NOXXON Pharma AG
Berlin

Condensed consolidated interim financial statements as of 30 June 2016

Berlin, 26 October 2016

NOXXON Pharma AG, Berlin, Germany

Condensed Consolidated Interim Statement of Financial Position as of 30 June 2016

(in thousands of €)

Assets	Note	30 June 2016	31 December 2015
Non-current assets			
Intangible assets		28	47
Equipment		362	603
Deferred tax assets		1	27
		391	**677**
Current assets			
Inventories		5	13
Income tax receivable		0	1
Trade accounts receivables		4	3
Other assets		158	1.095
Financial assets		159	159
Cash and cash equivalents		1.815	4.093
		2.141	**5.364**
		2.532	**6.041**

Equity and liabilities	Note	30 June 2016	31 December 2015
Equity			
Subscribed capital	(4)	515	493
Additional paid-in capital	(4)	114.374	111.138
Accumulated deficit	(4)	-126.398	-118.388
Treasury shares		-275	-275
		- 11.784	**- 7.032**
Non-current liabilities			
Government grants		1	1
Financial liabilities	(5)	3.573	6.289
		3.574	**6.290**
Current liabilities			
Government grants		1	3
Financial liabilities	(5)	7.508	2.591
Trade accounts payable		2.267	3.174
Other liabilities		966	1.015
		10.742	**6.783**
		2.532	**6.041**

NOXXON Pharma AG, Berlin, Germany

Condensed Consolidated Interim Statement of Comprehensive Loss for the Six-Month Period Ended 30 .

(in thousands of €)	Note	For the six months ended 30 June 2016	30 June 2015
Revenues		32	23
Other operating income		209	35
Research and development expenses	(7)	-3.197	-3.933
General and administrative expenses	(8)	-2.395	-3.439
Foreign exchange losses		-6	-28
Loss from operations		-5.357	-7.342
Finance income		8.976	0
Finance cost	(5)	-11.603	-589
Loss before income tax		-7.984	-7.931
Income tax		-26	-1
Net loss - all attributable to equity holders of the Company		-8.010	-7.932
Other comprehensive income		0	0
Total comprehensive loss		-8.010	-7.932
Loss per share in EUR per share (basic and diluted)	(6)	-16,02	-23,32

NOXXON Pharma AG, Berlin, Germany
Condensed Consolidated Interim Cash-Flow Statement for the Six-Month Period Ended 30 June 2016

(in thousands of €)

	Note	For the six months ended 30 June 2016	30 June 2015
Operating activities			
Net loss before income tax		-7.984	-7.931
Income taxes paid		-1	-4
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		260	113
Finance income		-8.976	0
Finance cost		11.603	589
Release of government grants		-2	-23
Employee stock based compensation		-2	3
Other non-cash transactions		0	2
Changes in operating assets and liabilities:			
Inventories		8	25
Trade receivables, other current assets, other financial assets and prepaid expense		937	-151
Income tax payable		1	-7
Trade accounts payable and other liabilities		-1.055	427
Net cash used in operating activities		-5.211	-6.957
Investing activities			
Purchase of equipment		0	-7
Net cash used in investing activities		0	-7
Financing activities			
Proceeds from issuance of preferred shares	(4)	3.299	5.619
Transaction costs for issuance of preferred shares		-31	0
Transaction costs for issuance of convertible bonds		0	-9
Proceeds from borrowings		0	3.000
Repayment of borrowings		0	-671
Transaction costs for issuance of borrowings		0	-78
Interest paid		-335	-473
Net cash provided by financing activities		2.933	7.388
Net change in cash and cash equivalents		-2.278	424
Cash at the beginning of period		4.093	1.527
Cash at the end of the period		1.815	1.951

NOXXON Pharma AG, Berlin, Germany

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the Six-Month Period Ended 30 June 2016

(in thousands of €)		Common and Preferred shares			Additional Paid-In Capital			Accumulated Deficit	Total
	Note	Number of shares	Subscribed capital	Treasury Shares	Convertible Bonds	Other Additional Paid-In-Capital	Total		
1 January 2015		340.080	341	-275	0	95.977	95.977	-102.286	**-6.243**
Net loss								-7.932	-7.932
Total comprehensive loss								-7.932	-7.932
Share-based compensation	(4)					3	3		3
Issuance of convertible bonds	(4)				5.702		5.702		5.702
Equity component compound instrument	(4)					92	92		92
Issuance costs convertible bonds					-19		-19		-19
30 June 2015		340.080	341	-275	5.683	96.072	101.755	-110.218	**-8.397**
1 January 2016		492.671	493	-275	0	111.138	111.138	-118.388	**-7.032**
Net loss								-8.010	-8.010
Total comprehensive loss								-8.010	-8.010
Share-based compensation adjustment	(4)					-2	-2		-2
Issuance of preferred shares	(4)	22.342	22			3.277	3.299		3.299
Issuance costs preferred shares	(4)					-39	-39		-39
30 June 2016		515.013	515	-275	0	114.374	114.396	-126.398	**-11.784**

NOXXON Pharma AG,

Notes to the condensed consolidated interim financial statements as of 30 June 2016

1. Corporate Information

NOXXON Pharma AG (the "Company") and its consolidated subsidiaries (collectively, "NOXXON", or the "Group") is a clinical-stage biopharmaceutical company focused on cancer treatment. NOXXON's goal is to significantly enhance the effectiveness of cancer treatments including immuno-oncology approaches (such as immune checkpoint inhibitors) and current standards of care (such as chemotherapy and radiotherapy). NOXXON's Spiegelmer® platform has generated a proprietary pipeline of clinical-stage product candidates including its lead cancer drug candidate NOX-A12.

NOXXON is headquartered in Berlin, Germany and is entered in the Berlin-Charlottenburg commercial register under HRB 65553 with the registered address of Max-Dohrn-Str. 8-10, 10589 Berlin.

The unaudited condensed consolidated interim financial statements (interim financial statements) as of and for the six months ended 30 June 2016 of NOXXON were authorized by the Management Board for issuance on 26 October 2016.

2. Basis of Preparation and Significant Group Accounting Policies

Going Concern

The accompanying condensed consolidated interim financial statements have been prepared on the basis that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Group's ability to continue as a going concern is dependent on its ability to raise additional funds to continue its research and development programs and meet its obligations.

As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception. For the six months ended 30 June 2016, the Group incurred a net loss of € 8.0 million and as of 30 June 2016 had generated an accumulated deficit of € 126.4 million as well as a net capital deficiency of € 11.8 million. The Group expects it will incur operating losses for the foreseeable future due to, among other things, costs related to research funding, development of its product candidates and its preclinical programs, strategic alliances and the development of its administrative organization. The Group will pursue various financing alternatives, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition and/or delaying, reducing the scope of, eliminating or divesting clinical programs and considering other cost reduction initiatives, such as reducing the amount of space being rented by the Group, postponing hiring new personnel and/or reducing the size of the current workforce.

On 17 August 2016, the Company entered into a second addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to € 1.6 million of additional capital in one tranche by way of the issuance of series B preferred shares. In September 2016, the Company issued series B preferred shares against contributions in cash of € 1.4 million.

Subsequent to the corporate reorganization in September 2016, the Group executed commitment agreements, whereby certain existing shareholders provided the Group additional cash resources, consisting of equity of approximately € 2.8 million, in a private placement.

Pursuant to an agreement dated 22 September 2016, the lender has agreed, subject to certain conditions, to convert its total nominal debt of approximately € 9.6 million, including accrued interest and fees, into equity of the Group, and not enforce its rights to repayment of the loans, per the following. On 23 September 2016, upon the relevant conditions having been satisfied, an initial conversion of approximately € 7.0 million of the loans into equity of the Group became effective. Regarding the loan amount remaining, the lender allowed for payment to be deferred through the end of March 2017. Further, the lender has agreed that the balance of the loan remaining of approximately € 2.6 million shall be converted into equity of the Group on a pro-rated basis upon the raising of new capital until March 2017, which may be by investments or non-dilutive funding via partnership on the same conditions as the initial conversion. As a result, at such point in time, the total loan amount will be fully converted into equity when such new capital in the amount of approximately € 2.6 million would be raised. If by March 2017 no such new capital in the amount of approximately € 2.6 million has been raised, the lender may request for the balance of the loan to be converted into equity or for repayment under the existing loan agreements.

Further, two creditors, each in relation to their receivables due from the Group and totaling K€ 257 contributed these receivables to the Group against the issuance of ordinary shares of NOXXON Pharma NV.

Based on its present requirements resulting from the Group's updated business plan focusing on clinical development of its lead product candidate NOX-A12 for the treatment of advanced solid tumors, the Group will require additional cash resources of approximately € 2.8 million, to provide the Group with sufficient working capital for the twelve months following the date of these interim financial statements. In particular, after completion of the private placement, consisting of equity of approximately € 2.8 million and the further contributions of receivables of the lender and two creditors, the Group believes that it has obtained sufficient working capital, including cash and commitments from existing investors to finance the Group, to continue its current operations through April 2017.

Management is pursuing various financing alternatives to meet the Group's future cash requirements, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition. The most attractive options are pure equity financing based on corporate news-flow and signature of an industrial partnership which brings in up-front financing. In addition, there are options for convertible debt financing and various merger and acquisition discussions. The management of NOXXON is pursuing all of these avenues in parallel with the assistance of experienced external support. Based on the options available management is confident to be able to raise additional capital.

Management has given consideration to the ability of the Group to continue as a going concern and is satisfied that the Group has adequate resources and prospects to fund current and future commitments in light of support from existing funds available to the Company as well as potential other sources of funds. Based on management's going concern assumption, the consolidated interim financial statements do not include any adjustments that may result from the outcome of these uncertainties. If the Group is not successful in obtaining the additional funds required to maintain its operational activities, there is a substantial doubt that the Group will be able to continue as a going concern.

NOXXON Pharma AG,

Notes to the condensed consolidated interim financial statements as of 30 June 2016

Statement of compliance

The interim financial statements of NOXXON Pharma AG and its subsidiaries for the six months ended 30 June 2016 and 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The Group has adopted in its accounting policies all of the International Financial Reporting Standards that became effective for accounting periods beginning on or after 1 January 2016, and that are relevant to its operations. Additionally, the Group takes into consideration all Interpretations of the IFRS Interpretations Committee.

New standards and interpretations applied for the first time

The following new and amended standards were effective for annual periods beginning on or after 1 January 2016, and have been applied in preparing these interim financial statements.

STANDARD/INTERPRETATION	
Amendments to IFRS10, IFRS 12 and IAS 28- Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IFRS 11- Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41- Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 27- Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38- Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016

These amendments to standards and new or amended interpretations had no significant effect on the interim financial statements of the Group.

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective and will be applied in annual periods beginning after 1 January 2016.

STANDARD/INTERPRETATION	EFFECTIVE DATE
Amendments to IAS 7- Disclosure Initiative*	1 January 2017
Amendments to IAS 12- Recognition of Deferred Tax Assets For Unrealised Losses	1 January 2017
IFRS 9, Financial Instruments 2014*	1 January 2018
IFRS 15, Revenue from Contracts with Customers*	1 January 2018
Amendments to IFRS 2- Classification and Measurement of Share-based Payment Transactions*	1 January 2018
IFRS 16, Leases*	1 January 2019

*not yet endorsed by European Union

None of these new or amended standards and interpretations is expected to have a significant effect on the interim consolidated financial statements of the Group. The IASB issued other new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2016, that will have no impact on the interim or consolidated financial statements of the Group.

Significant accounting policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015 with the exception of new amendments to standards and new or amended interpretations applied for the first time as described above.

Significant accounting judgments and estimates

The preparation of the Group's interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

In preparing these consolidated interim financial statements, the critical judgments made by management in applying the Group's accounting policies and the key accounting estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3. Financial Risk Management Objectives and Policies

No significant changes were made to the Group's financial risk management objectives and policies compared to the year ended 31 December 2015. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2016, other than those described in Note 2 and Note 5 below.

4. Equity

in thousands of €	30 June 2016	31 December 2015
Common shares (45,606 authorized, issued and fully paid)	46	46
Preferred shares series A (133,701 authorized and issued) (2015: 133,701) thereof fully paid 112,974 (2015: 112,974)	134	134
Preferred shares series B (335,706 authorized and issued) (2015: 313,364) thereof fully paid 318,763 (2015: 296,421)	335	313
- *thereof preferred shares series B (116,797 authorized and issued) (2015: 161,797) thereof fully paid 99,854 (2015: 99,854)*	*117*	*117*
- *thereof preferred shares series B Plus (218,909 authorized and issued) (2015: 196,567) thereof fully paid 218,909 (2015: 196,567)*	*219*	*196*
Total	**515**	**493**

On 14 March 2016, the Company entered into an addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to € 2.2 million of additional capital in further tranches by way of the issuance of series B preferred shares (the “Addendum to the Investment Agreement”). In April 2016 and June 2016, the Group issued series B preferred shares against contributions in cash of € 1.05 million, € 299 thousand and € 651 thousand. The Addendum to the Investment Agreement further permits additional increases in the financing of up to a total further € 10.0 million until 31 December 2016, on which basis, also in June 2016, the Group issued further series B preferred shares against cash contributions amounting to € 1.3 million.

Pursuant to the Investment Agreement and the Addendum to the Investment Agreement all of the series B preferred shares issued pursuant to them will be treated as series B plus preferred shares.

Due to a change in the staff turnover estimate an adjustment of K€ 2 was recognized in additional paid-in capital relating to share-based payments during the six months ended 30 June 2016. Share-based compensation expense of K€ 3 was recorded in additional paid-in capital during the six months ended 30 June 2015.

5. Financial liabilities

Note 5 Financial liabilities should be read in conjunction with Note 2 and Note 10 and the pro forma presentation of shareholder’s equity and financial liabilities regarding the debt-to-equity conversion agreed with the lender and executed subsequent to 30 June 2016. The in note 5 outlined agreement eventually was substituted by the executed conversion agreement dated 22 September 2016.

On 17 February 2016, the Group, the lender and the holder of the detachable share purchase warrants entered into an agreement that, subject to the determination of the offer price under an anticipated equity transaction, the lender would contribute a partial amount of € 4.0 million of its loan to the Group against the issuance of the then listed ordinary shares of NOXXON Pharma NV and the grant of a call option, subject to certain conditions, to purchase additional ordinary shares of NOXXON Pharma NV at an issuance price of €1 per ordinary share. Following the debt-to-equity swap and the netting of a further partial amount of € 0.4 million against certain advance payments made by NOXXON Pharma AG, a loan amount of € 5.0 million would remain outstanding. By virtue of the same agreement, the aforesaid bonds issued or committed pursuant to the warrant agreements dated 10 March 2014 and 20 March 2015, respectively, will be cancelled and, instead, warrants to purchase ordinary shares of NOXXON Pharma NV will be issued upon terms equivalent to those of the warrants to purchase preference B shares of NOXXON Pharma AG.

The outstanding loan facilities were derecognized as the terms and conditions were substantially modified by the agreement dated 17 February 2016. The derecognition gain of K€ 8,976 was recognised as finance income in profit and loss. The fair values of the modified loan facility of K€ 5,091 and the obligation to deliver ordinary shares of NOXXON Pharma NV of K€ 5,772 were recognised as finance costs in profit or loss. The obligation to deliver ordinary shares is classified as financial liability because it requires NOXXON Pharma NV to deliver a variable number of its ordinary shares with a fair value of € 6.0 million at the expected date of an anticipated capital market transaction.

By virtue of a suspension letter dated 9 June 2016 the repayment schedule for the loan facility was adjusted further to allow the Group preparing the anticipated capital market transaction. The terms and conditions were not substantially modified and the loan facility was continued to be accounted for at amortised cost with an adjusted effective interest rate.

As of 30 June 2016 and 31 December 2015 the fair value of the loan facilities (financial liabilities) amounted to € 5.1 million and € 9.2 million, respectively. As of 30 June 2016 and 31 December 2015 the fair value of the obligation to deliver ordinary shares of NOXXON Pharma NV amounted to € 6.0 million and nil, respectively.

During the six months ended 30 June 2016 the Company incurred finance income of K€ 8,976 (six months ended 30 June 2015: nil) and finance costs amounting to K€ 11,603 (six months ended 30 June 2015: K€ 589). These are mainly related to the substantial modification of the aforementioned loan facilities.

6. Loss per share

The loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of outstanding common and preferred shares.

in thousands of €	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Net loss	(8,010)	(7,932)
Weighted number of common and preferred shares outstanding	499,906	340,080
Loss per share, basic and diluted in € per share	**(16.02)**	**(23.32)**

There are also no dilutive instruments outstanding. Shares to be issued under the conversion rights of the convertible bonds and detachable warrants were excluded because the effect would be anti-dilutive. Share options to be issued under the share-based payment plans were excluded because the options were not exercisable during the period.

7. Research and development expenses

in thousands of €	Six months ended 30 June 2016	 30 June 2015
Cost of raw materials, consumables and supplies	795	203
Cost of purchased services	277	850
Personnel expenses	1,221	1,903
Amortization / depreciation	89	103
Product candidate development expenses	5	40
Patent costs and consulting services	337	244
Infrastructure expenses (rent, rental related)	269	289
Maintenance expenses	82	117
Scientific event related expenses	51	91
Other	71	93
Total	**3,197**	**3,933**

The decrease in research and development expenses in the first six months of 2016 compared to 2015 is mainly due to lower personnel expenses as a result of an internal restructuring that occurred in July 2015 to focus the Company's research and development activities.

8. General and administrative expenses

in thousands of €	Six months ended 30 June 2016	 30 June 2015
Personnel expenses	334	932
Impairment loss on tangible assets	163	0
Amortization / depreciation	8	9
Legal and consulting fees	1,497	2,011
Infrastructure expenses (rent, rental related)	108	88
Travel and advertising expenses	143	178
Supervisory board remuneration	36	62
Other	106	159
Total	**2,395**	**3,439**

The decrease in general and administrative expenses in the first six months of 2016 compared to 2015 is mainly driven by lower legal and consulting expenses related to the preparation of a financing transaction and lower personnel expenses resulting from restructuring of the Company.

9. Related party transactions

Shareholder with significant influence

As of 30 June 2016 and 31 December 2015, the Company had no shareholders with significant influence. The largest three shareholders hold 19.5 %, 18.2 % and 14.9 %, respectively and each of them has a seat on the Supervisory Board. The shareholders have not entered into an agreement which significantly influences the operating and financing activities of the Group. If the Supervisory Board has less than nine members the largest three shareholders would be able to block certain financing transactions that are subject to Supervisory Board consent with a 2/3 majority.

Supervisory Board

The members of the Supervisory Board:

Dr. Hubert Birner
Chairman of the Supervisory Board since 8 July 2015
(Member of the Supervisory Board since 24 June 2015)
Managing Partner of TVM Capital GmbH, Munich

Dr. Walter Wenninger
Member of the Supervisory Board
(Chairman of the Supervisory Board until 8 July 2015)
Consultant, Leverkusen

Mr. Bertram Köhler
Member of the Supervisory Board, Deputy Chairman
Member of the Management Board of the DEWB AG, Jena

Dr. J. Donald de Bethizy
Member of the Supervisory Board since 18 November 2014
Consultant, Fredericksberg, Denmark

Iain Buchanan
Member of the Supervisory Board since 17 September 2015 until 1 June 2016
Consultant, Winchester/Hampshire, Great Britain

Dr. Peter Johann
Member of the Supervisory Board
Managing General Partner of NGN Capital LLC, Heidelberg

Dr. Olivier Litzka
Member of the Supervisory Board
Partner of Edmond de Rothschild Investment Partners, Paris

Denis Lucquin
Member of the Supervisory Board
Managing Partner of Sofinnova Partners, Paris

Dr. Lawrence Posner until 30 September 2015
Member of the Supervisory Board
General Partner of Vedanta Capital LP, Greenwich, CT, USA

NOXXON Pharma AG,

Notes to the condensed consolidated interim financial statements as of 30 June 2016

Management Board

The members of the Management Board:

Dr. Aram Mangasarian
Chief Executive Officer (since 1 July 2015)
Chief Business Officer (until 30 June 2015)

Iain Buchanan
Chief Executive Officer (until 30 June 2015)

Dr. Matthias Baumann
Chief Medical Officer

Dr. Sven Klussmann
Chief Scientific Officer

Remuneration

The principles and policies of the remuneration are described in the Company's consolidated financial statements for the year ended 31 December 2015.

For the six months ended 30 June 2016 and 2015, the short-term employee benefits for the management board amounted to K€ 463 and K€ 774 respectively. As of 30 June 2016 and 30 June 2015, the number of outstanding options under Stock Option Plan 2002 for members of the management board was 1,750 with an expiration date at the beginning of 2017 and a weighted average exercise price of € 297. Under the Share Participation models, during the six months ended 30 June 2016 and 2015 no expenses were recognized, respectively. Thus, the total compensation for the management board members for the six months ended 30 June 2016 and 2015 was K€ 463 and K€ 774, respectively.

Under the participation models the Company did not issue any preferred shares to the members of the management board in the six months ended 30 June 2016 and 2015, respectively.

In the six months ended 30 June 2016 and 2015, the remuneration for the supervisory board (including D&O insurance) amounted to K€ 36 and K€ 62, respectively. Under the Share Participation models, during the six months ended 30 June 2016 and 2015 no expenses were recognized, respectively. Thus, the total compensation for the supervisory board members was K€ 36 and K€ 62 for the six months ended 30 June 2016 and 2015, respectively.

Under the Share Participation models the Company did not issue any preferred shares to the members of the supervisory board in the six months ended 30 June 2016 and 2015.

10. Events after the balance sheet date

On 17 August 2016, the Company entered into a second addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to € 1.6 million of additional capital in one tranche by way of the issuance of series B preferred shares. In September 2016, the Company issued series B preferred shares against contributions in cash of K€ 1,420 (the Capital Increase).

Effective 23 September 2016, in the Corporate Reorganization, substantially all of the holders of the outstanding shares of NOXXON Pharma AG entered into an agreement pursuant to which they subscribed for newly issued ordinary shares, and agreed to contribute and transfer their shares in NOXXON Pharma AG to NOXXON Pharma NV in consideration therefor. As a result, NOXXON Pharma NV now holds approximately 99.8% of the shares of NOXXON Pharma AG. In total, K€ 2,051 ordinary shares were issued, less K€ 45 treasury shares. There is a risk that the tax loss carry forwards of the Company would be forfeited due to the corporate reorganization. However, provisions in German tax law permit the carry-forward of these tax losses after such reorganization, if the Company's equity fair value exceeds its book value.

Subsequent to the Corporate Reorganization in September 2016, the Group executed the Private Placement consisting of equity contributions, debt-to-equity conversion and further contributions as follows.

The Group executed commitment agreements, whereby certain existing shareholders provided the Group additional cash resources, consisting of equity of K€ 2,819.

Pursuant to an agreement dated 22 September 2016, the lender has agreed, subject to certain conditions, to convert its total nominal debt of approximately € 9.6 million, including accrued interest and fees, into equity of the Group, and not enforce its rights to repayment of the loans, per the following. On 23 September 2016, upon the relevant conditions having been satisfied, an initial conversion of approximately € 7.0 million of the loans into equity of the Group became effective with an impact on accumulated deficit of K€ 1,120. On a pro forma basis that amount comprises a derecognition gain of K€ 11,081 less the fair values of the remaining loan facility of K€ 2,352 and the delivered ordinary shares of NOXXON Pharma NV of K€ 7,609. Thus, the adjustment of K€ 8,729 of the financial liabilities comprises on a pro forma basis the impact on accumulated deficit of K€ 1,120 and the fair value of the delivered ordinary shares of NOXXON Pharma NV of K€ 7,609. Regarding the net present value of the loan amount remaining of K€ 2,352, the lender allowed for payment to be deferred through the end of March 2017. Further, the lender has agreed that the balance of the loan remaining at the end of March 2017 at amortized cost of approximately € 2.6 million shall be converted into equity of the Group on a pro-rated basis upon the raising of new capital until March 2017, which may be by investments or non-dilutive funding via partnership on the same conditions as the initial conversion. As a result, at such point in time, the total loan amount will be fully converted into equity when such new capital in the amount of approximately € 2.6 million would be raised. If by March 2017 no such new capital in the amount of approximately € 2.6 million has been raised, the lender may request for the balance of the loan to be converted into equity or for repayment under the existing loan agreements.

Further, two creditors, each in relation to their receivables due from the Group and totaling K€ 257 contributed these receivables to the Group against the issuance of ordinary shares of NOXXON Pharma NV with a fair value of K€ 279 with an impact on accumulated deficit of K€ -22.

NOXXON Pharma AG,

Notes to the condensed consolidated interim financial statements as of 30 June 2016

The following table illustrates the effects on cash and cash equivalents, shareholder's equity and financial liabilities of the events after the balance sheet date described above on a pro-forma basis, as if these events had occurred as of 30 June 2016:

	Historical Financial Information	Adjustments	Adjusted for Capital Increase and Corporate Reorganization	Adjustments	Adjusted for Capital Increase, Corporate Reorganization and Private Placement
	(in thousands of €)		(in thousands of €)		(in thousands of €)
Cash and cash equivalents	**1.815**	**1.420**	**3.235**	**2.819**	**6.054**
Shareholders's equity:	**-11.784**	**1.420**	**-10.364**	**11.805**	**1.441**
Subscribed capital	515	1.034	1.549	502	2.051
Additional paid-in capital	114.374	156	114.530	10.205	124.735
Accumulated deficit	-126.398	0	-126.398	1.098	-125.300
Treasury shares	-275	230	-45	0	-45
Financial liabilities	**11.081**	**0**	**11.081**	**-8.729**	**2.352**
Total non-current financial liabilities	3.573	0	3.573	-3.573	0
Total current financial liabilities	7.508	0	7.508	-5.156	2.352

Effective 30 September 2016, NOXXON Pharma NV listed all of its ordinary shares under the symbol "ALNOX" with ISIN NL0012044762 on the Alternext stock exchange Paris.

In the third quarter 2016 management decided to focus all its business activities on the clinical development in cancer treatment. As a result of this restructuring and the related reduction in headcount, the company expects restructuring costs amounting to approximately K€ 300 to be recognized in the second half of 2016.

Berlin, 26 October 2016

NOXXON Pharma AG

The Management Board