NOXXON Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report 2020
30 June 2020

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 2020

Condensed consolidated interim statements of financial position as of 30 June 2020

Condensed consolidated interim statements of comprehensive loss for the six-month period ended 30 June 2020

Condensed consolidated interim cash-flow statements for the six-month period ended 30 June 2020

Condensed consolidated interim statements of changes in shareholder's equity for the six-month period ended 30 June 2020

Notes to the condensed consolidated interim financial statements as of 30 June 2020

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Financial Position as of 30 June 2020

(in thousands of €)

Assets	Note	30 June 2020	31 December 2019
Non-current assets			
Intangible assets		4	4
Equipment		33	30
Right-of-use assets		89	112
Financial assets		5	5
		131	**151**
Current assets			
Other assets		109	168
Financial assets	(4)	4,528	28
Cash and cash equivalents		6,171	1,385
		10,808	**1,581**
		10,939	**1,732**

Equity and liabilities	Note	30 June 2020	31 December 2019
Equity			
Subscribed capital	(5)	399	131
Additional paid-in capital	(5)	161,761	145,860
Accumulated deficit	(5)	-153,568	-147,645
Treasury shares		-202	-189
Equity attributable to owners of the Company		**8,390**	**- 1,843**
Non controlling interest		-11	-11
Total equity		**8,379**	**- 1,854**
Non-current liabilities			
Financial liabilities	(7)	57	15
Lease liabilities		45	69
		102	**84**
Current liabilities			
Financial liabilities	(7)	506	1,598
Lease liabilities		47	45
Trade accounts payable		1,070	1,196
Other liabilities		835	663
		2,458	**3,502**
		10,939	**1,732**

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ended 30 June 2020

(in thousands of €)	Note	For the six months ended 30 June 2020	30 June 2019
Other operating income		33	274
Research and development expenses	(9)	-942	-1,062
General and administrative expenses	(10)	-988	-1,238
Foreign exchange losses		-7	-2
Loss from operations		-1,904	-2,028
Finance income	(7)	154	75
Finance cost	(7)	-4,173	0
Loss before income tax		-5,923	-1,953
Income tax		0	-1
Net loss		-5,923	-1,954
Other comprehensive income		0	0
Total comprehensive loss		-5,923	-1,954
Net loss attributable to:			
Owners of the Company		-5,923	-1,954
Non-controlling interests		0	0
		-5,923	-1,954
Total comprehensive loss attributable to:			
Owners of the Company		-5,923	-1,954
Non-controlling interests			0
		-5,923	-1,954
Loss per share in EUR per share (basic and diluted)	(8)	-0.26	-0.19

NOXXON Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2020

(in thousands of €)

	Note	For the six months ended 30 June 2020	30 June 2019
Operating activities			
Net loss before income tax		-5,923	-1,953
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		30	13
Finance income		-154	-75
Finance cost		4,173	0
Share-based compensation	(6)	48	40
Other non-cash transactions		0	-119
Changes in operating assets and liabilities:			
Other current assets and other financial assets		59	-30
Trade accounts payable and other liabilities		-44	-563
Net cash used in operating activities		-1,811	-2,687
Investing activities			
Purchase of equipment		-10	-3
Cash paid for investments in current financial assets	(4)	-4,500	0
Net cash used in investing activities		-4,510	-3
Financing activities			
Proceeds from issuance of shares	(5)	8,797	0
Transaction costs for issuance of shares		-99	0
Proceeds from issuance of convertible bonds	(7)	2,534	0
Transaction costs for issuance of convertible bonds		-88	0
Payment of lease liabilities		-22	-4
Purchase of treasury shares		-13	0
Sale of treasury shares		0	1
Interest paid		-2	0
Net cash provided by / used in financing activities		11,107	-3
Net change in cash and cash equivalents		4,786	-2,693
Cash at the beginning of period		1,385	4,290
Cash at the end of the period		6,171	1,597

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2020

(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 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							-1,954	-1,954	0	-1,954
Capital reduction			-10,022		10,022	10,022		0		0
Share-based compensation					40	40		40		40
Sale of treasury shares				1		0		1		1
30 June 2019		10,122,804	101	-200	144,328	144,328	-148,738	**-4,509**	**-11**	**-4,520**
1 January 2020		13,102,464	131	-189	145,860	145,860	-147,645	**-1,843**	**-11**	**-1,854**
Net loss						0	-5,923	-5,923	0	-5,923
Total comprehensive loss						0	-5,923	-5,923	0	-5,923
Share-based compensation	(6)				48	48		48		48
Capital increases (private placements)	(5)	14,990,094	150		7,652	7,652		7,802		7,802
Issuance costs of capital increases (private placements)					-480	-480		-480		-480
Capital increases as a result from warrant exercises (Acuitas)	(5)	3,532,362	35		2,428	2,428		2,463		2,463
Capital increases as a result from warrant exercises (Yorkville)	(5)	3,243,111	32		2,281	2,281		2,313		2,313
Capital increases as a result of bond conversions	(5)	5,069,388	51		3,984	3,984		4,035		4,035
Issuance costs of capital increases resulting from warrant exercises and bond conversions					-12	-12		-12		-12
Purchase of treasury shares	(5)			-13		0		-13		-13
30 June 2020		39,937,419	399	-202	161,761	161,761	-153,568	**8,390**	**-11**	**8,379**

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 an office in Berlin, Germany. The Company's ordinary shares are listed under the symbol "ALNOX" with ISIN NL0012044762 on the public offering compartment of the Euronext Growth stock exchange Paris, France. NOXXON Pharma N.V. is a management holding providing corporate and administrative services, financial and business advice and asset management to its German subsidiary NOXXON Pharma AG.

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 2020 ("interim financial statements") comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Wilmington, DE, 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.

The interim financial statements as of and for the six months ended 30 June 2020 of NOXXON were authorized by the Management Board for issuance on 28 October 2020.

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 2020 the Group incurred a net loss of € 5.9 million (thereof loss from operations amounting to € 1.9 million, resulting in an operating cash outflow of € 1.8 million). As of 30 June 2020, the Group had generated an accumulated deficit of € 153.6 million. The equity position of the Group amounts to € 8.4 million. To finance its research and development activities through 30 June 2020, 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. Considering cash and cash equivalents as well as financial assets as of 30 June 2020 of € 10.7 million and available, secured financing of € 11.5 million (nominal) as well as a subsequent amendment to this financing agreement increasing its capacity by an additional € 4.7 million (nominal), drawable at the Company's discretion and subject to customary conditions being met (see Notes 7 and 12), cash reach of NOXXON will be into the 1st quarter of 2022.

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 2020, the Company has drawn further tranches under the convertible bond agreement of € 0.95 million (nominal) together (for details we refer to Notes 7 and 12).

According to its most recent business planning, the Group will be required to raise additional funds, alternative means of financial support or conduct a partnering deal for one of its product candidates by the 1st quarter 2022 in order to fully execute on its plans. 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.

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.

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 2020 and 2019 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 2019.

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 2020, 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 2020 and have been applied in preparing these interim consolidated financial statements.

Standard/interpretation	Effective Date
Amendments References to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3 Amendment Definition of a business	1 January 2020
IAS 1 Amendment, IAS 8 Amendment: Definition of material	1 January 2020
Amendment to IFRS 9, IAS 39 and IFRS 7 Interest Rate benchmark Reform	1 January 2020

The 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 June 2020.

Standard/interpretation	Effective Date
IFRS 16 Amendments Covid-19 related rent concessions	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2*	1 January 2021
IFRS 4 Amendments – deferral of IFRS 9*	1 January 2021
IFRS 3 Amendments Reference to the Conceptual Framework*	1 January 2022
IAS 37 Amendments Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Improvements to IFRS 2018 – 2020 (IFRS 1, IFRS 9, IAS 41, IFRS 16)*	1 January 2022
IAS 16 Amendments Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
IAS 1 Amendments Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17 “Insurance Contracts”*	1 January 2023
IFRS 17 Amendments Insurance Contracts*	1 January 2023
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 2019 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 the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

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 2019. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2020, other than those described in Note 7 below.

The COVID-19 outbreak had no impact on the interim financial reporting and is expected to have no adverse impact on the business situation and the financials in the second half year of 2020. For details concerning the impact of the COVID-19 outbreak we refer to the Business Highlights presented in the Management and Activity Report of this Half-Year Financial Report.

4. Financial assets

Current financial assets of € 4.5 million purchased in the first half year of 2020 comprise fixed-term bank deposits with original terms of three up to twelve months that are held-to-maturity. These deposits are subject to variable interest rates. The carrying amount of the financial assets is a reasonable approximation of the fair value.

5. Equity

As of 30 June 2020, the subscribed capital of the Company amounts to K€ 399 and is divided into 39,937,419 ordinary shares with a nominal value of € 0.01. As of 30 June 2020 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.

During the first six months of 2020, the Company issued an aggregate of 26,834,955 ordinary shares and raised €11.1 million net cash in connection with the following financing transactions:

- Issuance of 14,990,094 ordinary shares in a series of private placements at a price of € 0.51 and € 0.58 against contribution in cash (cash inflow of K€ 7,482 as consideration received for ordinary shares),

- Issuance of 3,532,362 ordinary shares to Acuitas through the cashless exercise of all remaining warrants outstanding,
- Issuance of 3,243,111 ordinary shares to Yorkville through the exercise of 600,959 warrants (cash inflow of K€ 1,315 as consideration received for ordinary shares), and
- Issuance of 5,069,388 ordinary shares against conversion of 2,307 convertible bonds with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 268 and additional paid-in capital of K€ 16,345 were recognized less issuance costs of K€ 492.

Further, share-based compensation of K€ 48 in the first six months of 2020 were recorded in additional paid-in capital.

As of 30 June 2020, the Company held 87,781 (31 December 2019: 49,540) ordinary shares as treasury shares.

The extraordinary general meeting on 2 January 2019 approved resolutions increasing the authorized share capital, adjusting the automatic increase in authorized capital, reducing the nominal value per share from €1 to €0.01 and amending the articles of association accordingly. In consequence, Article 37 of the Articles of Association was amended 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 from € 479,502 divided into 47,950,200 ordinary shares to € 1,000,000, divided into 100,000,000 ordinary shares.

For transactions subsequent to the balance sheet date impacting equity we refer to Note 12.

6. Share-based compensation

Under the 2016 Stock option and incentive plan ("SOIP"), the Company granted 30,300 stock options on 14 January 2020 and 468,834 stock options on 30 June 2020 to members of the Management Board, Supervisory Board and employees.

The movements in the number of time-based stock options outstanding and their related weighted average exercise prices (in €) are as follows:

	Six months June 2020		**31 December 2019**	
	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options
Outstanding at 1 January	€ 2.78	589,836	€ 10.85	129,624
Granted during the period	€ 0.65	499,134	€ 0.65	466,369
Forfeited during the period	€ 11.70	5,468	€ 11.70	6,157
Outstanding at 30 June	**€ 1.75**	**1,083,502**	**€ 2.78**	**589,836**

In the table above, time-based stock options are presented as granted in the period that the service commencement and expense recognition have started. As of 30 June 2020, 109,657 of the outstanding stock options are vested and exercisable (31 December 2019: 115,125 stock options), thereof 87,783 stock options with an exercise price of € 11.70 are exercisable and 15,040 stock options with an exercise price of € 6.80 (31 December 2019: 100,085 stock options with an exercise price of € 11.70 are exercisable and 15,040 stock options with an exercise price of € 6.80). No stock options have been exercised during the period.

The total number of time-based options outstanding of 1,083,502 have a range of exercise prices between € 0.65 and € 11.70 and expire between 30 June 2020 and 30 June 2030.

In determining the fair values of its listed ordinary shares as of each grant date, the published share price at closing for NOXXON's ordinary shares at the Euronext Growth stock exchange was used. The fair value of the stock options issued was calculated using a Black Scholes option valuation model.

Measurement parameters for the stock options granted are summarized below:

	14 Jan 2020	30 Jun 2020
Share price (in €)	0.60	0.57
Option exercise price (in €)	0.65	0.65
Volatility	72%	114%
Expected life	10.0 years	10.0 years
Dividend yield	0.00%	0.00%
Risk-free rate	-0.18%	-0.50%
Fair value per option (in €)	0.44	0.53

The fair value of the time-based stock options granted is expensed based on a graded vesting schedule. During the six months ended 30 June 2020 and 2019, the total share-based payment expense recognized for the stock options issued under the SOIP amounted to K€ 48 and K€ 40, respectively.

7. Financial liabilities

As of 30 June 2020 and 31 December 2019, 177,049 and 778,008 detachable warrants, respectively, issued to Kreos, Yorkville and certain other investors, partly in connection with already lapsed or repaid financing arrangements, are outstanding. Based on an option pricing model, the fair value of these warrants outstanding (current and non-current derivative financial liabilities) as of 30 June 2020 and 31 December 2019 amounted to K€ 60 and K€ 15, respectively. For the six months ended 30 June 2020, non-cash finance costs of K€ 46 and for the six months ended 30 June 2019, non-cash finance income relating to fair value adjustments of warrants outstanding of K€ 75 were recognized. For the six months ended 30 June 2020 and 2019, non-cash finance costs relating to the conversion into equity of 600,959 warrants exercised of K€ 998 and nil were recognized, respectively.

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 € 1.6 million payable in shares on demand as part of the cashless exercise carried forward from 31 December 2019 was fully converted into ordinary shares of the Company, when Acuitas exercised all of its warrants prior to 30 June 2020. For the six months ended 30 June 2020 and 2019, non-cash finance costs relating to the conversion into equity of warrants exercised of K€ 878 and nil were recognized, respectively.

In April 2020, the Company entered into a convertible bonds financing with Atlas Special Opportunities, LLC (ASO). The Company will have access to capital of up to € 14.2 million (nominal) in twenty-one tranches plus additional tranches for the drug manufacturing by issuing convertible bonds to ASO, drawable at the Company's discretion and subject to customary conditions being met. The first tranche with a nominal value of € 1.3 million

may be followed by up to twenty further tranches, each of a nominal value of K€ 475. Drug manufacturing tranches in a total nominal amount of € 3.4 million may be drawn during the term of this agreement upon certain milestones being achieved in the brain cancer clinical trial. The Company has exercised its right to the first tranche of funding immediately upon signing and has drawn further tranches of € 1.4 million in three tranches. The remaining convertible bonds can be issued by the Company in compliance with the agreement.

The terms of the convertible bonds are identical for all tranches. The convertible bonds have a nominal amount of € 1,000 each and are issued at a subscription price of € 930. They are freely transferable and do not bear interest. Upon the issuance of each tranche, the Group is obliged to pay a transaction fee of 2% of the cash actually received of the respective tranche. The convertible bonds are convertible into ordinary shares at any time at the holder's request and accordingly, represent a financial instrument payable on demand. The Company has a choice to settle in cash or in shares, or a combination thereof. The number of ordinary shares that the Company can issue to the holder upon such conversion is equal to the nominal amount of the convertible bonds converted divided by the conversion price, which for each tranche is the average of the three lowest days volume-weighted average price (VWAP) of an ordinary share of NOXXON on Euronext Growth in the relevant "pricing period" of 10 consecutive trading days prior to the conversion date. Only Eligible Days, which means any trading day during the pricing period other than a trading day on which the subscriber has sold more than twenty percent (20%) of the daily volume in the market, may be selected for the calculation. If there are not three Eligible Days, then the VWAP over the 10-day pricing period is applied. As a result, the number of shares to be issued is variable and the conversion right embedded in the convertible bonds is considered a derivative financial liability to be bifurcated. Further embedded derivative instruments relate to NOXXON's redemption right and the commitment of ASO to provide tranches of convertible bonds at predetermined terms. Because all three derivative financial instruments depend on the variability of NOXXON's share price and are interdependent, they are bifurcated, recognized and measured as one compound derivate financial instrument.

Of the 2,774 convertible bonds issued in the first half of 2020, totaling drawn tranches of convertible bonds in the nominal amount of € 2.8 million, ASO converted 2,307 bonds against issuance of 5,069,388 ordinary shares of the Company until 30 June 2020. As of 30 June 2020, the fair value of the convertible bonds outstanding (current financial liabilities) amounted to K€ 467, reflecting the amount repayable on demand. The fair value of the bifurcated compound embedded derivative (current derivative financial liability) as of 30 June 2020 amounted to K€ 36 (measured at level 2). In connection with the convertible bonds financing, total finance income (all non-cash) of K€ 142 as well as total finance cost (all non-cash, except for transaction costs of K€ 103 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 2,249 was recognized for the six months ended 30 June 2020.

For the six months ended 30 June 2020 and 2019, total finance income (all non-cash) of K€ 154 and K€ 75, respectively as well as total finance cost (all non-cash, except K€ 105) of K€ 4,173 and nil, respectively was recognized for the financial instruments and interest paid relating to leases of the Group.

8. 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 2020**	**Six months ended 30 June 2019**
Net loss	(5,923)	(1,954)
Weighted number of ordinary shares outstanding	22,918,694	10,057,089
Loss per share, basic and diluted in € per share	**(0.26)**	**(0.19)**

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 convertible bonds and warrants outstanding were excluded because the effect would be anti-dilutive.

9. Research and development expenses

	Six months ended	
in thousands of €	**30 June 2020**	**30 June 2019**
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	424	552
Personnel expenses	318	282
Patent costs and consulting services	155	178
Other	45	50
Total	**942**	**1,062**

The decrease in research and development expenses in the first six months of 2020 compared to the first six months of 2019 is mainly driven by lower costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, patent costs and consulting services, partly offset by higher personnel expenses. When share-based payment expenses for the six months ended 30 June 2020 and 2019 (amounting to K€ 15 and K€ 22, respectively) are excluded, the remaining personnel expenses are K€ 303 and K€ 260, respectively.

10. General and administrative expenses

in thousands of €	Six months ended 30 June 2020	30 June 2019
Personnel expenses	528	442
Legal, consulting and audit fees	298	454
Public and investor relations and related expenses	61	187
Other	101	155
Total	**988**	**1,238**

The decrease in general and administrative expenses in the first six months of 2020 compared to the first six months of 2019 is mainly driven by lower legal, consulting and audit fees, lower public and investor relations and related expenses as well as lower other expenses, partly offset by higher personnel expenses. When non-cash share-based payment expenses for the six months ended 30 June 2020 and 2019 (amounting to K€ 33 and K€ 18, respectively) are excluded, the remaining personnel expenses are K€ 495 and K€ 424, respectively.

11. Related party transactions

Shareholder with significant influence

As of 30 June 2020, the Company had no shareholder with significant influence. As of 31 December 2019, 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. 22.9% of the ordinary shares after the capital increases in 2019. Although a confirmation of shareholding as of 31 December 2019 from Acuitas was requested, no information was provided. After capital increases in the six months ended 30 June 2020, the shareholding has decreased below the threshold of 20%.

Management Board

The sole member of the Management Board is:

Dr. Aram Mangasarian
Chief Executive Officer

Supervisory Board

The members of the Supervisory Board:

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. J. Donald deBethizy
Chairman of the Supervisory Board (until 3 May 2019)
Consultant, Frederiksberg, Denmark

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

Dr. C.A. (Oscar) Izeboud
CEO of Scenic Biotech BV, Amsterdam (since 30 June 2020)

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

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

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 2019.

For the six months ended 30 June 2020 and 2019, the short-term employee benefits for the key management personnel (management board and senior medical advisor on consultancy basis) comprise fixed and variable compensation of K€ 295 (thereof accrued expenses K€ 139) and K€ 298, respectively.

On 30 June 2020, the Company granted 131,674 stock options under the SOIP to the member of the Management Board with an exercise price of € 0.65. As of 30 June 2020 and 30 June 2019, the number of issued and outstanding options for key management personnel under the 2016 Stock Option and Incentive Plan (SOIP) was 433,493 and 56,404 with a weighted average exercise price of € 1.97 and € 10.81, respectively. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 19 and K€ 34, 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 2020 and 2019 was K€ 314 and K€ 332, respectively.

In the six months ended 30 June 2020 and 2019, the remuneration for the supervisory board amounted to K€ 18 (thereof accrued expenses K€ 18), and K€ 56, respectively.

On 30 June 2020, the Company granted 79,872 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 0.65. During the reporting period, 5,468 options with an exercise price of € 11.70 forfeited. As of 30 June 2020 and 30 June 2019, the number of issued and outstanding options for the supervisory board under the SOIP was 148,812 and 25,978 with a weighted average exercise price of € 1.77 and € 9.38, respectively. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 8 and K€ 1, 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 2020 and 2019, was K€ 26 and K€ 57, respectively.

12. Events after the balance sheet date

On 21 July 2020, in conjunction with the ASO financing 467 convertible bonds were converted against the issuance of 964,676 ordinary shares. As a result of this capital increase, the number of ordinary shares increased subsequent to 30 June 2020 from 39,937,419 by 964,676 to 40,902,095 ordinary shares.

On 21 July 2020, the automatic increase of the authorized capital described in Article 37 of the Articles of Association became effective when issued and paid-up share capital reached € 400,000, composed of 40 million ordinary shares. Accordingly, the authorised capital of the Company automatically increased to € 1,000,000, divided into 100,000,000 ordinary shares.

On 14 October 2020, the Company amended its financing agreement with ASO regarding its convertible bonds financing as follows:

- Ten additional tranches, each of a nominal value of € 475,000, drawable at the Company's discretion and subject to customary conditions being met,
- The conversion price for conversion of outstanding convertible bonds to shares shall now be the 5-day volume weighted average price ("VWAP") of the Company's shares directly preceding the date of conversion.

NOXXON has drawn down two additional tranches K€ 475 of convertible bonds following the closure of the amended agreement.

Amsterdam, 28 October 2020

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 2020. The interim financial statements of the Group as of 30 June 2020 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: 1) NOX-A12 + immunotherapy (anti-PD1 checkpoint inhibitors) and 2) NOX-A12 + radiotherapy. Each combination approach has a different underlying rationale and mechanism of action, and thus diversifies the risk of the NOXXON clinical pipeline.

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 and whose tumor cannot be fully resected by surgery. The trial plans low, mid and high dose NOX-A12 patient cohorts (200, 400 or 600mg NOX-A12 per week), with all patients also receiving standard of care radiotherapy. The independent data safety monitoring board (DSMB) has reviewed safety and tolerability of the NOX-A12 combination at multiple points in the trial and have decided each time that the trial should continue as planned. All patients have been recruited in the low dose cohort and have completed 6 months of therapy in October 2020. The first patient in the mid-dose group has completed four months of combination therapy, other patients in this cohort have received their initial doses of NOX-A12 in late September/ early October.

The Group has decided to advance the NOX-A12 + radiotherapy combination in 1st line brain cancer if the ongoing Phase 1/2 data warrant additional studies. The Group believes that this will require a pivotal trial following the current Phase 1/2 trial and targets completion of such a pivotal trial and first filing of a market approval application for NOX-A12 in 2024 with first market approval targeted for 2025.

The Phase 1/2 trial testing the combination of NOX-A12 + immunotherapy in metastatic pancreatic and colorectal cancer who had failed standard therapy has now reported final top-line data. 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. The patients enrolled in the trial all had advanced disease with liver metastases and received on average their 6th line of therapy in colorectal cancer and their 4th line of therapy in pancreatic cancer. Despite the advanced disease and heavy pre-treatment, overall survival at one year was 20% as assessed by the Kaplan-Meier method. Of particular interest, this group of longer-term survivors contained two pancreatic cancer patients who received their 4th line of treatment.

The Group has decided to pursue the NOX-A12 + immunotherapy combination in 2nd line pancreatic cancer with a dosing regimen of NOX-A12 optimized to induce anti-tumor immune responses. A two-step approach is planned for this indication with a first trial comparing two NOX-A12 combinations in 2nd line patients followed by a pivotal trial comparing the best combination to standard of care. With this approach, completion of the pivotal trial and filing of the first a market approval application for this indication would be achieved in 2026 with approval targeted for 2027.

Note that all clinical trial plans new drug authorizations are subject to regulatory authority review and approval and that changes in the standard of care may significantly affect the feasibility of initiating or completing contemplated clinical trials, obtaining regulatory approval and commercial success. More generally, the development of new medicines by small companies involves significant risks for investors, please consult our most recent annual report and our prospectus for a full description.

Partnering discussions resulted in one of the top-10 global pharmaceutical companies initiating an experimental preclinical evaluation of NOX-A12 in a new indication in 2019. 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 was able to raise €11.1 million net cash during the reporting period from a mix of private placements, convertible bonds and warrant exercises, thereby significantly strengthening the balance sheet of the Group.

NOXXON is closely monitoring the progress of COVID-19 and its potential impact on the operations of the Group. As requested by the European Medicines Agency (EMA), NOXXON has critically assessed the risks and benefits of therapy continuation and inclusion of new trial participants in its clinical trial of NOX-A12 combined with radiotherapy in first-line brain cancer patients. Following a thorough evaluation and discussion with the partners involved in the trial, it has been decided to continue both the treatment of enrolled patients and recruitment of additional patients. The safety of patients, hospital staff and employees, as well as the severity of the disease under study and the limited options currently available for treatment were important factors in this decision. As there have been delays due to COVID-19 as well as other factors, NOXXON has added further centers to the trial to ensure adequate recruitment capacity to meet its targeted timelines. Overall, the impact on trial recruitment, the main route for value creation, as well as the impact on the organization and the staff has been manageable.

The increased interest of investors in healthcare and the shift in the types of investors considering financing small-cap European biotech companies, particularly in France where over 150,000 new investors opened equity investment accounts according to the French regulator, the AMF, broadened the investor's base of the capital market and had a positive impact on NOXXON's ability to raise funds.

Business Highlights during First Half-Year of 2020

- **Significant strengthening of balance sheet** – the Company raised €11.1 million net proceeds from multiple sources during the first half of 2020, including €7.3 million via private placements. The Dutch specialist fund Nyenburgh Investment Partners (NYIP) led the largest of the private placements announced on 8 May 2020. In addition, NOXXON has access to a remaining capacity of € 16.2 million (nominal) from its convertible bonds financing with Atlas after this financing agreement was amended in October 2020.

- **Simplified capital structure** – Increased price and liquidity during the reporting period allowed the conversion of the vast majority of outstanding warrants held by the investors Acuitas and Yorkville at the beginning of the period.

- **1st line brain cancer trial of NOX-A12 + radiotherapy progressed well despite COVID-19 –** On 2 April 2020 NOXXON announced completion of patient recruitment for the first dose cohort in the phase 1/2 brain cancer study of NOX-A12 plus radiotherapy. On 24 April 2020 the Data Safety Monitoring Board (DSMB)

reviewed the available safety data from the low-dose group and validated recruitment of patients in the mid-dose group of NOX-A12. The recruitment of the first patient in the mid-dose group was announced on 30 June 2020.

- More mature overall survival data from NOX-A12 + immunotherapy Phase 1/2 trial in metastatic pancreatic and colorectal cancer patients supports benefit to patients of NOX-A12 + anti-PD-1 therapy. This data was presented by the principal investigator of the trial, Dr. Niels Halama, Head of Department of Translational Immunotherapy at the German Cancer Research Center (DKFZ), Heidelberg and Medical Oncologist at the German National Center for Tumor Diseases, at the American Association for Cancer Research Virtual Annual meeting on April 27, 2020.

- Oscar Izeboud joined the Supervisory Board of NOXXON Pharma N.V. on 30 June 2020. Oscar brings both a deep understanding of medicine and extensive experience in the financing and business side of biotechnology. While leading life science & healthcare investment banking at Kempen and NIBC, Oscar successfully closed more than 100 transactions, including 17 IPOs and 15 mergers or acquisitions. This experience combined with his operational biotech background is valuable for NOXXON's strategic development.

Business Highlights After 30 June 2020

- July 2020 - NOXXON announced that the first brain cancer patient from the mid-dose cohort reached 4 weeks of treatment and that the DSMB confirmed safety and validated recruitment of additional patients.

- September 2020 – Dr. Niels Halama, Head of Department of Translational Immunotherapy at the German Cancer Research Center (DKFZ), Heidelberg and Medical Oncologist at the German National Center for Tumor Diseases presented final top-line clinical data from the phase 1/2 trial of NOX-A12 + Keytruda combination in colorectal and pancreatic cancer patients at the ESMO virtual congress 2020.

- October 2020 – NOXXON announced that two of the three planned dose cohorts were fully recruited in the NOX-A12 plus radiotherapy clinical trial.

Outlook

The Group is making good progress in its ongoing Phase 1/2 trial of NOX-A12 plus radiotherapy in first-line, inoperable brain cancer (glioblastoma) patients who are shown by biomarker analysis of their tumor tissue 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 confirm that its planned approach is acceptable to complete development and to achieve market approval in this indication. Data from Cohort 1 of this trial, testing the lowest dose of NOX-A12, are very encouraging. Tumor volume reductions were observed in two of three patients during the six-month treatment, and in the third patient in the period after a second surgery following continued NOX-A12 treatment. Maximum tumor volume reductions were 6% and 60% for the first two patients. The third patient experienced 23% tumor volume reduction relative to the post-second surgery baseline. 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 has published more mature data from the NOX-A12 clinical trial in metastatic microsatellite stable pancreatic and colorectal cancer patients in April 2020 and has published final top-line data in September 2020. The Group believes that further clinical trials are warranted based on this data, in particular in pancreatic cancer, where it plans to focus its near-term efforts. The goal of the Group is to find industrial partners that will provide anti-PD1 therapy and financial support to conduct a trial.

To prepare for future trials leading to approval of NOX-A12, the Group has made additional investment commitments for the manufacturing of drug supply for clinical trials.

The Group's long-term strategic plans now include the following trials by indication:

NOX-A12 + radiotherapy in Brain Cancer:

- Completion of the ongoing Phase 1/2 dose escalation trial, potentially with an expansion of the dose chosen for the pivotal trial. Trial completion planned for 2021 (without any expansion).
- Pivotal trial of NOX-A12 combined with radiotherapy in 1st line MGMT promoter unmethylated glioblastoma patients vs. standard of care (assuming ongoing Phase 1/2 trial data supports further development) planned initiation in 2022, with 1st market authorization application targeted for 2024 and approval targeted for 2025.

NOX-A12 + immunotherapy in Pancreatic Cancer:

- 2-arm Phase 2 "pick the winner" trial testing NOX-A12 + anti-PD1 antibody with two different standard of care chemotherapy regimens in 2nd line patients to determine the choice of regimen for the pivotal trial. Trial initiation planned for 2021 and completion in 2023.
- Pivotal trial of NOX-A12 combined with immunotherapy and standard of care in 2nd line pancreas cancer vs. standard of care, with market authorization application targeted for 2026 and approval targeted for 2027.

The second clinical stage asset, NOX-E36, is also being readied for the next clinical trial. Manufacturing of clinical supply has been contracted and clinical trial supply is projected to be available in mid-2021. Pre-clinical work comparing combination strategies for NOX-E36 in solid tumors to identify the most promising approaches are also advancing. The Group plans to initiate the first clinical trial of NOX-E36 combinations testing safety in 2021.

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.

The Group will carefully monitor its available cash and calibrate additional financings through various sources in order to ensure its development plans and, to the extent deemed appropriate, maintenance of a sufficient cash runway. Considering cash and cash equivalents as well as financial assets as of 30 June 2020 of € 10.7 million and available, secured financing of € 11.5 million (nominal) as well as a subsequent amendment to this financing agreement increasing its capacity by an additional € 4.7 million (nominal), drawable at the Company's discretion and subject to customary conditions being met (see Notes 7 and 12 of the condensed consolidated interim financial statements as of 30 June 2020), cash reach of NOXXON will be into the 1st quarter of 2022 including the above planned manufacturing and clinical trial commitments.

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 2020 and the First Half-Year 2019

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 decreased 88% from K€ 274 in the first six months of 2019 to K€ 33 in the first six months of 2020. Other services provided in 2020 generated lower other operating income than 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.

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 9 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

Research and development expenses decreased 11% from K€ 1,062 in the first six months of 2019 to K€ 942 in the first six months of 2020. The decrease in research and development expenses in the first six months of 2020 compared to the first six months of 2019 is mainly driven by lower costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, patent costs and consulting services, partly offset by higher personnel expenses. When share-based payment expenses for the six months ended 30 June 2020 and 2019 (amounting to K€ 15 and K€ 22, respectively) are excluded, the remaining personnel expenses are K€ 303 and K€ 260, 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 10 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

General and administrative expenses decreased 20% from K€ 1,238 in the first six months of 2019 to K€ 988 in the first six months of 2020. The decrease in general and administrative expenses in the first six months of 2020 compared to the first six months of 2019 is mainly driven by lower legal, consulting and audit fees, lower public and investor relations and related expenses as well as lower other expenses, partly offset by higher personnel expenses. When non-cash share-based payment expenses for the six months ended 30 June 2020 and 2019 (amounting to K€ 33 and K€ 18, respectively) are excluded, the remaining personnel expenses are K€ 495 and K€ 424, respectively.

Foreign exchange losses

Foreign exchange losses increased from K€ 2 in the first six months of 2019 to K€ 7 in the first six months of 2020 as a result of increased volume of purchases denominated in currencies other than Euro in the first six months of 2020.

Finance income

Finance income increased 105% from K€ 75 in the first six months of 2019 to K€ 154 in the first six months of 2020. The increase is due to the derecognition gain of compound derivative financial instruments in connection with the ASO convertible bonds financing in the first six months of 2020.

The finance income in the first six months of 2020 and in the first six months of 2019 is non-cash finance income.

Finance cost

Finance cost increased from nil in the first six months of 2019 to K€ 4,173 in the first six months of 2020. Finance cost in the first six months of 2020 relates to the ASO convertible bonds financing with respect to the issuance and conversion of convertible notes into equity and the recognition of compound derivative financial instruments (K€ 2,249), the exercise of warrants of the Yorkville equity line financing (K€ 998), the cashless exercise of all remaining Acuitas warrants outstanding (K€ 878), fair value adjustments of warrants outstanding (K€ 46) and interest paid relating to leases (K€ 2).

Finance cost in the first six months 2020 is non-cash finance cost, except for transaction costs of K€ 103 borne by the Company in conjunction with the issuance of convertible bonds and K€ 2 interest in connection with lease payments borne by the Group.

Loss before income tax

As a result of the above factors, the Group's loss before income tax increased by 203% from K€ 1,953 in the first six months of 2019 to K€ 5,923 in the first six months of 2020.The loss from operations decreased by 6% from K€ 2,028 to K€ 1,904. Despite the loss before income tax, operating cash outflow decreased from K€ 2,687 to K€ 1,811 for the first six months of 2020, mainly as a result of non-cash finance costs (refer to section finance cost above).

Income Tax

Income tax was nil in the first six months of 2020 and K€ 1 in the first six months of 2019, respectively.

Consolidated Statements of Financial Position

Assets

The Group's total non-current assets include intangible assets, equipment, right-of-use assets and financial assets. Total non-current assets decreased from K€ 151 as of 31 December 2019 to K€ 131 as of 30 June 2020. This decrease is mainly due to the amortization of a right-of-use asset resulting from a new lease contract predominantly for office space in the first half-year 2019 amounting to K€ 112 as of 31 December 2019 and K€ 89 as of 30 June 2020, respectively.

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 fixed-term bank deposits and 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 2019 to 30 June 2020 primarily relate to an increase in cash and cash equivalents and financial assets by K€ 4,786 from K€ 1,385 to K€ 6,171 and an increase in financial assets by K€ 4,500 (investment of cash raised in a fixed-term bank deposit becoming due and convertible to cash in December 2020) as a result of financing activities amounting to K€ 11,144, exceeding the continued research and development activities as well as general and administrative expenses.

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 2019 to 30 June 2020 was mainly due to the effects of capital increases resulting from financing events and the net loss incurred for the first six months of 2020. As a result of the capital increases subscribed capital increased from K€ 131 as of 31 December 2019 to K€ 399 as of 30 June 2020 and additional paid-in capital increased from K€ 145,860 to K€ 161,761, respectively. Further increases in additional paid-in capital of K€ 48 result from share-based payments.

The total equity as of 30 June 2020 amounted to K€ 8,379 compared to a negative equity of K€ 1,854 as of 31 December 2019.

Liabilities

Non-current financial liabilities increased from K€ 84 as of 31 December 2019 to K€ 102 as of 30 June 2020 as a result of the fair value adjustments of warrants issued and outstanding.

Current liabilities decreased from K€ 3,502 as of 31 December 2019 to K€ 2,458 as of 30 June 2020, mainly resulting from the decrease in financial liabilities.

Current financial liabilities decreased by K€ 1,598 through the cashless exercise of all remaining Acuitas warrants issued in November 2018 and increased by K€ 506 as a result of convertible bonds outstanding in connection with the ASO convertible bonds financing.

Trade accounts payable of K€ 1,196 as of 31 December 2019 compared to K€ 1,070 as of 30 June 2020 are in the course of the normal research and development activities. Other liabilities increased from K€ 663 as of 31 December 2019 to K€ 835 as of 30 June 2020 as a result of increased accrued personnel expenses.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2020

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2020 we refer to Note 2 and Note 12 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 2020 from several sources including its shareholders through the issuance of ordinary shares (including via exercise of previously issued warrants) 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 decrease in net cash used in operating activities from K€ 2,687 in the first six months of 2019 to K€ 1,811 in the first six months of 2020 was mainly a result of a decrease in trade accounts payable and other liabilities of K€ 563 in the first six months of 2019 compared to an decrease of K€ 44 in the first six months of 2020.

Net cash used in investing activities

The increase in net cash used in investing activities from K€ 3 in the first six months of 2019 compared to K€ 4,510 in the first six months of 2020 primarily results from an investment of cash in a fixed-term bank deposit with original terms of three up to twelve months that are held-to-maturity.

Net cash provided by / used in financing activities

The increase in net cash used in financing activities of K€ 3 in the first six months of 2019 to K€ 11,107 net cash provided by financing activities in the first six months of 2020 was mainly due to a series of financing transactions in the first six months of 2020 resulting in a cash-inflow of K€ 11,144.

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 19 of the consolidated statements of financial position as of 31 December 2019 of NOXXON Pharma N.V. and Note 11 of the condensed consolidated interim financial statements as of 30 June 2020 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 2019 (pages 17 to 27) and did not change significantly during the first half-year of 2020. 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 18 of the consolidated statements of financial position as of 31 December 2019 of NOXXON Pharma N.V.

Declaration by the Person Responsible for 2020 Half-Year Financial Report

“I declare that, to the best of my knowledge, the condensed consolidated interim financial statements as of 30 June 2020 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, 28 October 2020

NOXXON Pharma N.V.

Dr. Aram Mangasarian, CEO