NOXXON Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report
2019
30 June 2019

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.

Condensed consolidated interim financial statements as of 30 June 2019

Condensed consolidated interim statements of financial position as of 30 June 2019

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NOXXON Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Statements of Financial Position as of 30 June 2019

(in thousands of €)

Assets	Note	30 June 2019	31 December 2018
Non-current assets			
Intangible assets		4	5
Equipment		28	33
Right-of-use asset	(2)	135	0
Deferred tax assets		0	1
Financial assets		5	5
		172	**44**
Current assets			
Other assets		186	156
Financial assets		28	28
Cash and cash equivalents		1,597	4,290
		1,811	**4,474**
		1,983	**4,518**

Equity and liabilities	Note	30 June 2019	31 December 2018
Equity			
Subscribed capital	(4)	101	10,123
Additional paid-in capital	(4)	144,328	134,266
Accumulated deficit	(4)	-148,738	-146,784
Treasury shares		-200	-201
Equity attributable to owners of the Company		**- 4,509**	**- 2,596**
Non controlling interest		-11	-11
Total equity		**- 4,520**	**- 2,607**
Non-current liabilities			
Financial liabilities	(5)	12	87
Lease liabilities	(2)	89	0
		101	**87**
Current liabilities			
Financial liabilities	(5)	4,700	4,700
Lease liabilities	(2)	46	0
Trade accounts payable		1,056	1,375
Other liabilities		600	963
		6,402	**7,038**
		1,983	**4,518**

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ended 30 June 2019

(in thousands of €)	Note	For the six months ended 30 June 2019	30 June 2018
Other operating income	(9)	274	77
Research and development expenses	(7)	-1,062	-1,189
General and administrative expenses	(8)	-1,238	-1,359
Foreign exchange losses		-2	-2
Loss from operations		-2,028	-2,473
Finance income	(5)	75	59
Finance cost	(5)	0	-1,637
Loss before income tax		-1,953	-4,051
Income tax		-1	0
Net loss		-1,954	-4,051
Other comprehensive income		0	0
Total comprehensive loss		-1,954	-4,051
Net loss attributable to:			
Owners of the Company		-1,954	-4,049
Non-controlling interests		0	-2
		-1,954	-4,051
Total comprehensive loss attributable to:			
Owners of the Company		-1,954	-4,049
Non-controlling interests		0	-2
		-1,954	-4,051
Loss per share in EUR per share (basic and diluted)	(6)	-0.19	-1.70

NOXXON Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2019

(in thousands of €)

	Note	For the six months ended 30 June 2019	30 June 2018
Operating activities			
Net loss before income tax		-1,953	-4,051
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		13	11
Finance income		-75	-59
Finance cost		0	1,637
Employee stock-based compensation		40	292
Other non-cash transactions	(9)	-119	0
Changes in operating assets and liabilities:			
Other current assets and other financial assets		-30	59
Trade accounts payable and other liabilities		-563	354
Net cash used in operating activities		-2,687	-1,757
Investing activities			
Purchase of equipment		-3	-5
Net cash used in investing activities		-3	-5
Financing activities			
Proceeds from issuance of convertible notes and convertible bonds	(4)	0	1,941
Payment of lease liabilities		-4	0
Repurchase of treasury shares		0	-3
Sale of treasury shares		1	0
Net cash used in / provided by financing activities		-3	1,938
Net change in cash and cash equivalents		-2,693	176
Cash at the beginning of period		4,290	622
Cash at the end of the period		1,597	798

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2019

(in thousands of €)		Ordinary Shares			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 2018		2,293,230	2,293	-208	128,523	128,523	-134,520	**-3,912**	-7	**-3,919**
Net loss							-4,049	-4,049	-2	-4,051
Total comprehensive loss							-4,049	-4,049	-2	-4,051
Share-based compensation					292	292		292		292
Capital increases	(4)	833,031	833		2,491	2,491		3,324		3,324
Issuance costs of capital increases	(4)				0	0		0		0
Purchase of treasury shares	(4)			-3	0	0		-3		-3
30 June 2018		3,126,261	3,126	-211	131,306	131,306	-138,569	**-4,348**	**-9**	**-4,357**
1 January 2019		10,122,804	10,123	-201	134,266	134,266	-146,784	**-2,596**	**-11**	**-2,607**
Net loss							-1,954	-1,954	0	-1,954
Total comprehensive loss						0	-1,954	-1,954	0	-1,954
Capital reduction	(4)		-10,022		10,022	10,022		0		0
Share-based compensation					40	40		40		40
Sale of treasury shares	(4)			1		0		1		1
30 June 2019		10,122,804	101	-200	144,328	144,328	-148,738	**-4,509**	**-11**	**-4,520**

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 and a branch office in Berlin, Germany. 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 resulting in NOXXON Pharma AG becoming the German subsidiary of the Company. Effective 30 September 2016, NOXXON Pharma N.V. listed all of its ordinary shares under the symbol “ALNOX” with ISIN NL0012044762 and on 13 July 2017 transferred its ordinary shares to the public offering compartment of the Euronext Growth stock exchange Paris, France. Effective 1 October 2017, NOXXON Pharma N.V. is a management holding providing corporate and administrative services, financial and business advice and asset management to its German subsidiary.

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

The unaudited condensed consolidated interim financial statements of NOXXON Pharma N.V. as of and for the six months ended 30 June 2019 (“interim financial statements”) comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Boston, United States (all entities in the following also the Group).

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 and its second clinical-stage asset, NOX-E36 targeting the innate immune system.

The interim financial statements as of and for the six months ended 30 June 2019 of NOXXON were authorized by the Management Board for issuance on 23 October 2019.

2. Basis of Preparation and Significant Group Accounting Policies

Going Concern

The accompanying 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 2019 the Group incurred a net loss of € 2.0 million. As of 30 June 2019, the Group had generated an accumulated deficit of € 148.7 million as well as a net capital deficiency of € 4.5 million. To finance its research and development activities through 30 June 2019, the Group raised in prior periods funds from several sources including its shareholders through the issuance of equity, venture loans, equity line financing, convertible bonds and government grants.

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 its administrative organization.

Subsequent to 30 June 2019, the Company raised financing in the gross amount totaling € 1.5 million comprising of capital increases through a rights issue amounting to € 0.5 million and a private placement amounting to € 1.0 million (for details we refer to Note 10).

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 € 2.5 million, to provide the Group with sufficient working capital for the twelve months following the date of these interim financial statements.

The Group will be required to raise these additional funds, alternative means of financial support or conduct a partnering deal for one of its product candidates during February 2020 with a cash inflow be available before the end of February 2020 in order to continue its operations. 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 and a past history of timely funding the operations of the Group, management is confident to be able to raise additional capital, preferably in the form of equity or an industrial partnership.

Management has given consideration to the ability of the Group to continue as a going concern and acknowledges the need for additional funds. Based on management's going concern assessment, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties. While management is confident of raising funds, 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. No further financing commitments beyond those disclosed herein were received by the Company as of today.

Statement of compliance

The interim financial statements of NOXXON Pharma N.V. and its subsidiaries as of and for the six months ended 30 June 2019 and 2018 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 consolidated financial statements as at 31 December 2018.

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 2019, 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 2019 and have been applied in preparing these interim consolidated financial statements.

Standard/interpretation	Effective Date
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Improvements to IFRSs 2015-2017 with respect to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
IFRIC 23 Uncertainty over Income tax Treatments	1 January 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1 January 2019

IFRS 16 Leases

Nature of change

IFRS 16 Leases replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises 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 recognition 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.

Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or a change in the lease term.

The Group has applied judgement to determine the lease term for lease contracts in which it is a lessee that include termination options. The assessment of whether the Company is reasonably certain not to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Impact on interim financial statements

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

As of 1 January 2019 the Group did not recognise any new "right-of-use"-assets and related lease liabilities for its leases, because the Group has made use of the practical expedients of IFRS 16 for short remaining term and low value leases. As of 1 January 2019, the Group's future minimum lease payments for such leases amounted to K€ 42 on an undiscounted basis.

During the six months ended 30 June 2019, NOXXON entered into a new lease contract for premises, predominantly office space. This contract runs for an undetermined period of time and can be cancelled by both parties with two months' notice. Based on the consideration of economic disadvantages (i.e. penalties) of cancelling the lease, management expects that it is reasonably certain not to exercise the cancellation option for a term of 36 months (lease term). The incremental borrowing rate is assumed to be 3.82%. As of 30 June 2019, the right-of-use asset and the related lease liability amounted to K€ 135 each.

The other standards, 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 2020.

Standard/interpretation	Effective Date
Amendments References to the Conceptual Framework in IFRS Standards*	1 January 2020
Amendments to IFRS 3 Definition of a Business Amendments to IAS 1, IAS 8 Definition of Material*	1 January 2020
IFRS 17 "Insurance contracts"*	1 January 2021
Amendments to IFRS 10, IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	undetermined

*not yet endorsed by European Union

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 2018 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 income, 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, except for the determination of the lease term (see above), the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

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 2018. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2019.

4. Equity

As of 30 June 2019, the subscribed capital of the Company amounts to K€ 101 and is divided into 10,122,804 ordinary shares with a nominal value of € 0.01 following a capital reduction consummated in the first half of 2019. As of 30 June 2019 and according to the articles of association of the Company, the authorized share capital amounts to K€ 480 divided into 47,950,200 ordinary shares, each share with a nominal value of € 0.01.

All shares are registered shares. No share certificates shall be issued.

The extraordinary general meeting on 2 January 2019 resolved to reduce the nominal value of each share from € 1.00 to € 0.01. The difference between the aggregate nominal value of all issued and fully paid up shares immediately prior to the capital reduction becoming effective and the aggregate nominal value of all issued and fully paid up shares immediately after the capital reduction becoming effective was not to be repaid to the shareholders but to be added to the Company's share premium reserve. As a matter of Dutch statutory law, the effectiveness of such capital reduction was subject to observing a statutory creditor opposition period of two months and conditional upon the execution of a partial amendment of the articles of association of the Company to reflect the reduced nominal value of each share and consequently the reduced authorized share capital as proposed. The Articles of Association of the Company were amended accordingly on 7 March 2019.

As a result of such capital reduction, additional paid-in capital increased by K€ 10,022 and by K€ 40 as a result of share-based compensation (in the six months ended 30 June 2018: K€ 292).

The extraordinary general meeting on 2 January 2019 resolved further to increase the authorised capital of the Company to € 47,950,200, divided into 47,950,200 ordinary shares with a nominal value of € 1.00 each. It further resolved that as per the moment the

Company's issued and paid-up share capital amounts to € 40,000,000 comprised of 40,000,000 ordinary shares, each share having a nominal value of €1.00, the authorised capital of the Company amounts to € 100,000,000 divided into 100,000,000 ordinary shares, each share with a nominal value of € 1.00 (Art. 37 of the Articles of Association).

As a result of the reduction of the nominal value as described above the Articles of Association provide for an authorized share capital in an amount of € 479,502 divided into 47,950,200 ordinary shares, each share with a nominal value of € 0.01. As a further result, Article 37 of the Articles of Association was amended accordingly such that as per the moment the Company's issued and paid-up share capital amounts to € 400,000 comprised of 40 million ordinary shares, each share having a nominal value of € 0.01, the authorised capital of the Company shall automatically increase to € 1,000,000, divided into 100,000,000 ordinary shares.

5. Financial liabilities

In prior years, the Group entered into various financing arrangements in the form of venture loans, equity line financing and convertible bonds, all of which were issued and predominantly converted into equity of the Company prior to 31 December 2018. For further details of the transactions we refer to Notes 8 Equity and Note 11 Financial Liabilities in the consolidated financial statements as of 31 December 2018. For the six months ended 30 June 2019 and 2018, non-cash finance costs of nil and K€ 1,473, respectively, were incurred with respect to the financial instruments in relation to these arrangements. For the six months ended 30 June 2019 and 2018, non-cash finance income of nil and K€ 3 were recognized with respect to the financial instruments in relation to these arrangements.

As of 30 June 2019 and 31 December 2018, 778,008 detachable warrants issued to Kreos, Yorkville and certain other investors, partly in connection with the above mentioned financing arrangements, are outstanding. Based on an option pricing model, the fair value of these warrants outstanding (non-current derivative financial liability) as of 30 June 2019 and 31 December 2018 amounted to K€ 12 and K€ 87, respectively. For the six months ended 30 June 2019 and 2018, non-cash finance income relating to fair value adjustments of warrants outstanding of K€ 75 and K€ 56 were recognized, and non-cash finance costs relating to the recognition of warrants issued and fair value adjustments of warrants outstanding of nil and K€ 164 were incurred, respectively. Events subsequent to the balance sheet date have resulted in an adjustment of the conversation ratios for these warrants, see Note 10 below.

In connection with the warrants issued and outstanding for an equity financing in November 2018 with Acuitas, the current financial liability resulting from the fixed amount payable to Acuitas of € 4.7 million payable in shares on demand as part of the cashless exercise was carried forward from 31 December 2018 to 30 June 2019 and represents also the fair value of that liability as of 30 June 2019 and as of 31 December 2018. Events subsequent to the balance sheet date have reduced this liability, see Note 10 below.

The Acuitas cash exercise option and the NOXXON option are accounted for as a compound derivative that was bifurcated from the host contract (the financial liability payable on demand). Based on an option pricing model, combining the two options, the fair values at issuance and as of 30 June 2019 and 31 December 2018 are K€ 0.

The share capital increase with shareholders' preferential rights announced on 26 June 2019 and completed on 19 July 2019 triggers an anti-dilution protection with respect to the warrants held by Acuitas. As a result, Acuitas is entitled to acquire additional ordinary shares upon the terms applicable to such preferential rights at the time when it exercises

its warrants and acquires ordinary shares. The aggregate preferential rights that Acuitas will receive is linked to the number of ordinary shares Acuitas shall hold upon such exercise of the warrants. As of 30 June 2019, the anti-dilution protection does not result in an additional financial liability to be recognized by NOXXON in its consolidated financial statements. For the six months ended 30 June 2019 no financial income or expense was recognized with respect to this financial liability.

For the six months ended 30 June 2019 and 2018, total finance income (all non-cash) of K€ 75 and K€ 59, respectively as well as total finance cost (all non-cash) of nil and K€ 1,637, respectively was recognized for the financial instruments of the Group.

6. Loss per share

The loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of outstanding ordinary shares (excluding treasury shares).

in thousands of €	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**
Net loss	(1,954)	(4,049)
Weighted number of ordinary shares outstanding	10,057,089	2,386,059
Loss per share, basic and diluted in € per share	**(0.19)**	**(1.70)**

For the purposes of the loss per share calculation no dilutive instruments are taken into account. Share options under the share-based payment plans as well as warrants issued for an equity financing and detachable warrants were excluded because the effect would be anti-dilutive.

7. Research and development expenses

	Six months ended	
in thousands of €	**30 June 2019**	**30 June 2018**
Costs for production of drug substances, service fees and other costs related to clinical trials and preclinical testing	552	540
Personnel expenses	282	391
Patent costs and consulting services	178	222
Other	50	36
Total	**1,062**	**1,189**

The decrease in research and development expenses in the first six months of 2019 compared to the first six months of 2018 is mainly driven by lower personnel expenses, patent costs and consulting services. When share-based payment expenses for the six

months ended 30 June 2019 and 2018 (amounting to K€ 22 and K€ 128, respectively) are removed, the remaining personnel expenses are K€ 260 and K€ 263, respectively.

8. General and administrative expenses

	Six months ended	
in thousands of €	30 June 2019	30 June 2018
Personnel expenses	442	655
Legal, consulting and audit fees	454	356
Public and investor relations and related expenses	187	194
Other	155	154
Total	**1,238**	**1,359**

The decrease in general and administrative expenses in the first six months of 2019 compared to the first six months of 2018 is mainly driven by lower personnel expenses, lower public and investor relation expenses, partly offset by higher legal, consulting and audit fees. When non-cash share-based payment expenses for the six months ended 30 June 2019 and 2018 (amounting to K€ 18 and K€ 164, respectively) are removed, the remaining personnel expenses are K€ 424 and K€ 491, respectively.

9. Related party transactions

Shareholder with significant influence

As of 30 June 2019 und 31 December 2018, the Company had one shareholder with significant influence – Acuitas Capital LLC (Acuitas). Acuitas has been a shareholder since November 2018, holding approx. 27.4% of the ordinary shares reported as of 18 December 2018 (representing approx. 21.6% of the ordinary shares after the capital increases subsequent to the balance sheet date as described in Note 10 below).

Management Board

The members of the Management Board:

Dr. Aram Mangasarian
Chief Executive Officer

Supervisory Board

The members of the Supervisory Board:

Dr. J. Donald deBethizy

Chairman of the Supervisory Board (until 3 May 2019)
Consultant, Frederiksberg, Denmark

Dr. Maurizio PetitBon
Chairman of the Supervisory Board (since 3 May 2019), Vice-Chairman of the Supervisory Board (until 3 May 2019),
General Partner of Kreos Capital, London, Great Britain

Dr. Hubert Birner (until 25 June 2019)
Managing Partner of TVM Capital GmbH, Munich

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

Dr. Walter Wenninger (until 25 June 2019)
Consultant, Köln

The number of members of the Supervisory Board was reduced to align it to the needs of the Company.

Other transactions

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

Remuneration

The principles and policies of the remuneration are described in the Company's consolidated financial statements for the year ended 31 December 2018.

For the six months ended 30 June 2019 and 2018, the short-term employee benefits for the key management personnel (management board and chief medical officer on consultancy basis) comprise fixed and variable compensation K€ 298 (thereof accrued expenses K€ 83) and K€ 373, respectively. As of 30 June 2019, the number of issued and outstanding options for key management personnel under the 2016 Stock Option and Incentive Plan (SOIP) was 56,404 with a weighted average exercise price of € 10.81. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 34 and K€ 158, respectively. Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to nil in both periods. Thus, the total compensation for the key management personnel for the six months ended 30 June 2019 and 2018 was K€ 332 and K€ 531, respectively.

In the six months ended 30 June 2019 and 2018, the remuneration for the supervisory board amounted to K€ 56 (thereof accrued expenses K€ 56), and K€ 65, respectively. As of 30 June 2019 and 30 June 2018, the number of issued and outstanding options for the supervisory board under the SOIP was 25,978 and 28,714 with a weighted average exercise price of € 9.38 and € 9.60, respectively. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 1 and K€ 51, respectively. Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to nil in both periods. Thus, the total compensation for the supervisory board members for the six months ended 30 June 2019 and 2018, was K€ 57 and K€ 116, respectively.

Prior to 30 June 2019, management board and supervisory board members partially waived their receivables with respect to management and supervisory board remuneration due from the Group totaling K€ 119. The Group derecognized the liabilities to other operating income.

10. Events after the balance sheet date

On 19 July 2019, NOXXON completed a capital increase and raised an amount of K€ 521 by issuing 801,494 ordinary shares at a price of € 0.65 per share.

On 15 August 2019, NOXXON completed a capital increase of € 1 million through a private placement of 1,960,780 ordinary shares for a price of € 0.51 per share. The price agreed with investors of € 0.51 per share represented a 10% discount on the average closing price of the shares over the seven trading days from 24 July to 1 August 2019. This capital increase triggers anti-dilution protection with respect to the detachable warrants issued to Kreos, Yorkville and certain other investors. The conversation ratio is adjusted to protect the holders of the warrants against dilution making the effective exercise price € 0.61. In addition, this capital increase triggers a reduction of the exercise price of warrants held by Acuitas to protect against dilution. With the adjustment of the exercise price of the Acuitas warrants to € 0.51, pursuant to the warrant agreement, the fair value of the liability linked to the cashless exercise of the Acuitas warrants is reduced from approx. € 4.7 million to approx. € 1.7 million.

As a result of the capital increases described above, the number of ordinary shares increased subsequent to 30 June 2019 from 10,122,804 by 2,762,274 to 12,885,078 ordinary shares. Both capital increases were completed without issuance of warrants.

On 9 October 2019, the Company granted 466,369 time-based options to members of the Management Board, the Supervisory Board, employees and other key management personnel under the 2016 Stock Option and Incentive Plan. Furthermore, the Company increased the number of performance-based stock options to other key management personnel from 20,510 to 101,228 options. Of these performance-based options, 20,068 were granted on 9 October 2019 to other key management personnel.

Amsterdam, 23 October 2019

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 2019. The interim financial statements of the Group as of 30 June 2019 have been prepared by the Management as a going concern regarding assumptions and hypothesis mentioned in the Note 2 "Going concern" of the interim financial statements.

Business Highlights

The Group has been focused on clinical trials combining NOX A12, its anti-CXCL12 agent, in two distinct therapeutic combinations: NOX-A12 + immunotherapy (anti-PD1 checkpoint inhibitors) and NOX-A12 + radiotherapy. Each combination approach has a different underlying rationale and mechanism of action.

The combination of NOX-A12 + immunotherapy has been tested in a Phase 1/2 trial in patients with metastatic pancreatic and colorectal cancer who had failed standard therapy. Both the NOX-A12 mechanistic data as well as the overall survival figures observed following treatment with the combination of NOX-A12 and anti-PD1 have been highly encouraging for the patient population tested in this study. Three patients (15% of the total) all with advanced metastatic disease, including metastases in the liver, whose cancer was progressing rapidly at time of trial entry have survived for more than one year.

The combination approach of NOX-A12 + radiotherapy is now being tested in a Phase 1/2 trial in newly diagnosed patients with aggressive brain cancer (glioblastoma) who would not benefit from standard of care chemotherapy care and whose tumor cannot be fully resected by surgery.

Partnering discussions resulted in one of the top-10 global pharmaceutical companies initiating an experimental preclinical evaluation of NOX-A12 in a new indication. The indication is a serious disease with significant unmet medical need whose market has been valued at more than a billion Euros.

On the financing front the Group did not raise additional financing during the reporting period. €1.5 million were raised in capital increases after the balance sheet date.

Business Highlights during First Half-Year of 2019

- February 2019 - Aachen University Hospital researchers published work showing that blocking the recruitment of macrophages in the liver with an anti-CCL2 molecule such as NOX-E36 is a promising mechanism for the treatment of liver cancer. This is the second solid tumor for which monotherapy activity of mNOX-E36 has been demonstrated.

- February 2019 - the Group filed the clinical trial application (CTA) with the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte, BfArM*), to start a Phase 1/2 clinical trial combining NOX-A12 with radiotherapy to treat newly diagnosed brain cancer patients who would not benefit from the current standard of care and whose tumor cannot be fully resected by surgery.

- April 2019 - an update of clinical results from the Phase 1/2 study of NOX-A12 in combination with Keytruda® (pembrolizumab) in patients with microsatellite-stable, metastatic pancreatic and colorectal cancer was presented at the American Association for Cancer Research (AACR) Annual Meeting. The data confirmed that NOX-A12 is safe and well-tolerated in advanced cancer patients both as monotherapy and in combination with Merck and Co./MSD's anti-PD1 antibody Keytruda®/pembrolizumab. The combination of NOX-A12 and pembrolizumab induced stable disease in 25% of patients and prolonged time on treatment vs. prior therapy for 35% of patients. Overall survival figures were very encouraging for this patient population.

- June 2019 - a top-10 pharmaceutical company signed an agreement with the Group for the purpose of evaluating NOX-A12 in a new indication. The pharmaceutical company, which will fund and conduct preclinical studies to assess NOX-A12 in an indication which is a serious disease with significant unmet medical need. The market for this indication has been valued at more than a billion Euros. The studies are anticipated to be completed in Q2-2020, after which the parties may enter negotiations for rights to NOX-A12.

Business Highlights After 30 June 2019

- July and August 2019 - the Group raised €1.5 million though two capital increases.

- September 2019 – the Group initiated recruitment of newly diagnosed brain cancer patients in a Phase 1/2 clinical trial combining NOX-A12 with radiotherapy.

- September 2019 – the Group presented more mature top-line data from the NOX-A12 clinical trial in metastatic microsatellite stable pancreatic and colorectal cancer patients at the European Society of Clinical Oncology Meeting. Three patients (15% of the total) now show overall survival superior to one year, despite having failed at least three prior lines of therapy and showing rapid cancer progression on their last therapy just prior to entering the NOX-A12 trial. This data provides further support to the concept that the combination of NOX-A12 + anti-PD1 immunotherapy is able to modify the biology of the tumor in a manner beneficial for the patient.

- October 2019 – the Group announced that the first brain cancer patient had been treated in the Phase 1/2 clinical trial combining the CXCL12 inhibitor NOX-A12 with radiotherapy.

Outlook

The Group has published more mature data from the NOX-A12 clinical trial in metastatic microsatellite stable pancreatic and colorectal cancer patients in September 2019 and believes that further clinical trials are warranted. The goal of the Group is to find industrial partners that will provide anti-PD1 therapy and financial support to conduct a trial. While we remain confident that such a partnership is achievable, it is taking longer than anticipated and some of the discussions have not moved forward as hoped, in particular with regards financial support of further trials. The Group has thus broadened the range of potential industrial partners in discussions.

The Group has initiated the 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's partnering goal for this combination is identification of industrial partners that will finance additional clinical trials in brain cancer and other indications where radiotherapy is core to the standard of care. The Group anticipates that at least partial top-line clinical data from this trial will be required to close a partnership in this area.

The Group is encouraged by the support of the neuro-oncology community and the strong pull exerted to test NOX-A12 + radiotherapy in the brain cancer setting. The Group is supporting US-based university consortia seeking their own funding to test NOX-A12 combined with radiotherapy in adult and pediatric brain cancers. For the clinical trials to proceed, should university consortia be successful in raising funds, NOXXON would need to make the decision to manufacture and supply NOX-A12.

The ongoing evaluation by a leading international pharmaceutical company of NOX-A12 in a new indication has created a potentially significant opportunity for the Group. It is anticipated that the preclinical work and analysis of the results will be completed in Q2-2020, after which the parties may enter negotiations for rights to NOX-A12.

The Group continues to evaluate other indications and therapeutic combinations in which to test NOX-A12 and NOX-E36 as well as 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 2019 and the First Half-Year 2018

Revenues

For the reporting period, the Group has not generated any revenues. The Group does not expect to generate any revenues from any product candidates that it develops until the Group either signs a licensing agreement or obtains regulatory approval and commercializes its products or enters into collaborative agreements with third parties.

Other operating income

Other operating income increased 256% from €77 thousand in the first half-year of 2018 to € 274 thousand in the first half-year of 2019. This increase was mainly due to the sale of raw materials and a partial waiver of management and supervisory board members concerning their receivables from remuneration due from the Group in 2019 which generated higher other operating income than the sale of assets held for sale in the first half of 2018.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's 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 11% from €1,189 thousand in the first half-year of 2018 to €1,062 thousand in the first half-year of 2019. The decrease in research and development expenses in the first half-year of 2019 compared to the first half-year of 2018 is mainly driven by lower personnel expenses, patent costs and consulting services. When share-based payment expenses for the half-year of 30 June 2019 and 2018 (amounting to €22 thousand and €128 thousand, respectively) are removed, the remaining personnel expenses are €260 thousand and €263 thousand, respectively.

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 and other general and administrative functions. 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 9% from €1,359 thousand in the first half-year of 2018 to €1,238 thousand in the first half-year of 2019. This decrease in general and administrative expenses is mainly driven by lower personnel expenses, lower public and investor relation expenses, partly offset by higher legal, consulting and audit fees. When non-cash share-based payment expenses for the first half-year of 30 June 2019 and 2018 (amounting to €18 thousand and €164 thousand, respectively) are removed, the remaining personnel expenses are €424 thousand and €491 thousand, respectively.

Foreign exchange losses

Foreign exchange losses are at par in the amount of €2 thousand in the first half-year of 2018 and in the first half-year of 2019 as a result of unchanged volume of purchases denominated in currencies other than Euro in the first half-year of 2019.

Finance income

Finance income increased 27% from €59 thousand in the first half-year of 2018 to €75 thousand in the first half-year of 2019. Finance income in the first half-year 2018 and in the first half-year 2019 relates to the fair value adjustments of warrants issued and outstanding.

The finance income in the first half-year 2019 and in the first half-year 2018 is non-cash finance income.

Finance cost

Finance cost decreased 100% from €1,637 thousand in the first half-year 2018 to nil in the first half-year 2019. Finance cost in the first half-year of 2018 relates to the Yorkville equity line financing and includes the consideration incurred in connection with the amendment of the Issuance Agreement with Yorkville, the conversions of outstanding notes in equity as well as the issuance of notes and the recognition of warrants.

Finance cost in the first half-year 2018 is non-cash finance cost.

Loss before income tax

As a result of the above factors, the Group’s loss before income tax decreased by 52% from €4,051 thousand in the first half-year of 2018 to €1,953 thousand in the first half-year of 2019.

Income Tax

Income tax was nil in the first half-year of 2018 and €1 thousand in the first half-year of 2019, respectively.

Consolidated Statements of Financial Position

Assets

The Group's total non-current assets include intangible assets, equipment, right-of-use assets for property, deferred tax assets and financial assets. Total non-current assets increased from €44 thousand as of 31 December 2018 to €172 thousand as of 30 June 2019. This increase is mainly due to the recognition of a right-of-use asset resulting from a new lease contract predominantly for office space in the first half-year 2019 amounting to €135 thousand.

The Group's total current assets consist of its cash and cash equivalents in cash balances, other assets and financial assets. Financial assets consist of the invested interest-bearing rental deposits related to the Group's lease agreements. Other assets correspond to prepaid expenses for insurance and service contracts, the Group's liquidity account and claims against local tax authorities for value added tax (VAT) on supplies and services received.

The movements in total current assets from 31 December 2018 to 30 June 2019 primarily relate to a decrease in cash and cash equivalents by €2,693 thousand from €4,290 thousand to €1,597 thousand as a result of the continued research and development activities as well as general and administrative expenses and an increase of other assets by €30 thousand mainly in relation to higher prepaid expenses and VAT receivables, partly offset by lower other receivables.

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 2018 to 30 June 2019 was mainly due to the effects of a capital reduction executed in the first half-year 2019 and the net loss incurred for the first half of 2019. As a result of the resolved capital reduction, an amount of €10,022 thousand was reclassified from subscribed capital to additional paid-in capital (we refer to Note 4 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.). Further increases in additional paid-in capital of €40 thousand result from share based payments.

The total equity as of 30 June 2019 amounted to a negative equity of €4,520 thousand compared to a negative equity of €2,607 thousand as of 31 December 2018.

Liabilities

Non-current financial liabilities increased from €87 thousand as of 31 December 2018 to €101 thousand as of 30 June 2019 as a result of the recognition of lease liabilities in conjunction with the recognition of a right-of-use asset, partly offset by fair value adjustments of detachable warrants issued and outstanding.

Current financial liabilities resulting from the cashless exercise option of the Acuitas warrants issued in November 2018 remain unchanged with an amount of €4,700 thousand as of 31 December 2018 and as of 30 June 2019, respectively. Events subsequent to the balance sheet date have led to an adjustment of the exercise price of the Acuitas warrants resulting in a reduction of the fair value of those warrants and the related financial liability to approx. € 1.7 million.

Trade accounts payable of €1,375 thousand as of 31 December 2018 compared to €1,056 thousand as of 30 June 2019 are in the course of the normal research and development

activities. Other liabilities decreased from €963 thousand as of 31 December 2018 to €600 thousand as of 30 June 2019 and lease liabilities increased from nil as of 31 December 2018 to €46 thousand as of 30 June 2019. The movements in trade accounts payable and other liabilities in the first half-year of 2019 also include the derecognition of liabilities as a result of a partial waiver of management and supervisory board members concerning their receivables from remuneration due from the Group.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2019

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2019 we refer to Note 2 and Note 10 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 in the first half year of 2018 from several sources including its shareholders through the issuance of convertible notes and convertible bonds.

Net cash used in operating activities

Net cash used in operating activities reflects the Group's net loss before income tax for the period adjusted for, among other things, depreciation and amortization expense, finance income and finance cost, employee stock-based compensation, other non-cash transactions 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 increase in net cash used in operating activities from €1,757 thousand in the first half-year 2018 to €2,687 thousand in the first half-year 2019 was mainly a result of a decrease in trade accounts payable and other liabilities, partly offset by a reduced loss from operations.

Net cash used in investing activities

The decrease in net cash used in investing activities results from purchase of equipment amounting to €5 thousand in the first half-year of 2018 compared to €3 thousand in the first half-year of 2019.

Net cash used in / provided by financing activities

The decrease in net cash provided by financing activities from €1,938 thousand in the first half-year of 2018 to net cash used of €3 thousand in the first half-year of 2019 was mainly due to the fact that no financing transaction concluded in the first half-year of 2019 and the presentation of payments of lease liabilities recognized in accordance with IFRS 16 in cash flows used in financing activities.

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 20 of the consolidated statements of financial position as of 31 December 2018 of NOXXON Pharma N.V. and Note 9 of the condensed consolidated interim financial statements as of 30 June 2019 of NOXXON Pharma N.V.

Risk Factors

Risk factors are similar to those presented in Section Significant risks and uncertainties of the Management Report of the Annual Report 2018 (pages 18 to 27) and did not change significantly during the first half-year of 2019. 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 19 of the consolidated statements of financial position as of 31 December 2018 of NOXXON Pharma N.V.

Declaration by the Person Responsible for 2019 Half-Year Financial Report

"I declare that, to the best of my knowledge, the condensed consolidated interim financial statements as of 30 June 2019 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, 23 October 2019

NOXXON Pharma N.V.

Dr. Aram Mangasarian, CEO