909	0	123	1,194	2

iii) Key management personnel

The total remuneration of key management personnel is as follows:

(In thousand Euro)	For the year ended December 31	
	2015	2014
Salaries	1,692	1,579
Bonuses	404	338
Social security contributions	312	314
Share option compensation	793	557
Employee severance indemnity	63	55
	3,264	2,843

33 Events after the balance sheet date

Until January 27, 2016, certain option-holders have exercised a total of 4,375 options; Newron's outstanding share capital has increased up to EUR 2,844,709.40 consisting of 14,223,547 ordinary shares with a par value of EUR 0.20 each.

On February 22, 2016, the Company, together with its partner Zambon, announced that Xadago® (safinamide) is now available also in Spain for the treatment of mid- to late-stage fluctuating patients affected by Parkinson's disease.

Bresso, February 24, 2016

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

Auditors'Report

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Newron Pharmaceuticals S.p.A
Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Newron Pharmaceuticals S.p.A., which comprise the statement of financial position as at December 31, 2015, and the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Newron Pharmaceuticals S.p.A. as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Milan, February 26, 2016

Reconta Ernst & Young S.p.A.

Enrico Lenzi
(Partner)

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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

	FY 2015	FY 2014
Number of fully paid-in shares as at December 31	14,219,172	13,042,539
Year high (in CHF)	35.85	26.45
Year low (in CHF)	21.50	12.65
Year-end (in CHF)	25.60	26.20
Loss per share (in EUR)	1.66	0.80
Cash and cash equivalents, other short-term financial assets as at December 31 (in EUR 1,000)	40,931	25,702
Market capitalization as at December 31 (in CHF)	364,010,803	341,714,522

Major shareholders*

Investor AB
Zambon
Aviva Investors

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

Financial calendar

Publication of Annual Report 2015	March 1, 2016
Press and Analyst Conference	March 1, 2016
Annual Shareholders'meeting 2016	March 22, 2016
Half year report 2016	September 15, 2016

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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 CNS diseases and pain conditions, (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.

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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