NOXXON Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report 2017
30 June 2017

Contents

Forward-looking statements

This Half-Year Financial Report contains statements that constitute forward-looking statements. Forward-looking statements appear in a number of places in this Half-Year Financial Report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on management estimates and on management's beliefs and assumptions and on information currently available to the management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section Risk Factors in this Half-Year Financial Report.

Such estimates have been made in good faith and represent the current beliefs of management. Management believes that such estimates are founded on reasonable grounds. However, by their nature, estimates may not be correct or complete. These statements reflect the Company's current knowledge and its expectations and projections about future events. Many of these forward-looking statements contained in this Half-Year Financial Report can be identified by the context of such statements or words such as "anticipate," "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could", "might" or "should" or "potential" or similar terminology. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control that could cause the Group's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. Forward-looking statements speak only as of the date they are made and the Group does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

NOXXON Pharma N.V.
Amsterdam, The Netherlands

Condensed consolidated interim financial statements as of 30 June 2017

Amsterdam, 26 October 2017

NOXXON Pharma N.V., Amsterdam, Netherlands

Condensed Consolidated Interim Statements of Financial Position as of 30 June 2017

(in thousands of €)

Assets	Note	30 June 2017	31 December 2016
Non-current assets			
Intangible assets		10	14
Equipment		58	67
Deferred tax assets		1	1
Financial assets		5	0
		74	**82**
Current assets			
Other assets		284	413
Financial assets		28	159
Cash and cash equivalents		1,124	2,214
Assets held for sale		0	1
		1,436	**2,787**
		1,510	**2,869**

Equity and liabilities	Note	30 June 2017	31 December 2016
Equity			
Subscribed capital	(4)	2,175	2,051
Additional paid-in capital	(4)	126,970	124,666
Accumulated deficit	(4)	-131,500	-129,135
Treasury shares		-92	-62
		- 2,447	**- 2,480**
Non controlling interest		-5	-2
Total equity		**- 2,452**	**- 2,482**
Non-current liabilities			
Financial liabilities	(5)	1,563	0
		1,563	**0**
Current liabilities			
Financial liabilities	(5)	2	2,941
Trade accounts payable		1,524	1,422
Other liabilities		873	988
		2,399	**5,351**
		1,510	**2,869**

NOXXON Pharma N.V., Amsterdam, Netherlands

Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ende

(in thousands of €)	Note	For the six months ended 30 June 2017	30 June 2016*
Revenues		0	32
Other operating income		245	209
Research and development expenses	(7)	-1,215	-3,197
General and administrative expenses	(8)	-1,263	-2,395
Foreign exchange losses		0	-6
Loss from operations		-2,233	-5,357
Finance income		0	1
Finance cost	(5)	-135	-2,628
Loss before income tax		-2,368	-7,984
Income tax		0	-26
Net loss		-2,368	-8,010
Net loss attributable to:			
Owners of the Company		-2,365	-8,010
Non-controlling interests		-3	0
		-2,368	-8,010
Total comprehensive loss attributable to:			
Owners of the Company		-2,365	-8,010
Non-controlling interests		-3	0
		-2,368	-8,010
Loss per share in EUR per share (basic and diluted)	(6)	-1.17	-5.50

**Finance income and finance cost presentation restated, see Note 5.*

NOXXON Pharma N.V., Amsterdam, Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2017

(in thousands of €)

	Note	For the six months ended 30 June 2017	30 June 2016*
Operating activities			
Net loss before income tax		-2,368	-7,984
Income taxes paid		0	-1
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		13	260
Finance income		0	-1
Finance cost		135	2,628
Release of government grants		0	-2
Employee stock based compensation		0	-2
Other non-cash transactions		1	0
Changes in operating assets and liabilities:			
Inventories		0	8
Trade receivables, other current assets, other financial assets and prepaid expense		222	937
Income tax payable		0	1
Trade accounts payable and other liabilities		-157	-1,055
Net cash used in operating activities		-2,154	-5,211
Investing activities			
Cash received from investments in current financial assets		131	0
Cash paid for investments in current financial assets		-5	0
Net cash used in investing activities		126	0
Financing activities			
Proceeds from issuance of ordinary shares	(4)	1,000	3,299
Transaction costs for issuance of ordinary shares		-22	-31
Purchase of treasury shares		-30	0
Prepaid transaction costs for issuance of convertible notes		-10	0
Interest paid		0	-335
Net cash provided by financing activities		938	2,933
Net change in cash and cash equivalents		-1,090	-2,278
Cash at the beginning of period		2,214	4,093
Cash at the end of the period		1,124	1,815

**Finance income and finance cost presentation restated, see Note 5.*

NOXXON Pharma N.V., Amsterdam, Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2017

(in thousands of €)		Common and Preferred shares (for 2016) / Ordinary shares (for 2017)			Additional Paid-In Capital		Accumulated Deficit	Total	Non-controlling interests	Total equity
	Note	Number of shares	Subscribed capital	Treasury Shares	Other Additional Paid-In-Capital	Total				
1 January 2016		492,671	493	-275	111,138	111,138	-118,388	**-7,032**	0	**-7,032**
Net loss							-8,010	-8,010	0	-8,010
Total comprehensive loss							-8,010	-8,010	0	-8,010
Share-based compensation adjustment	(4)				-2	-2		-2	0	-2
Issuance of preferred shares	(4)	22,342	22		3,277	3,277		3,299		3,299
Issuance costs preferred shares	(4)				-39	-39		-39		-39
30 June 2016		515,013	515	-275	114,374	114,374	-126,398	**-11,784**	0	**-11,784**
1 January 2017		2,051,097	2,051	-62	124,666	124,666	-129,135	**-2,480**	-2	**-2,482**
Net loss							-2,365	-2,365	-3	-2,368
Total comprehensive loss							-2,365	-2,365	-3	-2,368
Share-based compensation										
Capital increases	(4)	124,189	124		2,386	2,386		2,510		2,510
Issuance costs of capital increases	(4)				-82	-82		-82		-82
Purchase of treasury shares	(4)			-30	0	0		-30		-30
30 June 2017		2,175,286	2,175	-92	126,970	126,970	-131,500	**-2,447**	**-5**	**-2,452**

NOXXON Pharma N.V.,

Notes to the condensed consolidated interim financial statements as of 30 June 2017

1. Corporate Information

NOXXON Pharma N.V. (in the following also the Company) is a Dutch public company with limited liability (*naamloze vennootschap*) and has its corporate seat in Amsterdam, the Netherlands. The Company was formed on 16 January 2015 for the purpose of a corporate reorganization of NOXXON Pharma AG in preparation for an anticipated capital market transaction. Effective 30 September 2016, NOXXON Pharma N.V. listed all of its ordinary shares under the symbol “ALNOX” with ISIN NL0012044762 on the Euronext Growth (formerly named Alternext stock exchange) Paris, France.

The Company’s business address is in Berlin, Germany, with the address of Max-Dohrn-Str. 8-10, 10589 Berlin.

Financial information presented in the unaudited condensed consolidated interim financial statements (interim financial statements) for periods prior to the consummation of the Corporate Reorganization on 23 September 2016 is that of NOXXON Pharma AG and its subsidiaries. Prior to the Corporate Reorganization, NOXXON Pharma N.V. had not conducted any operations other than the preparation of the anticipated capital market transaction and had not held significant operational assets or liabilities and had not held any contingent liabilities.

NOXXON Pharma N.V. 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.

The interim financial statements of NOXXON Pharma N.V. as of and for the six months ended 30 June 2017 comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Boston, United States. The interim financial statements as of and for the six months ended 30 June 2017 of NOXXON were authorized by the Management Board for issuance on 26 October 2017.

2. Basis of Preparation and Significant Group Accounting Policies

Going Concern

As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception. For the six months ended 30 June 2017 the Group incurred a net loss of € 2.4 million. As of 30 June 2017, the Group had generated an accumulated deficit of € 131.5 million as well as a net capital deficiency of € 2.5 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.

To finance its research and development activities through 30 June 2017 the Group raised funds from several sources including its shareholders through the issuance of equity, borrowings and government grants.

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 € 3.6 million, to provide the Group with sufficient working capital for the twelve months following the date of these consolidated financial statements. Taking into account nominal amounts of € 1.5 million received subsequent to 30 June 2017 under the Issuance Agreement signed with a new investor in May 2017 and further nominal amounts of € 2.0 million financing which are committed to be received until May 2018 under the Issuance Agreement (see below) cash reach is forecasted into the 3rd quarter 2018. Additional cash need in accordance with the above mentioned cash requirement of € 3.6 million through October 2018 will be approximately € 0.9 million.

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 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.

In May 2017, the Company and a new investor signed an Issuance Agreement pursuant to which that investor and existing shareholders of the Company intended to commit to, subject to certain conditions, make certain investments of a nominal amount of € 4.5 million into the Company until May 2018 and a further nominal amount of up to € 6.5 million subsequently against the Company satisfying certain prerequisites, as described in the following.

As initial step the new investor invested an amount of € 250 thousand in early May 2017 by way of subscribing for ordinary shares for a price of € 15.50 per share, subject to the condition precedent that existing shareholders of the Company likewise subscribed for ordinary shares for a price of € 15.50 per share against a total issue price of at € 750 thousand, totaling an initial investment of € 1,000 thousand. Upon execution of this initial step 64,512 ordinary shares of the Company were issued. In addition, the Company granted 53,761 share subscription warrants, each to subscribe for one ordinary share of the Company with a warrant exercise price of € 18.60.

The second step of this financing was subject to the Company preparing and obtaining the requisite approval for publishing its Prospectus to cause its ordinary shares to be listed on the Public Offering Compartment of Euronext Growth Paris, which occurred in July 2017. Pursuant to the second step, the new investor is to subscribe for notes of the Company convertible into ordinary shares at a nominal amount of up to € 10.0 million, paid out at 99 %, in multiple tranches, whereby the convertible notes of each tranche are issued with a certain number of detachable warrants to subscribe for further ordinary shares of the Company.

On 17 July 2017, the new investor subscribed for the first tranche of 100 convertible notes totaling € 1.0 million and was granted 53,763 share subscription warrants, each to subscribe for one ordinary share of the Company with a warrant exercise price of €18.60.

Following the first tranche of convertible notes drawn, each of the Company and the new investor can require the issuance of further five tranches in the nominal amount of € 500 thousand each in the period until May 2018. After May 2018, the new investor can require further tranches in the nominal amount of € 250 thousand each up to said total nominal value of € 10.0 million. Upon the issuance of each tranche, the Company will have to pay a commitment fee of 6 % of the nominal amount of the relevant tranche.

By implementing the first and second step of the financing transaction, the Company will receive financial funds in a nominal amount of € 4.5 million until May 2018 and subsequent to May 2018 expects to receive a nominal amount of up to € 6.5 million.

Upon consummation of the capital increase in May 2017, the lender agreed to the contribution of a partial amount of € 925 thousand of the outstanding remaining loan facility to the Company against the issuance of 59,677 ordinary shares. Within the framework of this agreement the Company also granted to the lender 53,763 share subscription warrants, each to subscribe for one ordinary share with a warrant exercise price of €18.60 per warrant. Following this transaction, the nominal amount outstanding is approximately €1.7 million.

Upon subscription of the first tranche of the convertible notes on 17 July 2017, the lender of the remaining venture loan, upon NOXXON's request, converted € 841 thousand of outstanding debt into 54,263 ordinary shares. The lender also received 45,219 share subscription warrants each to subscribe for one ordinary share of the Company with a warrant exercise price of €18.60.

In addition, the Group obtained a commitment from the lender of its remaining venture loan to not request the redemption of and interest payments on its outstanding debt in the amount of € 0.8 million in cash until September 2018. Further, the lender has agreed, subject to certain conditions and upon NOXXON's request, that it will convert up to this 0.8 million debt into equity until September 2018.

On 18 September 2017, the new investor subscribed for the second tranche of 50 convertible notes totaling a nominal amount of € 0.5 million and was granted 36,337 share subscription warrants each to subscribe for one ordinary share of the Company with a warrant exercise price of €13.76. In September and October 2017, the investor converted a total of 40 convertible notes equaling a conversion amount of € 400,000.

As a result of these measures, the subscribed capital increased subsequent to 30 June 2017 from 2,175,286 by 101,081 to 2,276,367 ordinary shares.

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 credit available to the Company as well as potential other sources of funds. Based on management's going concern assessment, the 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.

Statement of compliance

The interim financial statements of NOXXON Pharma N.V. and its subsidiary for the six months ended 30 June 2017 and 2016 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 2016.

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 2017, 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 2017, and have been applied in preparing these interim consolidated financial statements.

Standard/interpretation	Effective Date
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to IAS 7: Disclosure Initiative	January 1, 2017

This amendment to standards and new or amended interpretations had no significant effect on the interim consolidated 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 2017.

Standard/interpretation	Effective Date
IFRS 9 Financial Instruments	January 1, 2018
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	January 1, 2018
Amendments to IAS 40: Transfers of Investment Property*	January 1, 2018
Annual Improvements to IFRSs 2014-2016*	January 1, 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration*	January 1, 2018
IFRS 16 Leases*	January 1, 2019

*not yet endorsed by European Union

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 (date of initial application), with early adoption permitted. NOXXON currently plans to apply IFRS 9 initially on 1 January 2018. Management will elect to apply the new standard retrospectively, including the exemption from the requirement to restate comparative

information, in accordance with IAS 8. In addition, management has elected to not restate comparative information as permitted by IFRS 9. At the date of initial application, the company will record any difference between previous carrying amounts and those determined under IFRS 9 in opening accumulated deficit.

The actual impact of adopting IFRS 9 on NOXXON's consolidated financial statements in 2018 is not yet known because it will be dependent on the financial instruments that the Group holds and economic conditions at the date of initial application that time as well as accounting elections and judgements that it will make in the future.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Management will not early adopt IFRS 16 and expects recognition of right-of-use assets and related lease liabilities on its consolidated statement of financial position and an increase of interest expense related to the lease liabilities.

Except as described for IFRS 9 and IFRS 16 above, 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 2017 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 2016 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 2016. In addition, critical judgments were made by management for the six months ended 30 June 2017 with respect to embedded

derivatives in hybrid financial instruments consisting of a loan facility and derivative financial instruments that were required to be bifurcated.

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 2016. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2017, other than those described in Note 5 below.

4. Equity

As of 30 June 2017 the share capital of the Company of K€ 2,175 is divided into 2,175,286 ordinary shares with a nominal value of € 1.00 following a capital increase consummated in May 2017 (refer to note 2).

According to the articles of association of the Company, up to 10,250,000 ordinary shares with a nominal value of € 1.00 are authorised to be issued. All shares are registered shares. No share certificates shall be issued.

5. Financial liabilities

Note 5 Financial liabilities should be read in conjunction with note 2.

In 2014 and 2015, NOXXON Pharma AG entered into two loan agreements of up to € 10.0 million with an original maturity of 36 months. Under both loan agreements, NOXXON Pharma AG has pledged its intellectual property rights, including patents owned and certain patent applications made for its product candidates in clinical and pre-clinical development, and NOXXON Pharma AG's trademarks and domain names, to the lender as security against its future payment obligations. Attached to these two loan agreements are bonds with a term of eight years but terminate upon earlier occurrence of specified events (bond term). Upon consummation of the corporate reorganization in 2016, these bonds were exchanged for 6,312 share subscription warrants of NOXXON Pharma N.V. on the same economic terms and conditions and the bonds were cancelled.

As of 30 June 2017, the fair value of the loan facility (financial liabilities) amounted to € 1.6 million (31 December 2016: € 2.5 million). The fair value of the derivative financial liability relating to the contingent debt-to-equity swap amounted to € 0.1 million (31 December 2016: € 0.4 million).

Upon consummation of the capital increase in May 2017, the lender agreed to the contribution of a partial amount of € 925 thousand of the outstanding remaining loan facility to the Company against the issuance of 59,677 ordinary shares, as a result of which the subscribed capital of the Company increased by € 60 thousand and the additional paid-in capital of the Company increased by € 1,247 thousand. In addition, 53,763 share subscription warrants were issued to the lender.

The modification of the loan agreement was considered to be substantial. The carrying amounts of the loan facility and financial liability derivative were derecognised and the equity issued, the fair values of the new remaining non-current loan facility and the related financial liability derivative were recognised.

For the six months ended 30 June 2017 the Group recognised finance income of € 0 thousand and incurred finance cost of € 135 thousand, mainly the effects from the aforementioned transactions and interest for financial liabilities. The presentation of finance income of € 9.0 million and finance cost of € 11.6 million originally presented for the six months ended 30 June 2016 was restated to present all effects from the transactions with the lender in the six months ended 30 June 2016 on a net basis as finance cost of € 2.6 million.

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 ordinary shares, retrospectively adjusted for the Corporate Reorganization consummated in September 2016.

in thousands of €	**Six months ended 30 June 2017**	**Six months ended 30 June 2016**
Net loss	(2,365)	(8,010)
Weighted number of ordinary shares outstanding	2,014,380	1,455,375
Loss per share, basic and diluted in € per share	**(1.17)**	**(5.50)**

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

7. Research and development expenses

in thousands of €	Six months ended 30 June 2017	30 June 2016
Cost of raw materials, consumables and supplies	75	795
Cost of purchased services	384	277
Personnel expenses	524	1,221
Amortization / depreciation	11	89
Product candidate development expenses	5	5
Patent costs and consulting services	138	337
Infrastructure expenses (rent, rental related)	31	269
Maintenance expenses	0	82
Scientific event related expenses	8	51
Other	39	71
Total	**1,215**	**3,197**

The decrease in research and development expenses in the first six months of 2017 compared to the first six months of 2016 is mainly due to lower costs for raw materials, consumables, supplies and a production campaign substantially completed in 2016, and lower personnel expenses and patent costs and consulting services as a result of an internal restructuring and focus of the Company on its core research and development activities.

8. General and administrative expenses

in thousands of €	Six months ended 30 June 2017	30 June 2016
Personnel expenses	443	334
Impairment loss on tangible assets	0	163
Amortization / depreciation	3	8
Legal, consulting and audit fees	553	1,553
Infrastructure expenses (rent, rental related)	20	108
Travel and advertising expenses	106	143
Supervisory board remuneration	56	36
Other	82	50
Total	**1,263**	**2,395**

The decrease in general and administrative expenses in the first six months of 2017 compared to the first six months of 2017 is mainly driven by lower legal and consulting expenses related to the preparation of financing transactions in the first half of 2016.

9. Related party transactions

Shareholder with significant influence

As of 30 June 2017, the Company had no shareholders with significant influence. The largest three shareholders hold 19.4 %, 16.0 % and 14.5 %, respectively.

Management Board

The members of the Management Board:

Dr. Aram Mangasarian
Chief Executive Officer

Dr. Matthias Baumann (since 23 September 2016 until 30 April 2017)
Chief Medical Officer

Supervisory Board

The members of the Supervisory Board (all since 23 September 2016):

Dr. Hubert Birner
Chairman
Managing Partner of TVM Capital GmbH, Munich (Chairman until 28 September 2017)

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

Dr. J. Donald deBethizy
Chairman (since 28 September 2017)
Consultant, Fredericksberg, Denmark

Dr. Olivier Litzka (until 30 September 2017)
Partner of Edmond de Rothschild Investment Partners, Paris

Dr. Maurizio Petitbon
General Partner of Kreos Capital, London, Great Britain

Dr. Walter Wenninger
Consultant, Leverkusen

Remuneration

The principles and policies of the remuneration are described in the Company's consolidated financial statements for the year ended 31 December 2016.

For the six months ended 30 June 2017 and 2016, the short-term employee benefits for the management board amounted to K€ 472 and K€ 463 respectively. As of 30 June 2017 and 30 June 2016, the number of outstanding options under Stock Option Plan 2002 for members of the management board was 0 and 1,750, respectively 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 2017 and 2016 no expenses were recognized, respectively. Thus, the total compensation for the management board members for the six months ended 30 June 2017 and 2016 was K€ 472 and K€ 463, respectively.

In the six months ended 30 June 2017 and 2016, the remuneration for the supervisory board (including D&O insurance) amounted to K€ 61 and K€ 36, respectively. Under the Share Participation models, during the six months ended 30 June 2017 and 2016 no expenses were recognized, respectively. Thus, the total compensation for the supervisory board members was K€ 61 and K€ 36 for the six months ended 30 June 2017 and 2016, respectively.

10. Events after the balance sheet date

Since 13 July 2017, following the approval of its Prospectus, the shares of the Company are listed on the Public Offering Compartment of Euronext Growth Paris.

On 17 July 2017, the new investor subscribed for the first tranche of 100 convertible notes totaling € 1.0 million and was granted 53,763 share subscription warrants.

Upon subscription of the convertible notes, the lender converted € 841 thousand of remaining venture loan into 54,263 ordinary shares. The lender also received 45,219 share subscription warrants.

On 18 September 2017, the new investor subscribed for the second tranche of 50 convertible notes totaling € 0.5 million and was granted 36,337 share subscription warrants with a warrant exercise price of €13.76. In September and October 2017, the investor converted a total of 40 convertible notes equaling a conversion amount of € 400,000.

As a result of the above-mentioned conversions, the subscribed capital increased subsequent to 30 June 2017 from 2,175,286 by 101,081 to 2,276,367 ordinary shares.

Amsterdam, 26 October 2017

NOXXON Pharma N.V.

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Management and Activity Report

Management of NOXXON Pharma N.V. (the "Company" or "NOXXON") and its controlled subsidiaries (the "Group") hereby presents its condensed consolidated interim financial statements as of 30 June 2017.

Business Highlights

Following the signature of the collaboration agreement with Merck & Co./MSD, NOXXON moved quickly and decisively to execute the Group's strategy. NOXXON completed a financing in May that enabled the Group to initiate a clinical trial in strategic cancer indications in combination with an approved drug. This Phase 1/2 clinical trial combining NOXXON's anti-CXCL12 agent, NOX A12, with MSD's anti-PD 1 antibody, Keytruda®, at one of the top cancer research centers in Europe, the National Center for Tumor Diseases in Heidelberg, Germany, was successfully initiated.

This clinical trial in patients with metastatic solid tumors that do not usually respond to checkpoint inhibitor monotherapy is being run by highly skilled and dedicated clinical researchers with support from NOXXON's experienced in-house team. Patient recruitment is progressing according to plan and the initial data emerging from the study demonstrate that NOX A12 penetrates tumor tissue and neutralizes its biological target.

Business Highlights during First Half-Year of 2017

- January 2017: NOXXON announced the licensing of preclinical Spiegelmer® programs to Aptarion in exchange for cash, royalties and an equity stake in Aptarion.

- February 2017: Experienced industry cancer clinician, Dr. Jarl Ulf Jungnelius, increased his involvement with NOXXON to serve as Chief Medical Officer. His prior experience in immuno-oncology and his involvement with two therapeutics that have been approved for pancreatic cancer, one of the indications pursued in the ongoing clinical trial of NOX-A12, is of particular relevance to the Company.

- May 2017: NOXXON secured a private placement of € 1 million and additional financing of up to € 10 million through convertible notes with share subscription warrants attached, to finance further clinical development of NOX-A12.

- May 2017: NOXXON announced a collaboration with top clinical center, the National Center for Tumor Diseases in Heidelberg, Germany to conduct the NOX-A12/Keytruda® Phase 1/2 combination trial in microsatellite-stable metastatic pancreatic and colorectal cancer patients that do not normally respond to Keytruda® monotherapy.

Business Highlights After 30 June 2017

- July 2017: NOXXON announced the first patients had completed part 1 of the NOX-A12/Keytruda® trial in which they received NOX-A12 monotherapy for two weeks. Data from this stage will be used to analyze safety and, through tumor biopsies taken before and after NOX-A12 treatment, the ability of NOX-A12 to modulate the tumor microenvironment including the number of T cells present in the tumors. As such, part 1 could provide clinical data to support the broad potential applicability for combinations of NOX-A12, not only with checkpoint inhibitors, but also other T cell-based therapeutics such as CAR-T approaches.

- July 2017: Following the shift of NOXXON shares to the public offering compartment of Euronext Growth, subscription of the first tranche of convertible notes totaling € 1 million was completed. This triggered conversion of venture debt into equity, resulting in a remaining venture debt of € 841 thousand, with no cash redemption or interest accruing until September 2018. The last remaining debt may be fully converted into equity upon certain conditions being fulfilled and a request from the company.

- September 2017: NOXXON issued the second tranche of convertible notes totaling € 500 thousand.

- September 2017: The ongoing NOX-A12/Keytruda® trial successfully reached the halfway mark of overall enrollment and NOXXON reaffirmed guidance to deliver top-line biopsy analysis following NOX-A12 monotherapy and top-line response rates for all 20 patients to NOX-A12 in combination with Keytruda® in the second and fourth quarters of 2018 respectively. Of note, initial data shows penetration of NOX-A12 into tumor tissue and confirms the previously established safety profile of NOX-A12 monotherapy in colorectal and pancreatic cancer patients.

- September 2017: The Supervisory Board elected experienced US and EU biotech veteran Dr. Don deBethizy as Chairman. Dr. deBethizy joined the NOXXON Board in 2014, providing more than 30 years of leadership experience in the biotech and pharma industry having served as CEO, Chairman and Board member for various public and private companies both in the US and EU.

- October 2017: NOXXON published preclinical proof-of-concept data for NOX-A12 in combination with checkpoint inhibitors in *Cancer Immunology Research*. The results from the study titled “Increasing tumor-infiltrating T cells through inhibition of CXCL12 with NOX-A12 synergizes with PD-1 blockade” highlighted the effects of NOX-A12 *in vitro* and in an animal model, emphasizing NOX-A12’s ability to enhance the infiltration of T and NK immune cells into tumor tissue thereby synergizing with and overcoming resistance to PD-1 checkpoint inhibition with the goal of enabling the destruction of cancer cells.

Outlook

The Group estimates to deliver top-line data evaluating NOX-A12 monotherapy from its Phase 1/2 proof-of-mechanism trial in colorectal and pancreatic cancer in the 2nd quarter of 2018, and initial top-line data on the percent of patients whose tumors are responding to the combination therapy in the 4th quarter of 2018.

Another trial that the Group is considering to execute if sufficient financing is available is a Phase 1/2 trial in front-line, inoperable brain cancer (glioblastoma) patients in combination with radiotherapy who are shown by biomarker analysis of their biopsy to be resistant to the current standard of care chemotherapy. If the results from this study are positive, the Group plans to seek advice from competent authorities under its orphan drug designation in the United States and Europe to identify the most efficient manner to complete development in this indication.

The Group continues to evaluate other indications and therapeutic combinations in which to test NOX-A12 and the relative priority of such indications for the overall corporate strategy.

The Group plans to investigate the potential of NOX-E36 in the treatment of solid tumors if sufficient financing is available. The Group believes that NOX-E36 has significant potential as a TME modulator since three of its targets (CCL2/MCP-1, CCL8/MCP-2, CCL13/MCP-4) are implicated the immune privilege of tumors, in particular resistance to checkpoint inhibitors. NOXXON is evaluating in which indications and therapeutic combinations to test NOX-E36 and the relative priority of such indications for the overall corporate strategy.

Financial Highlights

Key Factors Affecting Results of Operations and Financial Condition

The Group believes that the following factors have had and will continue to have a material effect on its results of operations and financial condition.

Comparison of the First Half-Year 2017 and the First Half-Year 2016

Revenues

The Group's sales have occurred from time to time as requests were made by certain of its scientific collaborators for access to such compounds. Such sales were not material and are not part of the Group's strategic focus. Revenues decreased from €32 thousand in the first half-year of 2016 to nil in the first half-year of 2017. This decrease resulted from reduction in sales of oligonucleotides to the Group's scientific collaborators.

Other operating income

Other operating income increased 17% from €209 thousand in the first half-year of 2016 to €245 thousand in the first half-year of 2017. This increase was mainly due to the release of a financial liability in 2017 which was higher than income from government grants related to research and development projects recognized in the first half of 2016.

The research and development grant agreements include a budget that specifies the amount and nature of expenses allowed during the entire grant term. Grants relating to a research and development expense item are recognized as other operating income over the period necessary to match each grant to its related costs. Where the grant relates to an asset, the nominal amount of the grant is recorded as deferred income and is released in the profit or loss on a straight-line basis over the expected remaining useful life of the related asset. If the Group fails to use the funding in accordance with the terms of the respective grant, it may be obligated to repay the grant. Accordingly, the Group only recognizes grant income when it is reasonably assured that the grant will be received and all conditions will be complied with.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's platform technology and product candidates. For more detailed information we refer to Note 7 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

Research and development expenses decreased 62% from €3,197 thousand in the first half-year of 2016 to €1,215 thousand in the first half-year of 2017. This decrease is primarily due to the Group's decision to focus all of its business activities on the NOX-A12 clinical program and reduced materials supply requirements. As a result, personnel expenses decreased by €697 thousand. Costs for raw materials, consumables and supplies decreased by €720 thousand as a production campaign was substantially completed in 2016.

Research and development costs are expensed as incurred. Management considers that due to regulatory and other uncertainties inherent in the development of pharmaceutical products, the development expenses incurred for its product candidates do not meet all of the criteria for capitalization as required in IAS 38 (Intangible Assets). Accordingly, the Group has not capitalized any development costs.

In general, the Group expects that its research and development expenses will increase in absolute terms in future periods as the Group continues to invest in research and development activities related to developing its pipeline product candidates, and as programs advance into later stages of development and the Group enters into larger clinical trials.

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions and other general and administrative expenses. For more detailed information we refer to Note 8 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

General and administrative expenses decreased from €2,395 thousand in the first half-year of 2016 to €1,263 thousand in the first half-year of 2017. This decrease in general and administrative expenses is mainly driven by lower legal and consulting expenses related to the preparation of financing transactions in the first half-year of 2016.

Foreign exchange losses

Foreign exchange losses decreased from €6 thousand in the first half-year of 2016 to nil in the first half-year of 2017 due to a lower volume of purchases denominated in currencies other than euro in the first half-year of 2017.

Finance income

Finance income decreased from €1 thousand in the first half-year of 2016 to nil in the first half-year of 2017. Finance income in the first half-year 2016 was due to the Group placing available liquidity funds in short term deposits.

Finance cost

Finance cost decreased by 95% from €2,628 thousand in the first half-year 2016 to €135 thousand in the first half-year 2017. This decrease is due to the interest incurred, applying the effective interest rate method, the modifications of and a debt-for-equity conversion on two venture loans with lender entered into in 2014 and 2015 as the Group entered into a series of subsequent agreements in the first half of 2016 and 2017 related to its loan facilities, which involved substantial modifications of the terms and conditions of the then outstanding financial liabilities. The modifications resulted in the derecognition of the related liability and the recognition of the modified liability at its fair value with a related gain or loss being recognized net in finance costs.

The substantial modification in the first half of 2017 had a lower impact on finance costs as compared to the first half of 2016, mainly due to the lower carrying amounts of loan facilities impacted.

Loss before income tax

As a result of the above factors, the Group's loss before income tax decreased by 70% from €8,010 thousand in the first half-year 2016 to €2,368 thousand in the first half-year 2017.

Income Tax

Income tax changed from an expense of €26 thousand in the first half-year 2016 to nil in the first half year 2017. The half-year 2016 expense resulted mainly from the reversal of temporary differences and the resulting decrease of deferred tax assets.

Consolidated Statements of Financial Position

Assets

The Group's total non-current assets include intangible assets, equipment, deferred tax assets and financial assets. Total non-current assets decreased from €82 thousand as of 31 December 2016 to €74 thousand as of 30 June 2017.

The Group's total current assets consist of its cash and cash equivalents, other assets, financial assets and assets held for sale. Cash and cash equivalents include cash balances. As of 30 June 2017, the Group's cash and cash equivalents amounted to €1,124 thousand compared to €2,214 thousand as of 31 December 2016. Financial assets consist of the invested interest bearing rental deposits related to the Group's operating lease agreements. Other assets correspond to prepaid expenses for insurance and service contracts, the Group's liquidity account, claims against local tax authorities for value added tax (VAT) on supplies and services received, and deferred transaction costs related to the convertible note financing that occurred after 30 June 2017.

The movements in total current assets from 31 December 2016 to 30 June 2017 primarily relate to a decrease in cash and cash equivalents by €1,090 thousand as a result of continued research and development activities exceeding financing activities, a decrease of other assets by €129 thousand mainly in relation to lower VAT and other receivables, partly offset by increased prepaid expenses as well as reduced financial assets as a result of the repayment of the rental deposit of €131 thousand by the landlord without any retentions.

Equity

The Group's total equity includes its subscribed capital, additional paid-in capital, accumulated deficit and treasury shares. The change in equity from 31 December 2016 to 30 June 2017 was mainly due to the effects of the capital increase of € 1.0 million, the partial conversion of the outstanding remaining loan facility of € 925 thousand executed in May 2017 and the net loss incurred for the first half of 2017.

The Company issued an aggregate of 64,512 ordinary shares at a price of €15.50 against contribution in cash and an aggregate of 59,677 ordinary shares at a price of €15.50 per share against the contribution of a partial amount of the outstanding venture loan facility. As a result, additional subscribed capital of €124 thousand and additional paid-in capital of €2,386 thousand were recognized less issuance costs of €82 thousand.

The total equity as of 30 June 2017 amounted to a negative equity of €2,452 thousand compared to €2,482 thousand as of 31 December 2016.

Liabilities

Non-current financial liabilities increased from nil as of 31 December 2016 to €1,563 thousand as of 31 December 2016 and current financial liabilities decreased from €2,941 thousand as of 31 December 2016 to €2 thousand as of 30 June 2017 as a result of

modifications to the terms and conditions and a debt-for-equity conversion on two venture loans as described in the section Finance cost.

Trade accounts payable of €1,422 thousand as of 31 December 2016 compared to €1,524 thousand as of 30 June 2017 are in the course of the normal research and development activities. The decrease of other liabilities from €988 thousand as of 31 December 2016 to €873 thousand as of 30 June 2017 results primarily from lower accrued restructuring expenses.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2017

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2017 we refer to Note 2 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

Analysis of Cash Flows

The Group's liquidity requirements primarily relate to the funding of research and development expenses, general and administrative expenses, capital expenditures and working capital requirement. To finance its research and development activities the Group raised funds from several sources including its shareholders through the issuance of equity, borrowings, convertible notes and government grants.

Net cash used in operating activities

Net cash used in operating activities reflects the Group's results for the period adjusted for, among other things, depreciation and amortization expense, finance cost, employee stock based compensation and changes in operating assets and liabilities.

Net cash used in operating activities was mainly derived from the net losses generated in the respective periods, which in turn is mainly driven by the research and development as well as the general and administrative expenses incurred. Research and development expenses vary over time dependent on the development stage of each clinical program and the activities related to those clinical programs.

The decrease in net cash used in operating activities from €5,211 thousand in the first half-year 2016 to €2,154 thousand in the first half-year 2017 was mainly a result of the decreased net loss due to decreased research and development expenses focusing on the core compound NOX-A12 and decreased general and administrative expenses incurred. This decrease of cash used resulting from the lower net loss was partly offset by a decrease of trade accounts payable and other liabilities.

Net cash used in investing activities

The increase in net cash provided by investing activities from nil in the first half-year 2016 to €126 thousand in the first half-year 2017 is due to the release and repayment of the rental deposit of €131 thousand without any retentions by the landlord partly offset by cash paid for investments in current financial assets.

Net cash provided by financing activities

The decrease in net cash provided by financing activities from €2,933 thousand in the first half-year 2016 to €938 thousand in the first half-year 2017 was mainly due to lower proceeds from the issuance of ordinary shares of the Company in the amount of €1,000 thousand compared to €3,299 thousand in the first half-year 2016. This decrease was partly offset by a decrease in interest paid from €335 thousand in the first half-year 2016 to nil in the first half-year 2017.

Transactions between Related Parties

The Group did not conclude any new significant transactions with related parties during the reporting period.

For related party transactions we also refer to Note 22 of the consolidated statements of financial position as of 31 December 2016 of NOXXON Pharma N.V. and Note 9 of the condensed consolidated interim financial statements as of 30 June 2017 of NOXXON Pharma N.V.

Risk Factors

Risk factors are similar to those presented in Section 1 of the NOXXON Pharma NV Prospectus approved on 10 July 2017 (pages 1 to 33) and did not change significantly during the first half-year of 2017. This document is available on the Company's website: www.noxxon.com.

For the financial risk management objectives and policies we also refer to Note 21 of the consolidated statements of financial position as of 31 December 2016 of NOXXON Pharma N.V.

Declaration by the Person Responsible for 2017 Half-Year Financial Report

"I declare that, to the best of my knowledge, the Condensed consolidated interim financial statements as of 30 June 2017 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and all the other companies included in the scope of consolidation, and that this Half-year Management and Activity Report includes a fair view of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year."

Amsterdam, 26 October 2017

NOXXON Pharma N.V.

Dr. Aram Mangasarian, CEO