NOXXON Pharma N.V.
Amsterdam, The Netherlands

Annual Report 2021

Contents

Forward-looking statements

This Annual Report contains statements that constitute forward-looking statements. Forward-looking statements appear in several instances in this Annual 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 Management" in this Annual 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 Annual 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.

Management report

Management of NOXXON Pharma N.V. (in the following also the "Company") and its controlled subsidiaries (the "Group") hereby presents its consolidated and company financial statements for the financial year ended on 31 December 2021.

General information

Overview

NOXXON Pharma N.V. 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 statutory consolidated financial statements of NOXXON Pharma N.V. as of and for the year ended 31 December 2021 comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Norwalk, CT, United States. The Company's ordinary shares are listed under the symbol "ALNOX" with ISIN NL0012044762 on Euronext Growth stock exchange Paris, France. NOXXON Pharma N.V. is a management holding company providing corporate, legal and administrative services, financial and business advice and asset management to its German subsidiary NOXXON Pharma AG.

The Group is a clinical-stage biopharmaceutical group that has generated a proprietary product pipeline targeting the tumor microenvironment and focuses on the significant improvement in the effectiveness of cancer therapies. All its product candidates are based on a new class of drug called "Spiegelmers", which the Group believes offers specific advantages over other drug classes. In various Phase 1 and 2 clinical trials involving over 3,000 administrations to over 400 human subjects, Spiegelmer drugs have so far shown to be biologically active and generally well tolerated and with safety profiles that support further development. Currently, the Group has retained all worldwide rights to its clinical-stage product candidates, although it has entered and may continue to enter into licensing agreements, collaborations and partnering discussions on its assets.

In 2021 NOXXON continued to develop its lead product candidate, NOX-A12, in glioblastoma patients in combination with radiotherapy. The data generated to date have been very promising with a high percentage of patients achieving partial response or stable disease, in sharp contrast to what would have been expected from such a difficult to treat patient population. The Group also expanded the glioblastoma trial (the GLORIA trial) in 2021 to include additional patients in the highest dose cohort, including patients to be treated with a combination of NOX-A12 and either bevacizumab or a PD-1 checkpoint inhibitor. The Group also entered a new collaboration with MSD (European subsidiary of Merck & Co) to evaluate NOX-A12 in combination with KEYTRUDA® in a Phase 2 study in pancreatic cancer.

The interest of NOXXON's approach was underlined by the support of top pancreas cancer clinicians from the US and EU who joined NOXXON's Scientific Advisory Board (SAB). NOXXON appointed a SAB under the chairmanship of Dr. Jose Saro in February 2021. The SAB includes four leading pancreatic cancer experts: Dr. Elena Gabriela Chiorean, Dr. Eileen M. O'Reilly, Prof. Dr. Thomas T. W. Seufferlein and Dr. Daniel D. Von Hoff. The formation and composition of the SAB reflects NOXXON's clinical development strategy.

The Group also advanced its Phase 1/2 dose-escalation study of NOX-A12 in first-line brain cancer patients in combination with radiotherapy conducted at six sites in Germany. Interim data were presented at the Society for Neuro-Oncology (SNO) Annual Meeting in November 2021 by the principal investigator of the clinical trial, Dr. Frank Giordano. Eight out of the 9 patients (89%) treated with NOX-A12 at the time of presentation showed tumor size reductions: 2 patients had a partial response (PR, >50% reduction in tumor size) and 6 patients achieved stable disease (SD, <50% reduction in tumor size), while only one patient progressed as a best response. This compared very favorably with the matched imaging control cohort for which 12 out of 13 patients had progressive disease and only 1 out of 13 patients (7.7%) achieved any tumor size reduction vs. baseline, underpinning the extremely poor prognosis of this patient population. More mature data were disclosed by NOXXON in March 2022 showing that the percentage of patients in the trial with >50% tumor size reductions improved considerably from previously disclosed 22% and confirming the excellent safety profile of NOX-A12. More details will be presented in a poster presentation at the 2022 American Society of Clinical Oncology (ASCO) Annual Meeting taking place in Chicago, Illinois, US from 3-7 June 2022.

The Group's second clinical stage asset, NOX-E36 is a de-risked clinical stage asset ready for Phase 2 trials that has already been administered in 175 human subjects. NOX-E36 targets the tumor microenvironment (TME) by modifying the innate immune system, specifically highly immunosuppressive cells that contribute to the cancer's ability to evade the immune system. NOXXON plans to re-start clinical studies of NOX-E36 in a solid tumor indication in collaboration with clinical researchers as part of an investigator initiated trial (IIT).

On 31 December 2021, the Group had cash resources of € 9.5 million. The Group successfully raised € 11.6 million in cash during the financial year 2021 through a private placement, exercise of outstanding warrants and their subsequent conversion to shares, and the Atlas Special Opportunities (ASO) financing vehicle. The flexible convertible bond agreement with ASO, initially disclosed on 23 April 2020, and amended on 14 October 2020, has been further amended on 29 December 2021 to expand its capacity by additional €17 million in equity-linked securities. Subsequent to 31 December 2021, the Group raised further financing of € 4.75 million from the ASO financing vehicle (nominal).

The capital structure of the Company is now nearly free of warrants and other derivative-like structures other than the Company's Stock Option Plan. As a result, the Company's capital structure has become less complex and provides the needed flexibility to engage with investors. The changes to the capital structure afford the Group additional flexibility in terms of the types of investors it can attract in the future.

The current budget projects a cash need of approximately € 1.5 million per month in 2022 continuing the ongoing brain-cancer trial expansion arms and production of both NOX-A12 and NOX-E36 sufficient to initiate subsequent clinical trials. Current cash resources are projected to finance the Group into October 2022 and with the secured resources of the ASO financing vehicle of specified tranches of K€ 475 (nominal) every month starting in September 2022 at the Company's discretion and subject to customary conditions being met into November 2022. Accordingly, the Company will be required to raise further funds in addition to the secured ASO financing from other sources prior to the fourth quarter of 2022 in order to execute on its business plans.

Management is pursuing various financing alternatives in parallel to meet the Group's future cash requirements, including seeking additional investors, pursuing strategic partnerships, obtaining further funding from existing investors through additional funding rounds, and pursuing a merger or an acquisition. While management is confident to be able to raise additional capital and its preference is to do so via private placement of shares to long-term investors or strategic partnerships, recent public market conditions linked to macroeconomic conditions and geopolitical events in addition to restrictions on many activities resulting from the coronavirus pandemic have had a significant impact on the alternatives available to the Company making it more difficult to obtain financing from these preferred sources. As such, management has used alternative financing vehicles, such as the ASO vehicle, to secure the cash needs of the Group until financing from preferred sources is available. The ASO vehicle relies on liquidity of the Company's shares, and recent decreases in the liquidity of the Company's shares have limited the amount of financing available from this vehicle. These sources of financing also allow the Group to attain further clinical datapoints and avoid periods of market turbulence when seeking financing. The Group assesses alternative financing vehicles by evaluating the following key criteria, amongst others: 1) potential to meet financial needs of Group through multiple key value inflection points, 2) absence of warrants or option-like instruments creating long-term overhang, 3) flexibility to end plan at any time; 4) whether the timing and decision to take additional money is under control of the Group, 5) ability of Group to buy out any unconverted instruments at a small premium in case it wishes to terminate use of vehicle, 6) extent of restrictions on M&A or asset sales, 7) discount on financing consistent with investment risk, 8) potential for financing vehicle to impact share price.

As of the date of this report, the Group has two members of the Management Board and 13 employees.

Financial information

Key Factors Affecting Consolidated Results of Operations and Financial Condition of the Group

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

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 results from the sale of raw materials and services provided, the partial waivers of supervisory board members concerning their receivables from remunerations due from the Group, the derecognition of liabilities and others.
In the future, the Group may receive other operating income through grants from several public institutions and state-owned organizations to support specific research and development projects and to support investments in required capital equipment, primarily machinery and laboratory equipment.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's platform technology and product candidates. Those expenses include:

- service fees and other costs related to the performance of clinical trials and preclinical testing;
- costs for production of drug substances by contract manufacturers;
- salaries for research and development staff and related expenses, including management benefits and expenses for share-based compensation;
- costs associated with obtaining and maintaining patents and other intellectual property;
- costs of related facilities, materials and equipment;
- amortization and depreciation of intangible and tangible assets used to discover and develop the Group's clinical compounds and pipeline candidates; and

- other expenses directly attributable to the development of the Group's product candidates and preclinical pipeline.

Research and development costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

In the opinion of management, due to the regulatory and other uncertainties inherent in the development of NOXXON's new products, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38 (Intangible Assets) are not met until the product has received regulatory approval and when it is probable that future economic benefits will flow to the Group. Accordingly, the Group has not capitalized any development costs since its inception.

Research and development activities are the primary focus of the Group's business. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. 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. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time consuming and the successful development of the Group's product candidates is highly uncertain.

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions, such as salaries, social security contributions, benefits, and share-based compensation. Other general and administrative expenses include legal and consulting expenses related to the preparation of financing transactions, facility costs not otherwise included in research and development expenses, professional fees for legal services, patent portfolio maintenance, consulting, cost associated with maintaining compliance with listing rules and compliance requirements as a result of being a publicly traded company, auditing and accounting services, remuneration for the supervisory board, restructuring costs, benefits settled in cash and equity and travel expenses.

Foreign exchange result (net)

Foreign exchange gains and losses comprise unrealized and realized foreign exchange gains and losses incurred by purchases of research and development materials and clinical trial services denominated in a currency other than euro.

Finance income

Finance income includes gains from the derecognition of derivative financial liabilities and fair value adjustments of derivative financial instruments in connection with the Group's financing activities, gains from the contractually agreed conversion of financial liabilities into equity of the Company and interest income from interest bearing bank and rental deposits. Interest income is recognized in profit or loss, using the effective interest method.

Finance cost

Finance cost includes effects from the recognition of hybrid instruments and derivative financial liabilities in connection with the financing of the Group, effects from warrants exercised, fair value adjustments of warrants issued and outstanding, derecognition of financial liabilities and recognition of equity resulting from contractually agreed conversions of convertible notes into ordinary shares of the Company and interest expense on lease liabilities of the Group. Interest expense is recognized using the effective interest method.

Consolidated Statements of Comprehensive Loss

The following table provides an overview of the Group's results of operations for the periods presented:

	For the fiscal year ended 31 December	
	2021	2020
	(in € thousands, unless otherwise indicated) (audited)	
Other operating income	82	117
Research and development expenses	(10,657)	(4,017)
General and administrative expenses	(2,876)	(1,881)
Foreign exchange result (net)	184	12
Loss from operations	**(13,267)**	**(5,769)**
Finance income	319	418
Finance cost	(1,504)	(5,055)
Loss before income tax	**(14,452)**	**(10,406)**
Income tax	**(1)**	**(0)**
Net loss	**(14,453)**	**(10,406)**
Net loss – attributable to:		
Owners of the Company	**(14,452)**	**(10,405)**
Non-controlling interest	**(1)**	**(1)**
Loss per share (in €) (basic and diluted)	**(0,22)**	**(0,32)**

Comparison of the Fiscal Years Ended 31 December 2021 and 2020

Other operating income

Other operating income decreased 30% from K€ 117 in the Fiscal Year 2020 to K€ 82 in the Fiscal Year 2021.

in thousands of €	**2021**	**2020**
Sale of raw materials and services provided	33	35
Derecognition of benefits waived and derecognition of liability	10	43
Other income	39	39
Total	**82**	**117**

Prior year information was reclassified for foreign exchange gains to be presented as part of foreign exchange result (net).

Other operating income decreased on an overall basis and resulted mainly from lower derecognition gains of benefits waived and derecognition of a liability as well as sale of raw materials and services provided.

Research and development expenses

in thousands of €	**2021**	**2020**
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	9,054	2,940
Personnel expenses	1,004	673
Patent costs and consulting services	481	311
Other	118	93
Total	**10,657**	**4,017**

Research and development expenses increased 165% from K€ 4,017 in the Fiscal Year 2020 to K€ 10,657 in the Fiscal Year 2021. The increase in research and development expenses in 2021 compared to 2020 is predominantly driven by higher costs associated with clinical trials, including costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing. In addition, personnel expenses, patent costs and consulting services as well as other expenses also increased. Personnel expenses include non-cash share-based payment expenses amounting to K€ 166 in 2021 and K€ 51 in 2020. Adjusting for these non-cash share-based payment expenses, the personnel expenses reached K€ 838 in 2021 compared to K€ 622 in 2020.

General and administrative expenses

in thousands of €	**2021**	**2020**
Personnel expenses	1,611	969
Legal, consulting and audit fees	680	557
Public and investor relations and related expenses	270	119
Other	315	236
Total	**2,876**	**1,881**

General and administrative expenses increased 53% from K€ 1,881 in the Fiscal Year 2020 to K€ 2,876 in the Fiscal Year 2021. The increase in general and administrative expenses in 2021 is mainly driven by higher personnel expenses. In addition, legal, consulting and audit fees as well as public and investor relations expenses and other expenses increased compared to 2020. Personnel expenses include non-cash share-based payment expenses amounting to K€ 309 in 2021 and K€ 111 in 2020. When such non-cash share-based payment expenses are not taken into account, the personnel expenses are K€ 1,302 in 2021 and K€ 858 in 2020.

Foreign exchange result (net)

Foreign exchange result (net) increased from K€ 12 in the Fiscal Year 2020 to K€ 184 in the Fiscal Year 2021 due to a higher volume of purchases denominated in currencies other than euro in the Fiscal Year 2021 and due to higher unrealized foreign exchange gains on cash balances denominated in currencies other than euro.

Finance income

The finance income in the Fiscal Year 2021 and 2020 is non-cash finance income. Finance income decreased from K€ 418 in the Fiscal Year 2020 to K€ 319 in the Fiscal Year 2021. Finance income of K€ 281 resulted from the derecognition of conversion rights in connection with the ASO financing upon conversion of the bonds and of K€ 38 relating to the fair value adjustments of detachable warrants issued to Yorkville.

Finance cost

Finance cost decreased from K€ 5,055 in the Fiscal Year 2020 to K€ 1,504 in the Fiscal Year 2021.

Finance cost in the Fiscal Year 2021 and 2020 is non-cash finance cost, except for transaction costs of K€ 47 in 2021 and K€ 123 in 2020 borne by the Group in conjunction with its issuance of convertible bonds and K€ 2 in 2021 and K€ 3 in 2020 relating to interest expense for lease liabilities.

Finance cost in the Fiscal Year 2021 and 2020 of K€ 1,047 and K€ 3,153 relate to the ASO facility (contractually entered into in 2020) and reflect losses on initial recognition of convertible bonds, conversion losses and conversion right derivatives as well as transaction costs. Further, finance cost in the Fiscal Year 2021 and 2020 of K€ 455 and

K€ 998 relate to the exercise of warrants by Kreos, Yorkville and certain other investors. Finance cost in the Fiscal Year 2020 of K€ 878 (Fiscal Year 2021: nil) relate to the cashless exercise of all remaining Acuitas warrants outstanding and K€ 23 relate to the fair value adjustments of detachable warrants issued to Kreos, Yorkville and certain other investors (Fiscal Year 2021: nil). An amount of K€ 2 (Fiscal Year 2020: K€ 3) relate to interest expense for lease liabilities.

Loss before income tax

As a result of the above factors, the Group's loss before income tax increased 39% by K€ 4,046 from K€ 10,406 in the Fiscal Year 2020 to K€ 14,452 in the Fiscal Year 2021.

Income Tax

Income tax expenses increased from nil in the Fiscal Year 2020 to K€ 1 in the Fiscal Year 2021.

Consolidated Statements of Financial Position

The following table provides an overview of the Group's financial position as of the dates presented:

	As of 31 December	
	2021	**2020**
	(in € thousands) (audited)	
ASSETS		
Intangible assets	4	4
Equipment	47	52
Right-of-use assets	19	66
Financial assets	5	5
Total non-current assets	**75**	**127**
Other assets	209	195
Financial assets	28	28
Cash and cash equivalents	9,456	10,304
Total current assets	**9,693**	**10,527**
Total assets	**9,768**	**10.654**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	**746**	**472**
Additional paid-in capital	176,461	165,481
Accumulated deficit	(172,503)	(158,050)
Cumulative translation adjustment	5	0
Treasury shares	(194)	(193)
Equity attributable to owners of the Company	**4,515**	**7,710**
Non-controlling interest	(13)	(12)
Total equity	**4,502**	**(7,698)**
Liabilities		
Financial liabilities	0	38
Lease liabilities	0	21
Total non-current liabilities	**0**	**59**
Financial liabilities	2,505	581
Lease liabilities	21	48
Trade accounts payable	2,235	1,803
Other liabilities	505	465
Total current liabilities	**5,266**	**2,897**
Total equity and liabilities	**9,768**	**10,654**

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€ 127 as of 31 December 2020 to K€ 75 as of 31 December 2021.

The Group's total current assets consist of its cash and cash equivalents in cash balances, other assets and financial assets. As of 31 December 2021, the Group's cash and cash equivalents amounted to K€ 9,456. Financial assets consist of invested interest-bearing rental deposits related to the Group's operating lease agreements. Other assets correspond to prepaid expenses consisting for insurance and service contracts, the Groups liquidity account, claims against local tax authorities for value added tax (VAT) on supplies and services received.

The movements in total current assets from 31 December 2020 to 31 December 2021 primarily relate to a decrease in cash and cash equivalents by K€ 848 from K€ 10,304 to K€ 9,456 as a result of continued research and development activities exceeding financing activities.

Equity

The Group's total equity includes its subscribed capital, additional paid-in capital, accumulated deficit and treasury shares.

As of 31 December 2021, the subscribed capital of the Company amounts to K€ 746 (prior year: K€ 472) and is divided into 74,601,550 ordinary shares (prior year: 47,178,313) with a nominal value of € 0.01.

As of 31 December 2021, and according to the amended articles of association of the Company as resolved by the annual general meeting on 24 June 2021, the authorized share capital amounts to K€ 2,500 (prior year: K€ 1,000) divided into 250,000,000 ordinary shares (prior year: 100,000,000 ordinary shares), each with a nominal value of € 0.01.

In addition and also as of balance sheet date, the articles of association provide for a transitional provision (which shall terminate and disappear once in effect) regarding the increase in authorized share capital, according to which as per the moment the Company's issued and paid-up share capital amounts to two million euro (€ 2,000,000) comprised of two hundred million (200,000,000) ordinary shares, each share having a nominal value of one euro cent (€ 0.01), the authorized capital of the Company amounts to three million euro (€3,000,000), divided into 300,000,000 Ordinary Shares, each with a nominal value of €0.01.

The change in equity from 31 December 2020 to 31 December 2021 results from the following transactions:

In 2021, the Company issued an aggregate of 27,423,237 ordinary shares and raised € 11,6 million (excluding transaction costs incurred of € 0.1 million) in connection with the following financing transactions:

- Issuance of 14,277,219 ordinary shares in a private placement at a price of € 0.45 against contribution in cash (cash inflow of K€ 6,019 as consideration received for ordinary shares),

- Issuance of 3,768,449 ordinary shares to Kreos and certain other investors through the exercise of 64,515 warrants (cash inflow of K€ 1,200 as consideration received for ordinary shares), and
- Issuance of 9,377,569 ordinary shares against conversion of 2,914 convertible bonds (comprising of 546 convertible bonds outstanding on 31 December 2020 and 2,368 out of 4,787 convertible bonds issued against net cash inflow of K€ 4,371) with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 274 and additional paid-in capital of K€ 10,926 were recognized less issuance costs of K€ 421.

The total equity as of 31 December 2021 amounted to equity of K€ 4,502 and consisted of subscribed capital of K€ 746, additional paid-in capital of K€ 176,461, an accumulated deficit of K€ 172,503, treasury shares amounting to K€ 194 and non-controlling interest of K€ (13). The Group's own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity.

The total equity as of 31 December 2021 amounted to K€ 4,502 compared to an equity of K€ 7,698 as of 31 December 2020.

Liabilities

Non-current financial liabilities decreased from K€ 59 as of 31 December 2020 to nil as of 31 December 2021. This movement results from the decrease of the fair value of warrants issued and outstanding from K€ 38 to nil and the decrease of lease liabilities relating to right-of-use assets in 2021 from K€ 21 to nil.

Current financial liabilities increased by K€ 1,924 as of 31 December 2021 as a result of convertible bonds outstanding amounting to K€ 2,419 in connection with the ASO convertible bonds financing and the fair value of the related bifurcated compound embedded derivative amounting K€ 86.

Trade accounts payable increased from K€ 1,803 as of 31 December 2020 to K€ 2,235 as of 31 December 2021 in the course of the increased research and development activities. Other liabilities increased from K€ 465 of 31 December 2020 to K€ 505 as of 31 December 2021 and lease liabilities in conjunction with the recognition of right-of-use assets decreased from K€ 48 as of 31 December 2020 to K€ 21 as of 31 December 2021.

Events After the Consolidated Statement of Financial Position Date as of 31 December 2021

For Events After the Consolidated Statement of Financial Position Date as of 31 December 2021 we refer to Note 20 of the consolidated financial statements of NOXXON Pharma N.V.

Liquidity and Capital Resources

Overview

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

The Group's principal sources of funds are expected to be cash and cash equivalents from financing activities. The Group's primary uses of cash have been to fund research and development, general and administrative expenses and working capital requirements.

Cash flows

The following table provides an overview of the Group's cash flows for the periods presented:

	For the fiscal year ended 31 December	
	2021	**2020**
	(in € thousands, audited)	
Net cash used in operating activities	(12,381)	(5,224)
Net cash used in investing activities	(14)	(39)
Net cash provided by financing activities	11,498	14,182
Net change in cash and cash equivalents	**(897)**	**8,919**
Cash at the beginning of the fiscal year	**10,304**	**1,385**
Effect on movements in exchange rates on cash held	49	0
Cash at the end of the fiscal year	**9,456**	**10,304**

Net cash used in operating activities

Net cash used in operating activities reflects the Group's results for the period adjusted for, among other things, depreciation and amortization expense, finance income and finance cost, share -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 K€ 5,224 in the Fiscal Year 2020 to K€ 12,381 in the Fiscal Year 2021 was mainly a result of the increase in the loss from operations, partly offset by an increase of trade accounts payable and other liabilities. The increase of net loss from K€ 10,406 in the Fiscal Year 2020 to K€ 14,452

in the Fiscal Year 2021 is mainly driven by an increase of the loss from operations by K€ 4,046 due to increased research and development activities and also due to the decrease of predominantly non-cash finance cost by K€ 3,551 and the decrease of non-cash finance income by K€ 99.

Net cash used in by investing activities

The decrease in net cash used by investing activities from K€ 39 in the Fiscal Year 2020 to K€ 14 net cash used in investing activities in the Fiscal Year 2021 is due to reduced purchases of equipment amounting to K€ 14 compared to K€ 39 in 2020, respectively. In the first half of 2020, NOXXON purchased fixed-term bank deposits with original terms of three up to twelve months that were held-to-maturity and presented as current financial assets as of 30 June 2020. These fixed-term bank deposits matured in the second half of 2020 with a corresponding cash inflow.

Net cash provided by financing activities

Net cash provided by financing activities in 2021 reflects proceeds from the issuance of shares and exercise of warrants, proceeds from the issuance of convertible bonds and the related transaction costs, partly offset by payments for lease liabilities (including interest paid) recognized in accordance with IFRS 16 which are presented in cash flows used in financing activities.

The decrease in net cash provided by financing activities from K€ 14,182 in the Fiscal Year 2020 to K€ 11,498 in the Fiscal Year 2021 was mainly due to lower proceeds from the issuance of ordinary shares of the Company in the amount of K€ 7,219 in 2021 compared to K€ 8,797 from the issuance of ordinary shares and lower proceeds from the issuance of convertible bonds of the Company in the amount of K€ 4,371 in 2021 and 5,743 in the Fiscal Year 2020.

Capital expenditures

The following table sets forth the Group's capital expenditures for the periods presented:

	For the fiscal year ended December 31,	
	2021	**2020**
	(in € thousands) (audited, unless otherwise indicated)	
Purchase of equipment	(14)	(39)
Net capital expenditures (unaudited)	**(14)**	**(39)**

The principal capital expenditures in the relevant period were primarily related to, and future capital expenditures are expected to primarily relate to, investments for office equipment and information technology.

Commitments and Contingencies

For Commitments and Contingencies we refer to Note 17 of the consolidated financial statements of NOXXON Pharma N.V.

Key Factors Affecting Results of Operations and Financial Condition of the Company

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

Comparison of the Fiscal Years Ended 31 December 2021 and 2020

Revenues

The Company has generated revenues from its management holding services since 1 October 2017. For the period through 31 December 2021 and 2020, the Company has generated K€ 1,481 and K€ 1,441 of intra-group revenues related to service agreement in respect of certain management consultancy services, respectively.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's platform technology and product candidates. Those expenses include salaries for research and development related activities, including management benefits and expenses for share-based compensation; other expenses directly attributable to the development of the Group's product candidates and preclinical pipeline.

Research and development expenses decreased from K€ 225 in the Fiscal Year 2020 to K€163 in the Fiscal Year 2021.

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions, such as salaries, social security contribution, benefits, and share-based compensation. Other general and administrative expenses include legal and consulting expenses related to the preparation of financing transactions, professional fees for legal services, consulting, cost associated with maintaining compliance with listing rules and compliance requirements as a result of being a publicly traded company, auditing and accounting services, remuneration for the supervisory board, restructuring costs, benefits settled in cash and equity, facility costs, and travel expenses.

General and administrative expenses increased from K€ 1,772 in the Fiscal Year 2020 to K€ 2,697 in the Fiscal Year 2021. This increase in general and administrative expenses is mainly driven by higher personnel expenses. In addition, public and investor relations expenses and legal, consulting and audit fees as well as other expenses increased compared to 2020.

Finance income and finance cost

The finance income in the Fiscal Year 2021 and 2020 is non-cash finance income. Finance income decreased from K€ 418 in the Fiscal Year 2020 to K€ 319 in the Fiscal Year 2021. Finance income of K€ 281 resulted from the derecognition of conversion

rights in connection with the ASO financing upon conversion of the bonds and of K€ 38 relating to the fair value adjustments of detachable warrants issued to Yorkville.

Finance cost in the Fiscal Year 2021 and 2020 is non-cash finance cost, except for transaction costs of K€ 47 in 2021 and K€ 123 in 2020 borne by the Group in conjunction with its issuance of convertible bonds and K€ 2 in 2021 and K€ 3 in 2020 relating to interest expense for lease liabilities.

Finance cost in the Fiscal Year 2021 and 2020 of K€ 1,047 and K€ 3,153 relate to the ASO financing entered into in 2020 and reflect losses on initial recognition of convertible bonds, conversion losses and conversion right derivatives as well as transaction costs. Further, finance cost in the Fiscal Year 2021 and 2020 of K€ 455 and K€ 998 relate to the exercise of warrants by Kreos, Yorkville and certain other investors. Finance cost in the Fiscal Year 2020 of K€ 878 (Fiscal Year 2021: nil) relate to the cashless exercise of all remaining Acuitas warrants outstanding and K€ 23 relate to the fair value adjustments of detachable warrants issued to Kreos, Yorkville and certain other investors (Fiscal Year 2021: nil).

Net result

As a result of the above factors, the Company's net result (loss) increased by K€ 4,047 from K€ 10,405 (net loss) in the Fiscal Year 2020 to K€ 14,452 (net loss) in the Fiscal Year 2021. This increase is due to an increase of share in results from participating interests by K€ 6,906, a decrease of non-cash finance result, net, of K€ 3,454 and increased loss from operations of K€ 595.

Assets

The Company's total fixed assets include office equipment. Total fixed assets decreased from K€ 24 as of 31 December 2020 to K€ 21 as of 31 December 2021.

The Company's total current assets consist of its cash at bank and in hand and other receivables. As of 31 December 2021, the Company's cash at bank and in hand amounted to K€ 8,850 (prior year: K€ 9,994). Other assets correspond to receivables due from group companies, prepaid expenses consisting of insurance and service contracts, the Company's liquidity account, claims against local tax authorities for value added tax (VAT) on supplies and services received.

Equity

The Company's total equity includes its issued capital, share premium (treasury shares deducted), retained earnings and undistributed result.

As of 31 December 2021, the issued capital of the Company amounts to K€ 746 (prior year: K€ 472) and is divided into 74,601,550 ordinary shares (prior year: 47,178,313) with a nominal value of € 0.01. The change in equity from 31 December 2020 to 31 December 2021 results from the transactions as described in Note 8 to the consolidated financial statements of NOXXON Pharma N.V.

The total equity as of 31 December 2021 amounted to an equity of K€ 4,510 compared to an equity of K€ 7,710 as of 31 December 2020.

Liabilities

The Company's total liabilities comprise non-current liabilities in the amount of nil representing the fair value of warrants issued. Current liabilities include financial liabilities of K€ 2,505 reflecting the ASO financing (bonds payable on demand and compound derivative liability), trade payables of K€ 410, liabilities due to group companies of K€ 72 and other liabilities of K€384.

Events After the Company Statements of Financial Position Date as of 31 December 2021

For Events After the Company Statements of Financial Position Date as of 31 December 2021 we refer to Note 16 of the Company financial statements of NOXXON Pharma N.V.

Commitments and Contingencies

For Commitments and Contingencies we refer to Note 17 of the consolidated financial statements of NOXXON Pharma N.V.

Significant risks and uncertainties

Risk Management

The Group's business is exposed to specific industry risks, as well as general business risks. This risk management section provides an overview of some of the main risks and uncertainties the Group currently faces. The risk appetite of the Group is aligned with its strategy and priorities. Some of the risks and uncertainties the Group faces are outside its control, others may be influenced or mitigated. The Group has, with regards to certain of these risks, implemented or started implementing risk management procedures and protocols.

The Group's management analyzes in a continuous process the potential risks, evaluating impact and likelihood, and determining appropriate measures to mitigate and minimize these risks. The risk appetite varies across the various risk categories. The risks and unpredictability of research and development are an intrinsic aspect of the biopharmaceutical business. These risks cannot be avoided without compromising the innovative strength and the development opportunities of the Group and its programs. Therefore, the Group – as a clinical-stage biopharmaceutical company - must accept these strategic and operational risks related to the pharmaceutical business and its novel substance class Spiegelmers® in order to secure the entrepreneurial chances of the Group. As these risks and uncertainties are outside of the control of the Group, the options to mitigate or to implement risk avoiding mechanisms are limited. NOXXON acts with the full awareness that it can justify and manage these risks and – where possible and meaningful – protect itself against them. Only in this way is it possible to achieve the Group's objectives. In 2021 and 2022 to date, the risks with significant impact on the Group relate to raising additional capital to fund the Group's clinical development in accordance with its strategic planning, which requires the Group's financing alternatives to remain as flexible as possible to adapt to uncertain conditions on the macroeconomic and geopolitical fronts that affect the ability of small cap, pre-revenue biotech companies to raise financing. The financing instruments associated with financing transactions, such as notes or warrants, caused and may continue to cause dilution to the Group's shareholders.

In 2021, and 2022 to date COVID-19 continued to impact the global economy. NOXXON has been monitoring closely 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 was decided to continue both the treatment of enrolled patients and recruitment of additional patients and to expand the study to explore additional populations and treatment combinations. 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. NOXXON has reduced risk to its staff by providing mobile working opportunities, IT and work-place solutions to minimize risk of infection at offices and implemented COVID-19 protection measures at the offices, including provision of masks, shields and disinfecting of common areas as well as regular testing (by certified in-house staff).

Overall, the impact of COVID-19 on trial recruitment, the main route for value creation in the clinical process, as well as the impact on the organization and the staff has been manageable. However, delays in manufacturing outside the control of the Group occurred at our service providers have resulted in the Group announcing a postponement of the initiation of its planned Phase 2 trial of NOX-A12 in pancreatic cancer. More generally, NOXXON has noted difficulties at several of its service providers with longer required lead-times for project initiation, difficulties obtaining manufacturing supplies, and higher rates of technical errors that need to be corrected. We believe that this stems from the burden on service-provider staff of operating for a long period of time under COVID-19-imposed restrictions, reduced on-site staffing and global supply-chain issues. It is difficult to predict when, or to what extent, such issues may affect Group timelines in the future.

The extent to which the recent global COVID-19 pandemic impacts NOXXON's business operations will depend on future developments, which are highly uncertain and cannot be predicted. Any significant infectious disease outbreak, including the COVID-19 pandemic, could result in a widespread health crisis that could adversely affect the economies and financial markets worldwide, resulting in an economic downturn that could impact our business, financial condition and results of operations, including the ability to obtain additional funding. At times of crisis, small-cap European biotech companies such as NOXXON may experience reduced liquidity in their shares and may also be subject to additional selling of their shares and accompanying price decreases as investors shift their holdings to cash or other less volatile investments. A trend of decreasing share price and volumes would reduce the attractiveness of NOXXON's shares for multiple types of investors and could make it more difficult for the Group to obtain financing on acceptable conditions, if at all. The last months of 2021 and first few months of 2022 have been one such period with decreasing share price and volumes during which it has been difficult to identify new sources of financing and the capacity to access existing sources such as the ASO vehicle have thus been somewhat limited.

NOXXON's strategic decisions on its research and development activities, drug manufacturing and conduct of clinical trials (in particular on therapies and treatment of certain indications, the design and set-up of clinical trials, the cooperation with suppliers and collaboration partners) as well as funding of its operations will be made also in the light of potential impact significant infectious disease outbreaks, including COVID-19 pandemic.

NOXXON's risks with significant potential impact can be grouped into the following various risk categories:

Risk Area	Description of Risk	Mitigation and Control
Strategic risks	Biopharmaceutical product development is a lengthy, high-risk undertaking and involves a substantial degree of uncertainty relating to the success of a therapeutic approach and the rapidly changing competitive environment.	The Group plans to develop and commercialize those product candidates that the Group believes have a clear clinical and regulatory approval pathway and that the Group believes it can commercialize successfully, if approved. The Group also remains in contact with a wide range of relevant experts to optimize its chance of success and remain up

	The regulatory approval processes of the FDA, EMA and comparable foreign authorities are time consuming, costly and unpredictable, and the Group ultimately may be unable to obtain regulatory approval for its product candidates.	to date with potentially competitive approaches. The Group seeks to develop a broad pipeline of indications and combination partners for its product candidates to allow the Group to potentially avoid being too dependent on the success of one indication.
	The limited pipeline of two early-stage product candidates may lead to increased risks for the Group in the event of project failures.	The Group was granted with orphan drug designations and can benefit from an enhanced and improved interaction with regulators in the US and EU potentially reducing regulatory approval risk.
Operational risks	The Group's product candidates may suffer from insufficient safety and/or efficacy profiles to enable their further development, registration and commercialization.	The Group has adopted a business model to spread risks of its product candidates by developing a broad pipeline of indications and combinations.
	Development of the Group's product candidates may be affected by and delayed due to various infectious disease-related restrictions or effects on manufacturing drug product, recruiting patients or auditing clinical data.	The Group has adapted its communication, planning and project management to restrictions and conditions relating to conduct of clinical development.
	The Group expects to continue to rely on third parties, in relation to the manufacturing, storage and shipment of drug product and Clinical Research Organizations to conduct its clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Group's research and development efforts and business, financial condition and results of operations could be materially adversely affected.	The Group endeavors to build and maintain relationships with service providers, medical experts in fields related to the Group's product candidates in order to increase awareness around the existence of the Group's product candidates and its clinical trials. Third party contractor selection and management are subject to the Group's quality management system.
	The Group's future growth and ability to compete depends on retaining its key personnel and recruiting additional qualified personnel. The loss of key managers and senior scientists could delay the Group's research and development activities.	The Group offers competitive remuneration packages and share based incentives in the form of its employee stock option plan.
	Health and safety in infectious disease pandemic situation, such as that experienced with COVID-19.	Provide home-office IT and work-place solutions to minimize risk of infection at offices. Implement COVID-19 protection measures at the offices, e.g., masks shields, disinfecting of common areas as well as regular testing (by certified in-house staff). The Group files and prosecutes patent applications to protect its

	The Group relies on patents and other intellectual property rights to protect its product candidates the enforcement, defense and maintenance of which may be challenging and costly. Certain of the Group's patents are limited to certain jurisdictions. Failure to enforce or protect these rights adequately could harm the Group's ability to compete and impair its business. Public health crises may limit access to facilities and impair ability of Group to advance R&D.	product candidates and technologies. In order to protect trade secrets, the Group maintains strict confidentiality standards and agreements for collaborating parties. The Group regularly monitors third party intellectual property rights within its relevant fields and jurisdictions to avoid violating any third-party rights and secures licenses to such third party rights on an as-needed basis. Group enables remote working capabilities of all key staff, assesses ability of R&D programs to advance on an ongoing basis and adapt business planning accordingly, if required.
Financial risks	The Group expects to incur losses for the foreseeable future and will need substantial additional funding in order to complete the development and commercialization of its product candidates, which may not be available on acceptable terms when needed, if at all. Raising additional capital may restrict the Group's operations or require it to relinquish rights to its technologies or product candidates. Raising additional capital may cause dilution to the Group's shareholders. The ongoing conflict in the Ukraine represents new challenges in financial market conditions that may continue to impact the Group's ability to fund itself. Previous equity line financings have resulted in warrants being issued and these have caused and may cause additional dilution to the Group's shareholders. Financial risks also relate to tax, accounting and reporting. Public health crises may negatively affect markets and limit communication with investors.	Due to the unpredictability of the Group's business, the Group's aim is to secure a solid mid-term cash position. Its aim is to actively develop a shareholder base of mainly long-term expert investors and to diversify its non-dilutive income base via industrial collaborations and government grants. To mitigate the financial risks the Group also maintains disciplined cash management and regularly assesses cash need and cash availability to make informed decisions concerning upcoming commitments. The Group set criteria to carefully consider use of financing instruments with warrants or other complex dilutive instruments. The Group aims for full compliance with financial reporting rules and regulations. Group enables remote working capabilities of all key staff and collaborates with multiple outside consultants to enable ongoing interaction with investors.
Compliance risks	Compliance risks relate to unintentional or unanticipated failures to comply with applicable laws and regulations.	The Group's aim is to be fully compliant with these laws and regulations with the assistance of experienced external support.

NOXXON's risk appetite is aligned with Group's strategy and priorities and serves as a guideline for the measures to be taken. It is different for the various risk categories the Group is exposed to. The risk appetite for each of the risk categories is summarized as follows:

Strategic risk: Strategic risks (e. g., by taking opportunities) may affect the Group's strategic ambitions. Strategic risks include economic and political developments and the effects of actions taken to anticipate and respond to market conditions. The Group is prepared to take certain strategic risks, balancing the need to capture return from opportunities and manage risks. This may include investing in certain markets, in R&D in certain areas and managing the portfolio of products, in acquisitions and divestments in a highly uncertain global political and economic environment.

Operational risk: Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the actual running of each business. The Group aims to minimize downside risks to maintain the high quality of its products, systems and services, reliable IT systems and sustainability commitments.

Compliance risk: The Company has a zero-tolerance policy towards non-compliance in relation to breaches of regulations and its code of conduct.

Financial risk: The Group recognizes financial risks outside its control related to treasury, accounting and reporting, pensions and tax. To minimize their impact, the Group follows a conservative risk management approach in these areas. Furthermore, the Company strives to ensure transparent and truthful accounting and reporting to enable financial statement users to make informed decisions which take the effect of these risks into consideration.

Listed below are the detailed description of the risks perceived by management to be the most significant. The risks faced by the Group during 2021 and 2022 to date are not limited to this list. Risks have not been ranked in order of importance. There may be other risks which the Group currently does not consider to be significant but which at a later stage may manifest themselves as such. Where possible, the specific measures in place to help mitigate these risks are indicated.

Risks Relating to the Group's Business and Industry

The Group heavily depends on the future success of its clinical stage lead product candidate, NOX-A12, the development of which the Group is currently focusing, as well as NOX-E36. Any failure to successfully develop, obtain regulatory approval for or commercialize the Group's product candidates, independently or in cooperation with a third-party collaborator, or any significant delays in doing so, would compromise the Group's ability to generate revenues and become profitable.

Fully exploiting the potential of some of the Group's product candidates will require partnerships or collaborations, including with other pharmaceutical or biotechnology companies, and if the Group is unable to enter into or realize such partnerships or collaborations, this would compromise its ability to advance its programs.

The potential of the Group's product candidates may be compromised because its product candidates incorporate a mirror-image oligonucleotide connected site-specifically to polyethylene glycol ("**PEG**"). There have been some therapeutic agents developed by other companies containing PEG that have experienced safety issues and the Group's product candidates may experience similar or other safety issues, as a result of which the potential of the Spiegelmer technology platform may be compromised.

It may be difficult to identify and enroll patients in clinical trials, and patients could discontinue their participation in clinical trials, which could delay or otherwise adversely affect clinical trials of the Group's product candidates.

Success in early clinical trials may not be indicative of results obtained in later trials.

In addition to the level of commercial success of current product candidates, if approved, future prospects are also dependent on the Group's ability to successfully develop a pipeline of additional product candidates. The Group may not have sufficient financing to develop additional Spiegelmers, and even if it does, it may not be successful in its efforts to use its technology platform to identify or discover additional product candidates and may choose or be forced to abandon its development efforts for a program or programs.

Risks Relating to Commercialization of Product Candidates

Even if the Group eventually gains approval for any of its product candidates, it may be unable to commercialize them. In addition, engaging in international business involves a number of complexities and risks.

The Group faces intense competition and rapid technological change. The Group's competitors may develop therapies that are more advanced or effective, which could impair the Group's ability to successfully develop or commercialize its product candidates.

If the Group fails to maintain orphan drug status for its lead product candidate NOX-A12 for the treatment of glioblastoma, to obtain orphan drug status for NOX-A12 for the treatment of other cancers or to obtain and maintain orphan drug status for any of its other product candidates for which it may apply for an orphan drug status, the Group would likely have limited or shortened protection or market exclusivity for NOX-A12 or any of its product candidates.

If the Group fails to maintain drug-related patents or obtain patent term extensions for its lead product candidate NOX-A12 or to obtain and maintain similar patents and term extensions for any of its other product candidates, the Group would likely have limited or shortened period of market exclusivity reducing is commercial potential of its products.

The commercial success of any current or future product candidate, if approved, will depend upon the degree of market acceptance by physicians. The Group may suffer from physician prescription of its products for off-label uses to the extent such off-label uses become pervasive and produce results such as reduced efficacy or other adverse effects.

The insurance coverage, pricing and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage, pricing and reimbursement for any of the Group's product candidates that receive approval could limit its ability to market those products and compromise the ability to generate revenues.

Risks Relating to the Regulatory Environment

Nearly all aspects of the Group's activities are subject to substantial regulation. No assurance can be given that any of the Group's product candidates will fulfil regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals and withdrawal of approvals as well as fines.

The Group's product candidates are based on novel technology, which makes it difficult to predict the time and cost of product candidate development and potential regulatory approvals. Any delay or failure to obtain the regulatory approvals necessary to bring the Group's product candidates to market could impair the ability to generate product revenues and to become profitable.

The Group may encounter substantial delays in clinical trials or fail to demonstrate safety and efficacy to the satisfaction of the Food and Drug Administration ("**FDA**"), the European Medicine Agency ("**EMA**") or another government body ("**Competent Authority**"), which may impair the ability to commercialize product candidates.

The results from clinical trials may not be sufficiently robust to support the submission for marketing approval for product candidates. Before the Group submits its product candidates for marketing approval, the FDA, EMA or other Competent Authority may require additional clinical trials or evaluate subjects for an additional follow-up period.

Adverse events in the Group's clinical trials for any product candidate, whether as a result of the treatment with the Group's product candidates or as a result of other therapies administered in combination with the Group's product candidates, may require it to stop or delay development of that product candidate, or may prevent or delay regulatory approval of that product candidate.

Even if the necessary preclinical studies and clinical trials are completed, the Group cannot predict when or if it will obtain regulatory approval to commercialize a product candidate or the approval may be for a narrower indication than expected.

Even if the Group obtains regulatory approval for a product candidate, the product will remain subject to ongoing regulatory obligations. The Group may be subject to significant restrictions on the indicated uses or marketing of the product candidates, which could lead to the withdrawal, restriction on use or suspension of approval, and the Group may be subject to government investigations of alleged violations which could require the Group to expend significant time and resources and could generate negative publicity.

Risks Relating to the Group's Business Operations

The Group's future success depends on the ability to retain qualified personnel, including but not limited to employees, consultants and advisors and to attract, retain and motivate qualified personnel.

The Group has been subject to restructurings and might be subject to restructurings and/or expansion of its organization in the future. The Group may experience difficulties in managing the restructuring or expansion of its organization, which could disrupt operations and could require significant additional capital.

The Group's employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which may result in the imposition of significant fines or other sanctions and significantly impact the business.

The Group faces potential product liability, and, if successful claims are brought against the Group, it may incur substantial liability and costs. If the use of the Group's product candidates harms patients, or is perceived to harm patients even when such harm is unrelated to its product candidates, regulatory approvals could be revoked or otherwise negatively impacted and the Group could be subject to costly and damaging product liability claims.

If the Group fails to comply with environmental, health and safety laws and regulations, it could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of its business.

Exchange rate fluctuations may adversely affect the Group's results of operations and financial condition.

Risks Relating to the Group's Financial Position and Capital Requirements

The Group has incurred significant losses and anticipates that it will continue to incur significant losses for the foreseeable future.

The Group has never generated material revenues from product sales and may never become profitable.

The Group's financing agreements with Yorkville and ASO contain operating covenants and undertakings that may restrict its business and financing activities. The warrant instruments associated with this financing transaction may, when exercised, result in increased future dilution of an amount that varies inversely with the quoted share price of the Company's shares.

The Group will need to raise additional funding in the future, which may or may not be available on acceptable terms, or which may restrict the Group's operations or require it to relinquish substantial rights. Failure to obtain this necessary capital when needed may force the Group to delay, limit or suspend its product development efforts or other operations and may affect the Group's ability to continue as a going concern. Obtaining the financing needed to advance the Group's programs may result in significant dilution of existing shareholders. As is common in the biotech sector, financing transactions may be associated with instruments, such as notes or warrants, which may result in increased future dilution of an amount that varies inversely with the quoted share price of the Group's shares. Although the Group aims to have flexibility in the timing of its financing needs, if the Group needs to obtain financing during a period of decreasing share price

and volumes this could make it more difficult for the Group to obtain financing on acceptable conditions.

Risks Relating to Reliance on Third Parties

The Group has only limited experience in regulatory affairs and intends to rely on consultants and other third parties for regulatory matters, which may affect its ability or the time required to obtain necessary regulatory approvals.

The Group relies, and expects to continue to rely, on third parties to conduct some or all aspects of its product manufacturing, protocol development, research and preclinical and clinical testing, and these third parties may not perform satisfactorily.

One of the components used in the manufacture of the Group's product candidates is currently acquired from a single-source supplier. The loss of this supplier, or its failure to supply the Group this component, could materially and adversely affect the Group's business.

The Group relies, and expects to continue to rely on third parties to conduct, supervise and monitor its clinical trials, and if these third parties perform in an unsatisfactory manner, it may harm the Group's business.

The Group intends to rely on third-party manufacturers to produce commercial quantities of any of its product candidates that receives regulatory approval, but has not entered into binding agreements with any such manufacturers to support commercialization. Additionally, these manufacturers do not have experience producing the Group's product candidates at commercial levels and may not pass pre-approval inspections or achieve the necessary regulatory approvals or produce its product candidates at the quality, quantities, locations and timing needed to support commercialization.

The Group's collaborations with outside scientists and consultants may be subject to restriction and change.

Risks Relating to the Group's Intellectual Property

If the Group is unable to obtain and maintain sufficient patent protection for its product candidates, or if the scope of the patent protection is not sufficiently broad, the Group's competitors could develop and commercialize similar or identical products, and the Group's ability to commercialize its product candidates successfully may be adversely affected.

The Group may not be able to protect and/or enforce its intellectual property rights throughout the world.

The patent term, including patent term extensions, if available, may be inadequate to protect the Group's competitive position on its products for an adequate amount of time.

The Group may become involved in legal proceedings in relation to intellectual property rights, which may result in costly litigation and could result in the Group having to pay substantial damages or limit the Group's ability to commercialize its product candidates.

If the Group fails to comply with its obligations in the agreements under which it licenses intellectual property rights from third parties, or if the license agreements are terminated for other reasons, the Group could lose license rights that are important to its business and have to delay or cease further development of the relevant program or product or be required to spend significant time and resources to modify the program or product or develop or license replacement technology so as not to use the rights under the terminated agreement.

If the Group is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology and product candidates could be significantly diminished. Also, the Group's reliance on third parties requires it to share trade secrets, which increases the possibility that a competitor will discover them or that its trade secrets will be misappropriated or disclosed.

The Group may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that its employees have wrongfully used or disclosed alleged trade secrets of their former employers or that its patents and other intellectual property are owned by its employees, consultants or other third parties.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and the Group's or its licensors' patent protection could be reduced or eliminated for non-compliance with these requirements.

Certain of the Group's employees and patents are subject to the German Act on Employees' Inventions, and the Group may be subject to claims under this Act.

Risks Resulting from Infectious Disease Outbreaks and Geopolitical Developments

NOXXON's business and financial condition may be adversely affected by infectious disease pandemics such as the COVID-19 outbreak, particularly if located in regions in which we conduct our research and development activities, drug manufacturing, or conduct our clinical trials, all of which may be subject to delays or compromise the quality of the work done. Several major pharmaceutical companies have had to suspend patient recruitment in major clinical trials as a result of the COVID-19 outbreak. If the hospitals with which NOXXON collaborates require this as well, then NOXXON would have to implement such measures resulting in potentially significant delays in recruitment. If hospitals decide to stop treating already enrolled patients, then the study itself could be compromised since patients' treatment would not comply with the approved protocol.

NOXXON's financial condition and financing opportunities could be adversely affected to the extent that COVID-19 or any other epidemic or infectious disease outbreak as well as geopolitical developments such as the Russia-Ukraine conflict harm the global economy or makes investors more reluctant to invest in stock market listed companies.

The Group is also monitoring the impact the Russia-Ukraine conflict is having and could have on its operations. While the Group has no direct activity in Ukraine or Russia, potential indirect consequences on financing and operations of the Group are being monitored and evaluated in order assess and appropriately manage these risks. However, for now and based on the currently available information, the Group does not expect the Russia-Ukraine conflict to have a material, direct impact on its operations, though we expect it to make financing more challenging through its impact on macroeconomic factors that reduce the attractiveness to investors of investing in small-cap early-stage biotechnology companies versus other types of investments.

At times of crisis, small-cap European biotech companies such as NOXXON may experience reduced liquidity in their shares and may also be subject to additional selling of their shares and accompanying price decreases as investors shift their holdings to cash or other less volatile investments. A trend of decreasing share price and volumes would reduce the attractiveness of NOXXON's shares for multiple types of investors and could make it more difficult for the Group to obtain financing on acceptable conditions, if at all.

NOXXON Risk management system

The risks and unpredictability of research and development are an intrinsic aspect of the pharmaceutical business which cannot be avoided without compromising the innovative strength and the development opportunities of the company. In such cases, NOXXON acts with the full awareness that it can justify and manage these risks and – where possible and meaningful – protect itself against them, reducing the exposure to these risks.

The monitoring and control of business risks constitutes a major part of the responsibilities of the Company's senior management. NOXXON, as a company engaged in intensive research and committed to growth, accounts for existing or potential opportunities and risks in its business activities as a matter of regular course. Management regularly goes to great lengths to develop a well-organized product portfolio within the *Spiegelmer* substance class in order to ensure an attractive opportunity/risk profile.

The aim of risk management is to support NOXXON's management in securing the continued existence of the Group. Risk management promotes a conscious handling of risks so that situations which threaten the existence of the Company can be identified at an early stage and managed effectively.

NOXXON has introduced a monitoring system to identify, analyze, categorize, document and monitor risks to the company. The monitoring system is also intended to ensure that possible measures which serve to minimize risks are initiated and that their implementation and effectiveness are checked.

For this purpose, NOXXON's Management has identified, analyzed and assessed existing and potential risks and documented these results and the responsibilities that emerge in a risk database. NOXXON updates this information on a continual basis. The employees of NOXXON are informed about the risk management system and are

required to register new or changed potential risks in their area of activity and to make an active contribution to the further development of the risk management system.

The risk management system at NOXXON includes the following **elements**:

- **documentation** in the form of the risk list, the risk portfolio (risk map) and this risk manual;
- the **internal monitoring system** with a controlling function (planning, checking and control, as well as providing information) and an early warning system;
- the **external monitoring system** with the Supervisory Board the "principles of proper company management" and insurances.

The risk list enables the Management Board and the Supervisory Board to gain an overview of the risk situation of the company and to identify a possible need for action at an early stage. Due to the Group's business, the assessment of the risks is presented qualitatively and provides judgement on the probability of the occurrence and the possible level of potential loss. Quantitative sensitivity analyses are not performed.

Since the identification and assessment of risks is an ongoing process and needs continuous improvement to support the growth of the Group's activities, risk management will continue to have the full attention of the Management Board and will be subject to further and regular discussions with the Supervisory Board. The structure and functioning of the risk management and internal control systems are assessed annually by the Supervisory Board. In its meeting in December 2021 it was confirmed that the risk management system is appropriate for the risk profile, the type and the size of the Group. It should however be noted that such systems can never provide absolute assurance regarding achievement of company objectives, nor can they provide an absolute assurance that material errors, losses, fraud, and the violation of laws or regulations will not occur.

Internal risk management and control system

Risk management system

NOXXON has introduced a monitoring system in order to identify, to analyze, to categorize, to document and to monitor risks to the Group. The monitoring system is also intended to ensure that possible measures which serve to minimize risks are initiated and that their implementation and effectiveness are checked. For this purpose, the Management Board of NOXXON has identified, analyzed and assessed existing and potential risks and documented these results and the responsibilities that grow out of them in a risk list. NOXXON updates this list and adds to it on a regular basis. The employees of NOXXON are informed about the risk management system and are required to register new or changed potential risks in their area of activity and to make an active contribution to the further development of the risk management system. The

risk list enables the Management Board, the Supervisory Board to gain an overview of the risk situation of the Group and to identify a possible need for action at an early stage.

In addition, the Group has set up an internal control system consisting of various rules and regulations such as policies, standard operating procedures, working practice documents, signatory rules, segregation of duties, spot checks, self-checks, employee training and emergency planning. These regulations are mandatory for the entire organization. The Group's quality management system and the controlling system serve as important elements of the internal control and the risk management. The quality management provides specification documents which include position descriptions and functional descriptions as well as verification documents.

This internal control system also contributes to the prevention and control of risks from the Group's activities, including those linked to risks of fraud. Fraud risks addressed by internal control mechanism are mainly related to fraudulently changing clinical data and the misappropriation of cash balances of the Group.

The Group's projects are analyzed in detail in regular project meetings to provide for close coordination of the project team as well as with the management.

Risk management and internal control system in the financial reporting process

The internal control and risk management system is set up to ensure that the financial reporting and its processes are consistent and in compliance with legal regulations and generally accepted accounting principles for International Financial Reporting Standards (IFRS). This includes adhering to segregation of duties, authorization procedures, spot checks, various measures of plausibility checks for the numbers as well as comparison analyzes of actual with budgeted numbers.

The Group's controlling system serves as the basis for the risk management. The controlling is based on strategic planning, budgeting, reporting and deviation analyzes. The available instruments provide the management with the information which are necessary to adequately assess the actual situation, to identify and evaluate opportunities and risks, and following this to make business decisions.

The description of the risk factors and the risk management approach of the Group is described in more detail in section "Risk Management".

Financial and non-financial performance indicators

The most important financial performance indicator is the cash forecast. We refer to section "liquidity risk" in Note 18 of the consolidated financial statements of NOXXON Pharma N.V.

Further, the following financial and non-financial performance indicators are relevant. The Group uses a number of contract research organisations to perform the clinical studies and the preclinical work as well as production of Spiegelmers® and related process development. Important performance indicators in this respect are, in addition to compliance with the budget and the timetables, the quality of the work carried out as well as compliance with all applicable regulations. As a safeguard in this area, the Group carries out audits prior to the awarding of contracts as well as during the ongoing work addressing the aforementioned points and potentially deriving recommendations for

action. Great emphasis continues to be placed on adherence to timetables for the work contracted and to perform clinical studies within the original timeframe. With respect hereto, the Group has alternative scenarios prepared to potentially be able to limit or compensate delays.

Information regarding financial instruments

For further information regarding financial instruments we refer to Note 10 “Financial liabilities” and Note 18 “Financial risk management policies and objectives” of the consolidated financial statements of NOXXON Pharma N.V.

Research and development information

The Group’s goal is to become a leading biopharmaceutical group focused on cancer therapy and create long-term value for its shareholders by developing and commercializing its proprietary class of drugs called Spiegelmers. Spiegelmers are a chemically synthesized, immunologically passive alternative to antibodies which we believe have the potential to be best-in-class on certain target classes, such as chemokines. Accordingly, the Group’s key strategies and goals are to:

- Make its lead product candidate NOX-A12 a combination partner for a wide range of cancer treatments by leveraging the NOX-A12 mechanism of action on the TME in combination with existing therapy classes, including immune checkpoint inhibitors and cell therapies as well as standard therapies such as chemo- and radiotherapy.

- Develop NOX-E36, the Group’s other potential product candidate, as a TME-targeting agent for solid tumors.

- Partner its product candidates bringing additional expertise and financial resources to development of our products.

- Develop its lead product candidate and find suitable routes to commercialization.

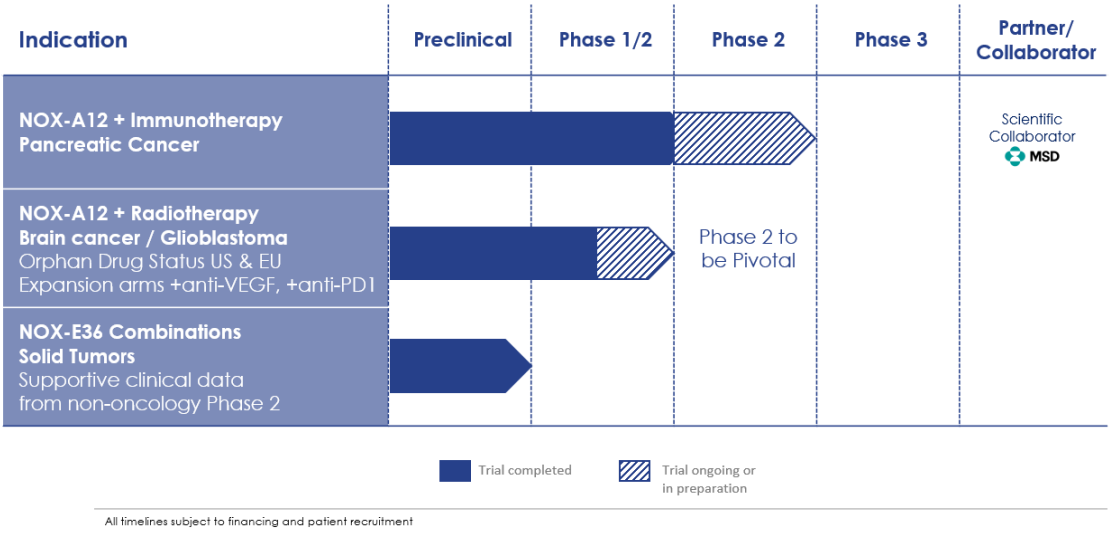
The Group’s strategy to create long-term value for its shareholders is based on a strong commitment to the dynamic business model of investing in clinical programs, which NOXXON believes are driven by a compelling scientific rationale, as well as collaborations with academic and pharmaceutical partners.

It has become very clear to the scientific community that chemokines are important, yet largely unaddressed targets for TME-directed cancer therapy and that neutralizing them could significantly improve efficacy of a broad range of therapies in many cancer types (*Source: Joyce & Fearon, 2015, Huynh, et al., 2020*). The Group believes that this creates a tremendous opportunity to develop a series of successful new products for cancer treatment. The final peer-reviewed data from the OPERA clinical trial of NOX-A12 combined with Merck’s immune-oncology checkpoint inhibitor antibody Keytruda®/

pembrolizumab in patients with metastatic solid tumors that do not usually respond to checkpoint inhibitor monotherapy was published in 2021 in the Journal for Immuno-Therapy of Cancer (*Source: Suarez-Carmona, 2021*). As a result of the encouraging safety, tolerability and overall survival data obtained, a Phase 2 trial in collaboration with MSD is being prepared in second-line metastatic pancreas cancer patients to determine the best combination of NOX-A12 with pembrolizumab and chemotherapy to pursue in a pivotal trial. The Group is also conducting a Phase 1/2 dose-escalation study in brain cancer patients combining NOX-A12 with radiotherapy. Interim data from this clinical trial was presented at the Society for Neuro-Oncology Annual Meeting in November 2021 by Dr. Frank Giordano, the lead-investigator of the study, showing a best response of tumor shrinkage in 8 of 9 patients vs. 1 in 13 for a matched historical reference cohort. Building on these data, the study protocol was amended in 2021 with additional arms to include patients that will receive a combination of (i) radiotherapy, NOX-A12 and the VEGF inhibitor bevacizumab; (ii) radiotherapy, NOX-A12 and the PD-1 inhibitor pembrolizumab, and (iii) radiotherapy and NOX-A12 in completely resected patients.

NOX-E36 is planned to go back into the clinic as part of a Phase 1/2 trial in a solid tumor indication. We target an indication with rapid clinical read-outs that will be of commercial interest to larger pharmaceutical companies.

All of the Group's proprietary product candidates were identified and synthesized through its drug discovery platform. The Group's oncology-focused product pipeline consists of two clinical-stage candidates. The primary product candidates that the Group intends to progress, alone or through potential partnerships, include NOX-A12 in various cancer indications and NOX-E36 in solid tumors. The Group's pipeline of product candidates is summarized in the figure below:



Remuneration of managing and supervisory directors

We refer to Note 19 in the consolidated financial statements 2019 of NOXXON Pharma N.V. and the section “Remuneration” in the Supervisory Board Report in this Annual Report.

Information concerning application of code of conduct and additional corporate governance policies

The Company has incorporated a code of conduct, an insider trading policy, a whistle-blower policy and a policy on bilateral contacts with shareholders. Each of those policies is guided by the Group’s culture and its core values of transparency, integrity and collegiality. These documents apply mandatorily to all personnel, Directors and consultants and can be found on the Company’s website. For further information regarding the Company’s (non-)compliance with the Dutch Corporate Governance Code we refer to Section VI Dutch Corporate Governance Code of the Corporate Governance Report of this Management Report.

Diversity policy board of management and supervisory board

NOXXON Pharma N.V. recognizes the benefits of diversity, including gender balance. We aim for a diverse composition with respect to nationality, experience, background, age and gender, which objective has also been included in our profile of the size and composition of the supervisory directors. However, NOXXON Pharma N.V. feels that gender is only one part of diversity and future members of the Board of Directors and of the Supervisory Board will continue to be selected on the basis of wide ranging (technical) experience, backgrounds, skills, knowledge and insights. In 2021, the Company has set up a diversity policy reflecting these values which can be found on the Company’s website. With the current composition and as a result of the supervisory board members appointed at the 2021 AGM, the Supervisory Board is of the view that the Supervisory Board currently has the desired diverse composition in line with its profile. We recognize that the composition of the management board is not diverse from a gender perspective. The supervisory board will strive to consider a further diversified composition as appropriate, if a vacancy should arise.

Control relationship within the company

As of 31 December 2021, the subscribed capital of the Company amounts to € 746,015.50 and is divided into 74,601,550 ordinary shares each with a nominal value of € 0.01. All shares are ordinary shares listed on Euronext Growth, Paris. All shares are registered ordinary shares of the same class and carry the same rights. No restrictions on the transfer of shares, no special control rights, no restrictions on voting rights and no relationship-type agreements of the Company with shareholders exist.

Outlook

The Group believes the future of cancer treatment will rely on combination therapies, combinations of different drugs that have a synergistic benefit for the patient by fighting the cancer in multiple ways at the same time (*Source: Mahoney et al., 2015*). The Group's lead product candidate and other clinical stage product candidate in its pipeline target the tumor microenvironment (TME) and are designed to be combined with other cancer targeting therapies. The TME is the space in which cancer cells exist in the body, which includes amongst others surrounding blood vessels, immune cells, fibroblasts and signaling molecules. The TME has been shown to have a critical role in almost all aspects of cancer biology (*Source: Guo et al., 2015; Joyce & Fearon, 2015, Huynh, et al., 2020*).

Specific signaling molecules called chemokines are important in the interaction between the cancer and the TME. These chemokines can act as communication bridges between cells and their environment and as signposts for migrating cells when attached to cell surfaces for example on blood vessel walls. The Group's cancer pipeline consists of products that are designed to break this line of communication and isolate tumor cells from their supportive environment so that they can be killed more easily or effectively by the patients' own immune system and by cancer targeting therapies.

The Group's pipeline consists of one lead clinical-stage product candidate, NOX-A12, and an additional product candidate, NOX-E36, that the Group intends to progress alone or through potential partnerships:

NOX-A12 (olaptesed pegol)

The Group's lead product candidate, NOX-A12, targets a key chemokine in the TME, CXCL12, also known as stromal cell-derived factor-1 (SDF-1), that is naturally involved in the migration of blood cells, and that in cancer acts as a communication bridge between tumor cells and their environment (*Source: Guo et al., 2015*). For example, while CXCL12 and other chemokines generally attract cells, it is now understood that under certain conditions of very high local concentrations that can be found in some solid tumors, CXCL12 can act either as a repulsive factor for cytotoxic or killer T cells, which are key cell types of the immune system (*Source: Feig et al., 2013; Joyce & Fearon, 2015; Poznansky et al., 2000 & Lee et al., 2009*) or as a sequestration factor trapping the immune cells in areas of supportive tissue away from cancer cells (*Source: Seo et al., 2019*). NOX-A12 offers a complementary mode of action to other treatments including the current standard of care and the latest immuno-oncology therapeutics, such as immune checkpoint inhibitors and cell therapy approaches such as CAR-T or CAR-NK-based therapies. Thus, the Group believes that NOX-A12 has specific characteristics that make it highly suitable as a partner drug in various cancer combination therapies. The Group believes that combination with NOX-A12 will increase the efficacy of cancer treatments without adding significant side effects. Therefore, the Group believes NOX-A12 is positioned to be a combination partner for a wide range of cancer treatments. The Group has been developing NOX-A12 therapeutic settings in two distinct ways:

- In brain cancer, in combination with radiotherapy, to block recruitment of bone marrow-derived "repair" cells into the tumor to prevent re-growth; in addition, further combinations with radiotherapy and VEGF inhibition or PD-1 checkpoint inhibition are explored,
- In advanced solid tumors, such as metastatic pancreatic cancer, in combination with immune checkpoint inhibitors and standard-of-care chemotherapy, to

destroy tumor immune privilege to unleash the full potential of tumor immunotherapy.

NOX-A12 clinical trial results in Pancreatic and Colorectal Cancer:

In October 2021, the final, peer reviewed data from the clinical trial of the combination of NOX-A12 with Keytruda® in heavily pre-treated metastatic micro-satellite stable pancreatic and colorectal cancer patients was published in the Journal for the Immunotherapy of Cancer (*Source: Suarez-Carmona et al., 2021*). There are several interesting aspects to highlight in this publication. First, the overall survival data showing that three patients including two receiving their 4th line of therapy for metastatic pancreas cancer had lived more than one year. Second, in responder patients, NOX-A12 monotherapy is able to penetrate the tumor tissue, neutralize CXCL12 and can stimulate an increased immune response within the tumor, making the tumor microenvironment immunologically "hotter". This process can be seen via an agglomeration of T cells in tumor tissue indicating activation and enhanced antigen presentation. In the second part of the study, when NOX-A12 was then combined with Merck's anti-PD-1 immunotherapeutic antibody, Keytruda®, 25% of patients achieved stable disease according to the iRECIST criteria, despite 95% of all patients having progressive disease as their best response to their prior anti-cancer treatment. The authors note that the prolonged duration of trial treatment and disease stabilization in comparison to patients' previous chemotherapies was unprecedented. As such, the Group believes that further work in both tumor types is warranted for NOX-A12 in particular in pancreatic cancer, where it plans to focus its near-term efforts.

The clinical trial of the combination of NOX-A12 with Keytruda® in heavily pre-treated metastatic micro-satellite stable pancreatic and colorectal cancer patients also shed light on the detailed mechanism of action of NOX-A12. Repeat biopsies of tumor metastases revealed that in patients responding to NOX-A12 therapy, immune effector T-cell cells moved closer to tumor cells and also grouped together, suggesting a coordinated immune response against the tumor (*Source: Suarez-Carmona et al., 2021*). These effects of NOX-A12 are consistent with data from other clinical studies investigating inhibition of CXCL12 activity in pancreas and colorectal cancer. Researchers at the University of Cambridge, UK and Cold Spring Harbor Laboratory, NY, USA showed that inhibition of signaling of CXCL12 through one of its receptors could induce an integrated immune response in pancreas and colorectal cancer patients predictive of a clinical response to antibodies like Keytruda (*Source: Biasci et al., 2020*). Likewise, researchers at the University of Washington, Seattle, USA showed that when the interaction of CXCL12 with one of its receptors was inhibited, PD-1 blockade was able to activate cancer cell killing by the immune system cells already present in the tumor. They further noted that these outcomes were consistent across a large number of individual patients' cancers, suggesting that combined blockade of the PD-1 and CXCL12/CXCR4 axes holds promise as a potential therapeutic strategy for pancreatic cancer (*Source: Seo et al., 2019*).

Status of NOX-A12 GLORIA Phase 1/2 clinical trial in Brain Cancer

In November 2021, interim data from the ongoing dose-escalation, Phase 1/2 study of NOX-A12 in combination with irradiation in first-line glioblastoma patients were presented by Dr Frank A. Giordano, M.D., Director and Chair of the Department of

Radiation Oncology, University Hospital Bonn, Germany, at the SNO Annual Meeting in Boston, Massachusetts.

The oral presentation, entitled “CXCL12 inhibition in MGMT unmethylated glioblastoma - results of an early proof-of-concept assessment in the multicentric phase I/II GLORIA trial”, included results from 9 chemotherapy refractory (MGMT promoter unmethylated) patients participating in the proof-of-concept study on CXCL12 inhibition during and after radiotherapy of glioblastoma. Eight of 9 patients (89%) receiving NOX-A12 showed reductions in tumor size: 2 patients with radiologic objective responses (>50% reduction) and 6 patients with stable disease (<50% reduction). Top-line data published in March 2022 following the completion of six-month treatment of the high-dose group further confirmed the safety and efficacy profile of NOX-A12. The safety data seen at the highest dose level was consistent with what was expected in patients with glioblastoma receiving radiotherapy and similar to that seen in the lower dose cohorts. The percentage of patients who have achieved a best response of tumor size reduction under NOX-A12 treatment increased vs. the 89% disclosed in the previous interim data analysis presented at the SNO in November 2021. Furthermore, the percentage of patients who have achieved more than 50% tumor size reduction under NOX-A12 treatment increased considerably over the 22.2% disclosed in the previous analysis. Multiple patients in the high-dose cohort achieved >50% tumor size reductions, which is a multi-fold increase over the 7.7% achieved by the matched imaging reference cohort disclosed in November 2021.

Also, data from tissue analysis of a patient on NOX-A12 therapy shows (1) a significant reduction of the NOX-A12 target, CXCL12, on tumor blood vessels, (2) a significant decrease in tumor cell proliferation and (3) an increase of activated killer immune cells in the tumor tissue. Importantly, these changes were observed across all available tumor tissue and not only in small subsections. These benefits are strongly supportive of the dual mechanism of action of NOX-A12: first, by inhibiting repair of blood vessels damaged by radiotherapy, second, by promoting the immune-response. This dual mechanism of action could prove transformational since this is not consistently observed in historical samples including patients treated with immune checkpoint inhibitors.

To prepare for future trials aiming at approval of NOX-A12, the Group has made 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 for NOX-A12:

NOX-A12 + radiotherapy in Brain Cancer:

- As noted above, completion of six months dosing of NOX-A12 high-dose group was reported in March 2022 with a good safety profile and encouraging efficacy signals.
- Based on safety data and the analysis of tissue samples of patients, recruitment of expansion cohorts of patients testing the high-dose of NOX-A12 with radiotherapy and either anti-PD-1 immunotherapy or anti-VEGF therapy is underway to determine whether these combinations are safe and to identify efficacy signals.
- Following discussions with regulators and experts, initiation of a Phase 2/3 pivotal trial of NOX-A12 combined with radiotherapy and potentially either anti-PD-1 or anti-VEGF in 1st line glioblastoma patients vs. standard of care is planned,

assuming ongoing Phase 1/2 trial data supports further development. As the company awaits more mature data from the expansion arms, the final design and timing may evolve.

NOX-A12 + immunotherapy + chemotherapy in Pancreatic Cancer:

- Two-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.
- Following the “pick the winner” trial, assuming one regimen warrants further development, it is planned to initiate a pivotal trial of NOX-A12 combined with immunotherapy and standard of care in 2nd line pancreatic cancer vs. standard of care in order to file a market authorization application and obtain regulatory approval.

NOX-E36 (emapticap pegol), a TME opportunity in oncology targeting the innate immune system

The Group is investigating the potential for use of this product candidate in the TME since its target (CCL2/MCP-1) is implicated in cancer spread and immune privilege of tumors. NOX-E36 also inhibits related chemokines relevant to the TME: CCL8, CCL11 and CCL13 (*Source: Oberthür et al. 2015*). Indeed, a signature called IPRES for Innate PD-1 Resistance Signature has been identified which has been linked to resistance to checkpoint inhibitors (*Source: Bu et al. 2016*). The IPRES contains a monocyte/macrophage component composed of four chemokines, three of which, CCL2, CCL8 and CCL13, are neutralized by NOX-E36. As such, the Group believes that NOX-E36 may be a more effective approach to blocking checkpoint resistance mediated by monocyte/macrophage components of the immune system than competing agents which do not fully block the signaling of all the chemokines neutralized by NOX-E36.

Animal data suggests that NOX-E36 has the potential for monotherapy activity in pancreatic cancer due to its ability to clear immunosuppressive tumor associated macrophages (TAMs) from tumors resulting in increased killer T-cells and reduced tumor volume in an animal model *(Source: Lazarus et al., 2017)*. Further data from another laboratory showing activity in a model of liver cancer supports the use of NOX-E36 in therapy of solid tumors (*Source: Bartneck et al., 2019*).

The Group has significant clinical experience already with NOX-E36 as it was initially developed in diabetic nephropathy. NOX-E36 has completed Phase 1 trials and a Phase 2a trial in diabetic nephropathy which the Group believes significantly de-risks the clinical development in oncology (*Source: Menne et al., 2017*). These studies demonstrated the doses at which NOX-E36 could act on CCR2+ monocytes, the cells believed to become TAMs and established a safety and tolerability profile that supported further development.

The Group plans to restart clinical trials with NOX-E36. Clinical trial drug supply is projected to be available in mid-2022. The Group plans to initiate a NOX-E36 clinical trial thereafter in a solid tumor indication in collaboration with University researchers as part of an investigator-initiated clinical trial as a more cost-effective manner to obtain initial clinical data.

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.

Business Planning

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, pursuit of strategic alliances and the development of its administrative organization. The Group will be required to raise additional funds, alternative means of financial support or conduct a partnering deal for one or more compounds in order to finance its operations and execute its plan. Management is pursuing various financing alternatives to meet the Group's future cash requirements, including seeking additional investors, pursuing strategic partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition. As the Group matures and undertakes the activities required to advance product candidates into later stage clinical development and to commercialize product candidates, it expects to further adapt its full-time employee base.

Group continues to advance clinical development and investment activities despite Covid-19 pandemic and monitor the Russia-Ukraine conflict

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, one of the main routes for value creation, as well as the impact on the organization and the staff has been manageable. However, delays in manufacturing outside the control of the Group occurred at our service providers that resulted in the Group announcing postponement of the initiation of its planned Phase 2 trial of NOX-A12 in pancreatic cancer. More generally, NOXXON has noted difficulties at several of its service providers with longer required lead-times for project initiation, difficulties obtaining manufacturing supplies, and higher rates of technical errors that need to be corrected. We believe that this stems from the burden on service-provider staff of operating for a long period of time under COVID-imposed restrictions, reduced on-site staffing and global supply-chain issues. It is difficult to predict when, or to what extent such issues may affect Group timelines in the future.

On the financial front, although outreach to investors is more complex, we continue to be able to engage with interested healthcare investors. While we continue to prefer equity financing via capital increases, the current market conditions increase the likelihood that alternative financing vehicles will need to be considered as well.

The Group is also monitoring the impact the Russia-Ukraine conflict could have on its operations. While the Group has no direct activity in Ukraine or Russia, there are indirect consequences impacting our various business partners on financing and operations. These risks are being monitored in order to put potential remediation plans in place should that be necessary. However, for now and based on the currently available information, the Group does not expect the Russia-Ukraine conflict to have a material direct impact on its operations, though we expect it to make financing more difficult through its impact on macroeconomic factors that reduce the attractiveness to investors of investing in small-cap early-stage biotechnology companies versus other types of investments.

Corporate Governance Report

I. General

NOXXON Pharma N.V. (the Company) is a Dutch public limited liability company (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 Euronext Growth stock exchange Paris, France. NOXXON Pharma N.V. is a management holding company 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 Company applies a two-tier board structure comprising of the Management Board (bestuur) and the Supervisory Board (raad van commissarissen). Under Dutch law, the Management Board (Board of Directors) is collectively responsible for the Company's general affairs and is in charge of the day-to-day management, formulating strategies and policies, and setting and achieving the Company's objectives. The Supervisory Board supervises the Management Board and the general affairs in the Company and the business connected with it and provides the Management Board with advice.

Each member of the Management Board and the Supervisory Board has a duty to properly perform the duties assigned to him or her and to act in the corporate interest of the Company and its business. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers, patient populations and suppliers.

II. Management Board

Powers, Responsibilities and Functioning of the Management Board

The Management Board is the executive body of the Company, collectively responsible for the day-to-day management, the Company's general affairs and the Company's representation.

The Management Board shall supply the Supervisory Board in due time with all information required for the performance of the duties the Supervisory Board. The Management Board is required to notify the Supervisory Board in writing of the main features of the Company's strategic policy, general and financial risks and management and control systems, at least once per year. The Management Board must submit certain important decisions to the Supervisory Board and/or the General Meeting for approval.

Composition of the Management Board

In 2021, the Management Board was comprised of the following Management Board Directors, each with a term that will end at the General Meeting to be held in 2022.

Name	Age	Nationality	Position	Member Since	Term
Aram Mangasarian, Ph.D.....	52	US	Chief Executive Officer	1 July 2015	until AGM 2022
Bryan Jennings.	55	US	Chief Financial Officer	15 December 2021	until AGM 2022

Dr. Jarl Ulf Jungnelius is in the role of Senior Medical Advisor on a consulting basis.

In 2021, the Supervisory Board has decided to add an additional member to the Management Board and has nominated Bryan Jennings as CFO.

The following is a brief summary of the business experience of the current members of the Management Board and the Senior Medical Advisor.

Aram Mangasarian

Aram Mangasarian was appointed CEO of NOXXON in July 2015 after having served as Chief Business Officer of the company since May 2010. Aram brings over twenty years' experience in the biotechnology industry to NOXXON. Prior to joining NOXXON, Aram served as Vice-President Business Development for Novexel from October 2005 to March 2010. In this capacity he concluded a €150 million licensing agreement including a €75 million upfront payment with Forest Laboratories (NYSE:FRX) for North American rights to a beta-lactamase inhibitor now known as avibactam. Aram was a member of the management team that negotiated the acquisition of Novexel by AstraZeneca (NYSE:AZN) in March 2010 for up to $505 million. From May 2000 to October 2005, Aram served in a variety of roles at ExonHit Therapeutics (now Diaxonhit, Euronext: ALEHT), eventually heading the business development function as Vice-President. He concluded a number of important agreements for ExonHit, in particular the $30 million strategic alliance with Allergan. Aram is a non-executive member of the board of directors of Isofol Medical AB, based in Gothenburg, Sweden, since June 2020. Aram received a B.S. from the University of Wisconsin-Madison in biochemistry, molecular biology and English literature, a PhD in Biology from the University of California-San Diego for research carried out at the Salk Institute and an MBA from INSEAD.

Bryan Jennings

Bryan Jennings was appointed CFO of NOXXON in December 2021. Bryan Jennings is a seasoned biotech executive with more than 30 years of experience in corporate finance, investment banking, capital markets, mergers and acquisitions, business development, accounting and investor relations.

Prior to joining NOXXON, Bryan served as Chief Financial Officer of Peptilogics, Inc. Previously, he was Chief Financial Officer for several private biotech firms including ChemomAb, Beren Therapeutics, Rational Vaccines, and KAHR Medical.

Prior to his CFO roles in biotech, Bryan was a senior member of the management team and a Managing Director at Morgan Stanley. In addition to running the firm's capital

markets team in the Americas, he also spent significant time in the firm's mergers and acquisitions practice and worked for several years in London covering technology and healthcare companies as well. Earlier, Bryan began his Wall Street career and spent several years at Goldman Sachs.

Bryan received his Bachelor of Arts in Economics and Political Science from Williams College and his Masters in Business, with majors in Finance and Accounting, from The J.L. Kellogg School at Northwestern University.

Jarl Ulf Jungnelius

Jarl Ulf Jungnelius, MD, PhD joined NOXXON as Chief Medical Officer in February 2017 and remains a fundamental part of NOXXON's top management as Senior Medical Advisor from May 2020 both roles being on a consulting basis (not a member of the management board). He is an oncologist with more than 25 years of clinical and research experience at both large pharmaceutical companies and academic organizations.

Jarl Ulf is CEO of Isofol Medical AB. He is also Supervisory Board director of Biovica International AB and Monocl AB and has been a director at Oncopeptides AB since April 2011.

Jarl Ulf held important responsibilities in the clinical development of several successful oncology drugs, including Abraxane®, Gemzar®, Alimta® and Revlimid®. He worked at Celgene from 2007 to 2014 where he served as Vice President of Clinical Research and Development, Solid Tumors. Prior to that post Jarl Ulf held leadership positions at Takeda, Pfizer, Eli Lilly & Company and VAXIMM, where he was responsible for clinical development of oncology programs as well as being involved in business development.

He received both a Bachelor of Science degree and his MD from the Karolinska Institute in Stockholm Sweden.

Appointment, Term of Appointment and Dismissal of the Management Board

The Articles provide that the Management Board Directors are appointed by the General Meeting upon a binding nomination by the Supervisory Board. The General Meeting may at all times deprive such nomination of its binding character by a resolution passed by at least two-thirds of the votes cast representing more than one-half of the Company's issued capital, following which the Supervisory Board shall draw up a new binding nomination.
The Management Board Rules provide that the Management Board Director will serve for a term of not more than two years. A Management Board Director may be reappointed for a term of not more than two years at a time.

Under the Articles, the General Meeting and the Supervisory Board may suspend Management Board Directors at any time, and the General Meeting may remove Management Board Directors at any time. A resolution of the General Meeting to remove a Management Board Director may be passed by a simple majority of the votes cast, provided that the resolution is based on a proposal by the Supervisory Board. A resolution of the General Meeting to remove a Management Board Director other than upon proposal of the Supervisory Board shall require a majority of at least two-thirds of the votes cast representing more than one-half of the Company's issued share capital. A suspension of a Management Board Director may be discontinued by the General

Meeting at any time. A General Meeting must be held within three months after a suspension of a Management Board Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension, provided that in the case that such suspension is not terminated, the suspension does not last longer than three months in aggregate. The suspended Management Board Director must be given the opportunity to account for his or her actions at that meeting. If neither such resolution is adopted nor the General Meeting has resolved to dismiss the Management Board Director, the suspension will cease after the period of suspension has expired.

Decision-making and approvals of the Management Board

The Management Board adopted internal rules and regulations (the "**Management Board Rules**") that describe, *inter alia*, the procedure for holding meetings of the Management Board, for the decision-making by the Management Board, and the Management Board's operating procedures. Any change to the Management Board Rules requires the approval of the Supervisory Board.

III. Supervisory Board

Powers, Responsibilities and Functioning of the Supervisory Board

The Supervisory Board is an independent corporate body responsible for supervising and advising the Management Board and overseeing the general course of affairs and strategy of the Group.

Further details in respect of the members of the Supervisory Board can be found in the section entitled "Supervisory Board" in this Annual Report.

IV. General Meeting

Annual General Meeting

An annual General Meeting must be held within six months from the end of the preceding fiscal year of the Company. The purpose of the annual General Meeting is to discuss, amongst other things, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of the Management Board Directors from liability for their management and the Supervisory Board Directors from liability for their supervision thereon, filling of any vacancies and other proposals brought up for discussion by the Management Board and the Supervisory Board.

Extraordinary General Meetings

Extraordinary General Meetings may be held as often as the Management Board or the Supervisory Board deems such necessary. In addition, Shareholders representing alone or in aggregate at least 10% of the issued and outstanding share capital of the Company may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within 42 days of the Shareholder(s) making such request, that/those Shareholder(s) will be authorized to request in summary proceedings a Dutch District Court to convene a General Meeting. In any event, a General Meeting will be held to discuss any requisite measures within three months of it becoming apparent to the Management Board that the shareholders' equity of the Company has decreased to an amount equal to or lower than one-half of the issued and paid-up part of the capital.

Share capital

As of balance sheet date, 74,601,550 Ordinary Shares were outstanding, of which 94,951 Ordinary Shares were held by the Company as treasury shares.

As of balance sheet date, the Articles provided for an authorized share capital in an amount of € 2,500,000 divided into 250,000,000 Ordinary Shares, each with a nominal value of € 0.01. In addition and also as of balance sheet date, the Articles provide for a transitional provision (which shall terminate and disappear once in effect) regarding the increase in authorized share capital, according to which as per the moment the Company's issued and paid-up share capital amounts to two million euro (€ 2,000,000) comprised of two hundred million (200,000,000) ordinary shares, each share having a nominal value of one euro cent (€ 0.01), the authorized capital of the Company amounts to three million euro (€3,000,000), divided into 300,000,000 Ordinary Shares, each with a nominal value of €0.01.

Voting rights

Each Ordinary Share confers the right on the holder to cast 1 vote at the General Meeting. Under the Articles, blank and invalid votes shall not be counted as votes cast. Further, Ordinary Shares in respect of which a blank or invalid vote has been cast and shares in respect of which the person with meeting rights who is present or represented at the meeting has abstained from voting are counted when determining the part of the issued share capital that is present or represented at a General Meeting. The chairman of the General Meeting shall determine the manner of voting and whether voting may take place by acclamation, subject to certain restrictions under the Articles. Ordinary Shares in respect of which the law determines that no votes may be cast shall be disregarded for the purposes of determining the part of the issued share capital that is present or represented at a General Meeting. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Ordinary Shares which are held by the Company.

Resolutions are passed by an absolute majority of the votes cast, unless Dutch law or the Articles prescribe a larger majority. Under Dutch law, no votes may be cast at a General Meeting in respect of Ordinary Shares which are held by the Company. In accordance with Dutch law, the Articles do not provide quorum requirements generally applicable to General Meetings.

Amendment of Articles of Association

The General Meeting may only resolve to amend the Articles upon a proposal made by the Management Board, which proposal requires the prior approval of the Supervisory Board. A resolution adopted by the General Meeting to amend the Articles requires an absolute majority of the votes cast, unless less than half of the Company's issued and outstanding share capital is present or represented at the meeting, in which case a majority of at least two-thirds of the votes cast shall be required.

Issue of shares

The General Meeting is authorized to issue Ordinary Shares or to grant rights to subscribe for Ordinary Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuance of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares. The General Meeting may designate another body of the Company, such as the Management Board, competent to issue Ordinary Shares (or grant rights to subscribe for Ordinary Shares) and to determine the issue price and other conditions of the issue for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years) so long as the maximum

number of Ordinary Shares which may be issued is specified. A resolution of the General Meeting to issue Ordinary Shares or to designate another body of the Company, such as the Management Board, competent to do so, can only be adopted at the proposal of the Management Board, which proposal requires the prior approval of the Supervisory Board.

The ordinary General Meeting held on 24 June 2021, and thus effective on balance sheet date, has adopted a resolution (replacing the authorization granted on 2 January 2019) pursuant to which the Management Board was designated as the corporate body authorized to, subject to approval of the Supervisory Board, to issue ordinary shares in the capital of the Company and grant rights to subscribe for ordinary shares in the capital of the Company, at any time during a period of 5 years as from the date of the General Meeting and therefore up to and including 23 June 2026 up to the maximum available under the authorized share capital as included in the Company's articles of association taking into account the resolutions adopted at that ordinary General Meeting and to limit or exclude pre-emptive rights in connection therewith The authorization is intended to allow the board of directors to issue new ordinary shares for general purposes, which includes, without limitation, mergers, demergers, acquisitions and other strategic transactions and alliances as well as pursuant to the ESOP.

Repurchase of own shares

The Company cannot subscribe for Ordinary Shares in its own capital at the time Ordinary Shares are issued. Subject to the certain provisions of the Articles, the Company may acquire fully paid-up Ordinary Shares provided no consideration is given or provided, (i) its shareholders' equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any reserves to be maintained by Dutch law and/or the Articles, (ii) the Company and its subsidiaries would thereafter not hold Ordinary Shares or hold a pledge over Ordinary Shares with an aggregate nominal value exceeding 50% of the Company's issued share capital and (iii) the Management Board has been authorized thereto by the General Meeting. Any acquisition by the Company of Ordinary Shares that are not fully paid-up shall be null and void.

The General Meeting's authorization to the Management Board to acquire own Ordinary Shares is valid for a maximum of 18 months. As part of the authorization, the General Meeting must specify the number of Ordinary Shares that may be repurchased, the manner in which the Ordinary Shares may be acquired and the price range within which the Ordinary Shares may be acquired. A resolution of the Management Board to repurchase Ordinary Shares can only be adopted with the prior approval of the Supervisory Board. The authorization is not required for the acquisition of Ordinary Shares for employees of the Company or another member of its Group, under a scheme applicable to such employees.

Ordinary Shares held by the Company in its own share capital do not carry a right to any distribution. Furthermore, no voting rights may be exercised for any of the Ordinary Shares held by the Company or its subsidiaries unless such Ordinary Shares are subject to the right of usufruct or to a pledge in favor of a person other than the Company or its subsidiaries and the voting rights were vested in the pledgee or usufructuary before the Company or its subsidiaries acquired such Ordinary Shares. The Company or its subsidiaries may not exercise voting rights in respect of Ordinary Shares for which the Company or its subsidiaries have a right of usufruct or a pledge.

The General Meeting held on 24 June 2021 renewed the existing authority granted on 30 June 2020 and designated the Management Board for a period of 18 months and thus until 23 December 2022 to repurchase Ordinary Shares up to 10% of the Company's issued and outstanding share capital against a repurchase price between €0.01 and €50, with the prior approval of the Supervisory Board, for the purpose of supporting the secondary market through a liquidity agreement with an authorized investment services provider, complying with the charter of ethics approved by the French Financial Markets Authority (Autorité des Marchés Financiers (AMF)) and the French Association of the Financial Markets (Association française des marchés financiers (AMAFI)).

V. Related Party Transactions

The Company is not aware of any transaction with any person who could be considered to have a direct relationship with the Company in the Fiscal Years 2021 and in 2020 to date, other than the transactions as set out below, which transactions were conducted at an arm's length basis.

Agreements with Kreos

Since September 2016, Kreos Jersey has been a shareholder, holding 6.45% of the Ordinary Shares as of the balance sheet date. As of 31 December 2020, Kreos was holding such number of warrants and bonds they would be holding above 10% of the Company's share capital if they would have exercised all. The situation has changed due to exercise and lapse of warrants during the fiscal year 2021. For warrants issued and outstanding to Kreos in 2017 we refer to sub-section (Warrants issued and outstanding to Kreos and certain other investors) below.

As of 31 December 2021, 11,769 bonds are outstanding that were issued concurrently with entering into venture loan arrangements in 2014 and 2015. The exercise of all of those bonds would lead to Kreos holding to approx. 6.47 % which is well below 10% of share capital outstanding. For that reason, Kreos is no longer considered a related party.

Warrants issued and outstanding to Kreos and certain other investors

In 2017, the Company issued a total of 135,271 warrants with terms and conditions identical to those issued to Yorkville in connection with the financing agreed on 1 May 2017. Of these warrants 40,321 were issued in connection with capital increases against cash and 94,950 in connection with debt-to equity conversions. Kreos (represented on the NOXXON Supervisory Board) held the majority of these warrants with 98,982, and 36,289 warrants were held by certain other investors (including 2,688 warrants held by DEWB AG which, was represented on the NOXXON Supervisory Board until 24 June 2021).

In 2021, 53,763 of these warrants have been exercised by Kreos against issuance of 3,140,404 ordinary shares and 10,752 of these warrants have been exercised by two of the other investors against issuance of 628,045 ordinary shares all exercises leading to a cash inflow of K€ 1,200. The remaining 45,219 warrants issued to Kreos have lapsed in Q3 2021 and the remaining 25,537 warrants issued to the other investors have lapsed in Q2 2021.

Convertible bonds issued and outstanding to ASO

In April 2020, amended in October 2020 and further amended in December 2021, the Company entered into a convertible bonds financing with Atlas Special Opportunities, LLC (ASO). According to this amended agreement the Company will have access to capital of up to € 35.95 million (nominal), drawable at the Company's discretion and subject to customary conditions being met. As of 31 December 2021, the remaining available capital amounts to € 25.08 million (nominal). As of 31 December 2021, 2,419 convertible bonds are issued and outstanding. As of reporting date and according to certain assumptions for the conversion ratio, ASO was holding such number of convertible bonds they would be holding above 10% of the Company's share capital if they would have converted all at the same time.

In accordance with best practice provision 2.7.5. of the Dutch Corporate Governance Code all transactions with shareholders holding at least 10% of the shares in the Company were agreed on terms customary in the biotech sector and corresponding Supervisory Board approvals have been obtained.

Management Board and Supervisory Board

The members of the Management Board and the Supervisory Board have no personal interest in the investments made by the Group in the Fiscal Years 2021 and 2020.

Until 30 September 2017 NOXXON Pharma AG has had a service agreement with its member of the Management Board Aram Mangasarian, Ph.D. In conjunction with the implementation of NOXXON Pharma N.V. as a management holding company, since 01 October 2017 NOXXON Pharma N.V. has entered into a service agreement with this member of the Management Board with main conditions unchanged, except for the Company's obligation to the French social security system. In 2017, NOXXON Pharma NV signed a consulting agreement with Whitecity Consulting ApS, a company controlled by Dr. J. Donald deBethizy. The services were remunerated on a retainer basis in cash amounting to € 6,000 and included an equity component which is served by the Stock Option and Incentive Plan 2016. Whitecity Consulting ApS was granted 12,306 stock options under the Stock Option and Incentive Plan in 2017 and 48,430 stock options in 2019. We refer also to the section "Remuneration" in the Supervisory Board Report in this Annual Report. According to this agreement the Group is entitled to request advice in the field of NOXXON's business, in particular with regard to the interactions with potential new investors, other investor relations activities or activities regarding strategic alliances. In June 2021, shortly after Don deBethizy's term as member of the supervisory board ended on 24 June 2021, the consulting agreement with Whitecity Consulting ApS ended on 30 June 2021. As a result and in accordance with the terms of such agreement, 32,287 unvested stock options were forfeited.

No other Supervisory Board Director has a service contract and none of the Supervisory Board Directors have a severance agreement with the Company.

Prior to 31 December 2021 and 2020, supervisory board members partially waived their receivables with respect to bonuses and supervisory board remuneration due from the Group totaling K€ 9 and K€ 12, respectively. The Group derecognized the related other liabilities to other income.

The remuneration paid to the members of the Management Board and the Supervisory Board and the pension arrangements for the sole member of the Management Board are set out in the remuneration section in the Supervisory Board Report.

No other business transactions with the members of the Management Board and the Supervisory Board exist.

VI. Dutch Corporate Governance Code

The Dutch Corporate Governance Code contains principles and best practice provisions, that regulate relations between the management board, the supervisory board and the shareholders, and is based on a “comply or explain” principle.

The current 2016 version of the Dutch Corporate Governance Code can be found at www.mccg.nl.

NOXXON is not required to report on its compliance with the Dutch Corporate Governance Code but in general acknowledges the importance of good corporate governance. In due consideration of the Company’s relatively small size of the company, it endorses and applies the underlying principles of the Dutch Corporate Governance Code where possible and conducive for its operations. Without being conclusive, the main principles of the Dutch Corporate Governance Code 2016 that are not complied with are the following:

- The Company since the AGM of 24 June 2021 complies with best practice provision 2.1.7. The Company does not comply with best practice provision 2.1.9, which set independency requirements for the Chairman of the Supervisory Board At the AGM held on 24 June 2021, Dr. deBethizy, who was also engaged by the Company as a consultant, resigned as a supervisory director. Furthermore, during the year, the position of Kreos as shareholder and holder of warrants and bonds changed such that Kreos’ interest would no longer reach or cross the 10% threshold and therefore Dr. PetitBon would on the basis of the Dutch Corporate Governance Code could strictly speaking be considered independent. Notwithstanding, given his long-standing position with the Company and Kreos, the Company still considers Dr. PetitBon still to be non-independent. As of the AGM held on 24 June, the Supervisory Board is now composed of 5 members, of which 4 are considered independent and only Dr. PetitBon considered non-independent. Given the Company’s business in the biotech field, it is not uncommon to maintain strong ties with long-standing investors who prefer to be represented on the Supervisory Board. Dr. PetitBon is the last of those directors. He has proven to be important for the Company’s governance and his continuity as member of the Supervisory Board remains of great importance.
- The Company does not comply with best practice provisions 3.1.2(vii), and 3.3.2 dealing with aspects of remuneration and which require that option rights are exercisable only three years after their grant and that Supervisory Board Directors will not be granted any shares or rights to shares as remuneration, as some of the Supervisory Board Directors will be granted ordinary shares or rights to subscribe for ordinary shares by way of remuneration, in due consideration of the rapid and often short term changes that characterize the industry sector while at the same recognizing the importance of the substantial industry expertise such Supervisory Board Directors bring to the Company.

- The Company does not comply with best practice principle 4.3.3 of the Dutch Corporate Governance Code, which requires that a resolution of the General Meeting to cancel the binding nature of a nomination for the appointment of a Managing Director, or to remove such a Managing Director, be passed with an absolute majority of the votes cast, representing at least one-third of the issued share capital. In line with the Dutch Corporate Governance Code such resolutions can only be adopted by the General Meeting with two-third of the votes cast representing at least half of the Company's issued capital. The Articles provide that these resolutions can only be adopted with at least a two-third majority which must represent more than half of the Company's issued capital, following which a new nomination will be drawn up by the Supervisory Board, because the Company believes that the decision to overrule a nomination for the appointment or dismissal of a member of the Management Board or the Supervisory Board must be widely supported by the Shareholders.

NOXXON Pharma N.V., 21 April 2022

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Bryan Jennings, CFO

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Supervisory Board report

Introduction

The Supervisory Board is an independent corporate body responsible for supervising and advising the Management Board and overseeing the general course of affairs and strategy of the Group. The Supervisory Board is guided by the Articles of Association of the Company, its Rules of Procedure, applicable law, the Dutch Corporate Governance Code and the interests of the Company and the enterprise connected with the Company and will take into consideration the overall good of the enterprise and the relevant interests of all the Group's stakeholders.

Composition of the Supervisory Board

As of the balance sheet date, the Supervisory Board of the Company was comprised as follows:

Name	Age	Nationality	Position	Member Since	Independent/ Non-independent	Term
Dr. Maurizio PetitBon	74	Italian	Chairperson	2016	not independent	until AGM 2022
Dr. Martine van Vugt	52	Dutch	Supervisory Board Member since 24 June 2021 (Deputy Chairperson)	2021	independent	until AGM 2023
Susan Coles	56	Canadian	Supervisory Board Member since 24 June 2021	2021	independent	until AGM 2023
Dr. Cornelis Alexander Izeboud	51	Dutch	Supervisory Board Member,	2020	independent	until AGM 2022
Gregory Weaver	66	American	Supervisory Board Member since 24 June 2021	2021	independent	until AGM 2023

The following members have resigned in the course of the fiscal year 2021.

Name	Age	Nationality	Position	Member Since	Independent/ Non-independent	Term
Dr. J. Donald deBethizy.	71	US	Supervisory Board Member	2016	not independent	until AGM 2021
Bertram Köhler	50	German	Supervisory Board Member	2016	independent	until AGM 2021

The Supervisory Board was of the view that the development and performance of the Company and its strategy support enlarging the Supervisory Board to five members and

has made a binding nomination to appoint Susan Coles, Dr. Martine van Vugt and Gregory Weaver. At the general meeting held on 24 June 2021, Susan Coles, Dr. Martine van Vugt and Gregory Weaver were appointed as additional members of the Supervisory Board. Dr. deBethizy's and Mr. Köhler's term of appointment ended with the general meeting held on 24 June 2021.

The following is a brief summary of the business experience of the current members of the Supervisory Board.

Dr. Maurizio PetitBon

Dr. PetitBon is general partner and co-founder of Kreos Capital where he focuses on healthcare investments. Prior to co-founding Kreos, Maurizio was managing partner of PMA Europe, London, a consulting partnership focused on assisting private equity firms and corporate clients in evaluating investment opportunities in technology companies. Prior to that, he was principal consultant at SRI International, in Menlo Park, California and London where he advised a number of U.S., European and Japanese technology companies on business development and M&A strategies. He also held a number of managerial positions at Emerson Electric, Digital Equipment and Xerox. Dr. PetitBon holds a doctor's degree in mechanical engineering from the University of Rome and a Master in Business Administration from INSEAD in Fontainebleau, France.

Dr. Martine J. van Vugt

Dr. Martine J. van Vugt is a senior biopharma executive with 20 years of successful biotechnology industry experience. She is an inventor of Tepezza® (FDA approval in Jan 2020) and the blockbuster product Darzalex® (human CD38 antibody for treatment of Multiple Myeloma). She is an expert in corporate transactional and licensing operations, such as strategic partnering, in- and out-licensing, as well as asset divestment and purchases and led negotiations of over 20 partnering deals, including partnerships with Janssen, Novartis, BioNTech, Immatics and CureVac.

Martine started her professional career at Genmab in 2001, where she currently holds the position of Senior Vice President Corporate Strategy and Planning. Martine also holds board positions at Holland Bio, a non-profit organization representing the biotech industry in the Netherlands, and at Immagene B.V., a startup biotech company active in the field of small molecule development for immuno-oncology targets. Martine holds an M.Sc. in biology from the University of Wageningen and a Ph.D. in immunology from Utrecht University.

Susan Coles

Susan Coles is a specialist in corporate law with over 25 years of experience in international collaborations and corporate/commercial activities, including more than 15 years in the life sciences sector. Susan is General Counsel and Head of Finance at Vivet Therapeutics, a private gene therapy biotech company with a strong investor base, including Roche Venture Fund, Novartis Venture Funds, HealthCap, Columbus Venture Partners, Kurma Partners, Ysios Capital, Idinvest Partners and Pfizer Inc.

Prior to joining Vivet Therapeutics, Susan was General Counsel for 3 years at Stallergenes, a global leader in allergy immunotherapy, and has also acted as General

Counsel for 4 years at Inventiva, a clinical-stage biopharmaceutical company listed on Euronext and Nasdaq.

Between 2002 - 2012, Susan was a Senior Counsel in charge of Licensing and Acquisitions at Laboratoires Fournier and subsequently at Solvay Pharmaceuticals, after its acquisition of Laboratoires Fournier.

Prior to these experiences, Susan worked for 7 years in the field of international partnerships and mergers and acquisitions. Susan has a strong track record in advising senior management on strategic and operational matters as well as broad experience in business negotiation and strategic transactions. She holds a B.A. in Psychology from the University of British Columbia, and an LLB from the University of Toronto. Susan is an attorney of the Bar of Ontario and the New York Bar.

Dr. Cornelis Alexander Izeboud

Dr. C. A. (Oscar) Izeboud is CEO of Scenic Biotech, a drug discovery and development company focused on genetic modifiers, based in the Netherlands. Before joining Scenic Biotech, Dr. Izeboud was Managing Director at NIBC Bank N.V. in Amsterdam, where he headed a life sciences and healthcare team and led corporate finance and capital markets activities with a focus on innovative companies. Prior to that, as Managing Director at Kempen & Co., a Dutch investment bank, he built the Life Sciences and Healthcare franchise and played a pivotal role in numerous international transactions in biotech, medtech, and the healthcare industry. Before his transition to the banking sector, Dr. Izeboud's initial interest was in the biotech industry where he spent a number of years working for Crucell NV, Specs BV, and TNO Pharma. Dr. Izeboud has been a nonexecutive member of the board of directors of Luciole Medical AG since 2019. He holds a Ph.D. in immunopharmacology from the University of Utrecht in The Netherlands.

Gregory Weaver

Gregory Weaver is an active CFO with over 25 years in the life science industry ranging from startups to publicly traded commercial stage companies. His most recent roles include Oryzon Genomics, Prometic Life Sciences and Eloxx Pharmaceuticals. Greg is currently CFO of atai Life Sciences, a Berlin-based NASDAQ listed company developing therapeutics for mental health conditions. Greg has raised over US$1.5 billion in financing transactions, managed 3 IPOs, and has extensive M&A and business development experience. Greg has served as a board member and audit and compensation chair for four Nasdaq-listed biotech companies. Since 2013, Greg has served as a board member of Atossa Therapeutics (Nasdaq), which develops breast cancer therapeutics. Greg also serves on the non-profit board of HarborPath, which delivers life-saving medication to the uninsured, and he serves on the Biotech Industry Organization (BIO) tax & finance committee. Greg holds a B.Sc. in Accounting and Finance from Trinity University in San Antonio (US) and an MBA from Boston College.

Supervisory Board Committees

In September 2016, the Supervisory Board established three committees to cover key areas in greater detail: an audit committee, a compensation committee and a nomination and corporate governance committee consisting of Supervisory Board Directors. The responsibility of each of the committees was set up with a preparatory and/or advisory role to the Supervisory Board, reporting their findings to the Supervisory Board, which is ultimately responsible for all decision-making. In accordance with the Supervisory Board rules, the Supervisory Board has drawn up rules on each committee's role, responsibilities and functioning.

In due consideration of the size of the Company and its operations, the number of members of the Supervisory Board was reduced to three to align it to the needs of the Company in 2019. During its meeting on 25 June 2019 Supervisory Board members came to the conclusion that it would not be efficient to have all three committees in place. The Supervisory Board members decided to cancel the audit committee, the remuneration committee and the nomination and corporate governance committee. The Articles of Association of the Company have been amended in Art. 21 para. 3 on 2 July 2020 reflecting the resolution adopted at the general shareholders meeting held on 30 June 2020 that the supervisory board *may* appoint from among its members an audit committee, a compensation committee and a nomination and corporate governance committee. Best practice provision 2.3 of the Dutch Corporate Governance Code also only requires the establishment of committees if the Supervisory Board consists of more than four members..

Since the appointment of the additional members of the Supervisory Board at the general meeting held on 24 June 2021, the Supervisory Board is composed of five members and on same date, the Supervisory Board has re-considered the re-instatement of the committees and agreed to implement the following committees:

- Audit Committee;
- Compensation and Nomination & Corporate Governance Committee (in compliance with article 21 para. 3 of the Articles the tasks and duties of the compensation committee and the nomination and corporate governance committee were combined and entrusted to one committee); and
- a Research & Development Committee.

Until 24 June 2021, the Supervisory Board covered the duties of the Audit Committee, the Compensation Committee and of the Nomination and Corporate Governance Committee and applied the best practices in accordance with the Dutch Corporate Governance Code with the exceptions disclosed in paragraph VI of the management report.

The following table outlines the corresponding committees and the membership of the Supervisory Board members:

	Dr. Maurizio PetitBon	**Susan Coles**	**Dr. Cornelis Alexander Izeboud**	**Dr. Martine van Vugt**	**Gregory Weaver**
Audit Committee		member	member		chair & member
Compensation and Nomination & Corporate Governance Committee	member	chair & member		member	member
Research & Development Committee			member	chair & member	

Audit Committee

Since its implementation on 24 June 2021 and in the reporting period, the Audit Committee assisted the Supervisory Board in supervising the activities of the Management Board with respect to, inter alia the operation of the internal risk-management and control systems; the provision of financial information by the Company (including the choice of accounting policies, application and assessment of the effects of new rules, and the treatment of estimated items in the Company's annual accounts); compliance with recommendations and observations of the Company's internal and external auditors; the role and functioning of the Company's internal auditors; the Company's tax planning policy; the Company's relationship with its external auditor, including the independence and remuneration of the external auditor; the financing of the Company; and matters relating to information and communication technology.

The Audit Committee also advised the Supervisory Board on its nomination to the General Meeting of persons for appointment as the Company's external auditor, and prepares meetings of the Supervisory Board where the Company's annual report, the Company's annual financial statements, and the Company's half-yearly figures and quarterly trading updates are to be discussed.

The Audit Committee met as often as was required for its proper functioning, but at least two times a year, such meetings to be held to coincide with key dates in the financial reporting and audit cycle. The Audit Committee had to meet at least once a year with the Company's external auditor. Since its implementation on 24 June 2021 and in the reporting period, the Audit Committee met three times. Attendance rate at the meetings was 100%.

Compensation and Nomination & Corporate Governance CommitteeThe Compensation and Nomination & Corporate Governance Committee is entrusted with responsibilities that include the review and recommendation of compensation policies and plans (e.g., long-term incentive plan) and the compensation of the members of the Management and Supervisory Boards. This committee also makes an assessment to ensure that the area of nomination and compensation is in compliance with the standards

set forth in the associated terms of reference and the Company's Articles. It also is entrusted with the review of the selection criteria and appointment procedures for Supervisory and Management Board members, the periodical assessment of the size, composition and functioning of the Supervisory and Management Boards, proposals for (re-)appointments, and the review of the corporate governance policies in addition to the annual self-evaluation of the Supervisory Board. It is empowered to decide the tasks assigned to it and regularly informs the full Supervisory Board on matters discussed in its meetings and submits proposals for Supervisory Board decision in accordance with the applicable rules.

Since its implementation on 24 June 2021 and in the reporting period, the Compensation and Nomination & Corporate Governance Committee has held two formal meetings in addition to several communications via email. It dealt in particular with the review of the profile, size and composition of the Supervisory and Management Boards and, as a result of such review, it made a recommendation to the Supervisory Board regarding the nomination of Bryan Jennings as CFO and his appointment as member of the Management Board and the implementation of his service agreement. In addition, it discussed and reviewed the corporate goals 2021 and 2022 and made corresponding recommendations to the Supervisory Board. With regard to the review of the corporate governance policies, the Compensation and Nomination & Corporate Governance Committee has set up and proposed a diversity policy which was approved by the Supervisory Board. It also conducted and reviewed the annual self-evaluation of the Supervisory Board, the details of which are disclosed in the section "Performance Assessment" (page 64) below. Attendance rate at the two formal meetings in the reporting period was 75%.

Research & Development Committee

Since its implementation on 24 June 2021, the Research & Development Committee assisted the Supervisory Board in reviewing and assessing the Group's research and development ("R&D") programs and overseeing its strategy and investment in R&D programs, and to perform such other functions as may be deemed necessary or appropriate in carrying out the foregoing. The Research & Development Committee acts in an advisory capacity to the Supervisory Board in such endeavors and undertake such other duties and responsibilities as the Supervisory Board shall prescribe from time to time.

Since its implementation on 24 June 2021 and in the reporting period, the R&D Committee has held two formal meetings in addition to several communications via email and videoconference. It has performed an in-depth scientific review of the Group's pipeline programs, NOX-A12 and NOX-E36, and reviewed and commented on the Group's research and development strategy. It has also reviewed and commented on patenting, licensing, publication and business development plans as well as performing an analysis of needed resources for current and likely future R&D plans. Attendance rate at the two formal meeting meetings was 100%.

Activities, meetings and discussed topics

During 2021, the Supervisory Board convened formally ten times, all meetings held by telephone conference. All meetings were attended by the Management Board. At the end of each meeting a closed session was held without the Management Board being present to discuss performance of the Management Board. Attendance rate at all meetings was 100%, except for one meeting for which the attendance rate was 80%.

During the reporting period, the Supervisory Board regularly monitored the Management Board and acted in an advisory capacity. For this purpose, the Management Board informed the Supervisory Board at regular intervals, both orally and in writing, of the Group's situation and essential business transactions. These consultations ensure that the Supervisory Board remains well-informed about the Group's operations.

The Supervisory Board is in charge of advising and overseeing the strategy and business of the Group. The Supervisory Board discussed the Management Board's reports during its meetings. The Supervisory Board and in particular its Chairman also discussed the Group's development with the Management Board on an ongoing basis.

During the reporting period, the Management Board asked the Supervisory Board for approval of transactions requiring Supervisory Board approval. The Supervisory Board granted all necessary approvals.

Furthermore, the Supervisory Board discussed with the Management Board the Group's further strategic development, the status and progress of its clinical programs, the main risks of the business, the financial situation and further financing of the Group as well as matters of the Management Board. The discussions especially focused on

(a) the strategic goals of the Group and its clinical development strategy,
(b) the financing from several sources, including equity financing via private placements and convertible bond financing,
(c) the discussion and approval of the Annual Report 2020 and the Half-Year 2021 Financial Report,
(d) the composition and the remuneration of the Supervisory Board and corporate governance matters,
(e) the preparation and recommendations of the resolutions to be proposed for adoption at the AGM on 24 June 2021 and the EGM on 15 December 2021,
(f) and the maintenance of the Company as strategic management holding company.

As part of the meetings, the Supervisory Board also discussed the corporate strategy and the main risks of the business. All these risks were discussed with the Management Board and where possible actions were undertaken to minimize the Company's exposure. The Management Board reports regularly to and discusses with the Supervisory Board on the Group's risk management and internal control system and the compliance therewith.

The Supervisory Board established that all of its members are committed to allocating sufficient time and attention to the Supervisory Board's duties of supervising and advising the Management Board.

Remuneration

Remuneration policy for the Management Board

The remuneration policy for the Management Board was adopted by the General Meeting on 22 September 2016 which was lastly amended by the general meeting held on 24 June 2021. In 2021 and 2020 the remuneration was applied in accordance with the remuneration policy. The full text of the remuneration policy can be found on the Company's corporate website.

Management Board Remuneration for the Fiscal Years 2021 and 2020

The table below shows the remuneration for the members of the Management Board of NOXXON Pharma N.V., for the Fiscal Years 2021 and 2020, respectively.

2021	**Base salary**	**Cash bonus**(3)	**Share-based compen-sation**	**Others/ Pension contri-butions**	**Fringe benefits** (4)	**Total**(5)
Aram Mangasarian, Ph.D. (1)	€250,000	€200,000	€133,700	N/A	€2,164	€585,864
Bryan Jennings (2)	€56,531	€28,265	€17,300	N/A	€8,560	€110,656
Total	**€306,531**	**€228,265**	**€151,000**	**N/A**	**€10,724**	**€696,520**

(1) Aram Mangasarian is member of the Management Board and of the Board of Directors of NOXXON Pharma N.V., NOXXON Pharma AG and NOXXON Pharma Inc.. Aram Mangasarian is one of the two statutory directors of NOXXON Pharma N.V. He is remunerated by NOXXON Pharma N.V.

(2) Bryan Jennings is member of the Management Board and of the Board of Directors of both, NOXXON Pharma N.V. and NOXXON Pharma Inc. Bryan Jennings is one of the two statutory directors of NOXXON Pharma N.V. He is remunerated by NOXXON Pharma Inc., except for share-based compensation granted by NOXXON Pharma N.V. Remuneration covers the period since 1 November 2021.

(3) Cash bonuses relate to goal achievements during 2021, not paid yet.

(4) Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).

(5) Without social security contributions to the French and US social security systems.

2020(1)	**Base salary**	**Cash bonus**(2)	**Share-based compen-sation**	**Others/ Pension contri-butions**	**Fringe benefits** (3)	**Total**(4)
Aram Mangasarian, Ph.D.	€250,000	€237,500	€50,400	N/A	€1,125	€539,025
Total	**€250,000**	**€237,500**	**€50,400**	**N/A**	**€1,125**	**€539,025**

(1) Aram Mangasarian is member of the Management Board and of the Board of Directors of both, NOXXON Pharma N.V. and NOXXON Pharma AG. Aram Mangasarian is the only statutory director of NOXXON Pharma N.V.

(2) Cash bonuses relate to goal achievements during 2020, thereof €50,000 paid in 2020, €187,500 not paid in 2020. During the fiscal year deferred bonus payments relating to the fiscal years 2018 and 2019 in the amount of €237,500 have been paid-out.

(3) Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).

(4) Without social security contributions to the French social security system.

The cash bonus relates mainly to company goals for advancing the development pipeline of the company and its lead compound NOX-A12 and its second compound NOX-E36 as well as securing the respective funding.

In 2021, company goals have been agreed for securing financing by investors, including industrial partnerships and non-dilutive financing opportunities (40%), advancing the development pipeline (45%), share performance / investor and public relations (10%) and staffing (5%). Goal achievement has been assessed at a level of 80%.

In 2020, company goals have been agreed for securing financing through the end of 2021 (40%), advancing the development pipeline (30%) and share performance / investor relations and public relations (20%) and staffing (10%). Goal achievement has been assessed at a level of 75 %.

Members of the Management Board are eligible participants in the 2016 Stock Option and Incentive Plan as approved by the General Meeting on 22 September 2016. Pursuant to and in accordance with the terms of 2016 Stock Option and Incentive Plan, the following options were issued to

Aram Mangasarian:

- in 2017, 46,149 options with an exercise price of €11.70,
- in 2019, 181,614 options with an exercise price of €0.65,
- in 2020, 131,674 options with an exercise price of €0.65
- in 2021, 1,154,186 options with an exercise price of €0.378

and to Bryan Jennings:

- in 2021, 1,059,074 options with an exercise price of €0.285.

The total share-based compensation resulting from these issuances amounting to K€ 151 and K€ 50 in the for the fiscal years 2021 and 2020, respectively.

Relating the terms and conditions governing this grant we refer to Note 9 “Share-based compensation” of the consolidated financial statements.

In 2021 and 2020, no stock options or shares from Share Participation Model that the Group has had in place since 2008 were granted to the members of the Management Board of NOXXON Pharma AG. Under the Share Participation Model, the share-based payment transactions recognized as an expense in the Fiscal Years 2021 and 2020 according to IFRS amounted to none for the members of the Management Board of NOXXON Pharma AG.

At the date of this Report, there are no amounts reserved or accrued by the Group to provide pension, benefit, retirement or similar benefits for the members of the Management Board of NOXXON Pharma N.V.

Remuneration for the Supervisory Board

The remuneration policy for the Supervisory Board was adopted by the General Meeting on 22 September 2016. In 2021 and 2020 the remuneration was applied in accordance with the remuneration policy and the shareholders resolution adopted on 27 June 2017, on 30 June 2020 and on 24 June 2021, respectively. The full text of the current remuneration policy can be found on the Company’s corporate website.

Supervisory Board Remuneration

In connection with the Corporate Reorganization, the General Meeting has resolved to determine the remuneration of the Supervisory Board Directors.

Remuneration Components Supervisory Board Directors

In order to motivate the right balance of short-term and long-term practices and pursuant to the remuneration policy, the remuneration of the Supervisory Board Directors consists of the following fixed and variable components:

- a fixed annual cash compensation;
- an additional cash compensation for members of the Audit Committee, the Compensation Committee and/or the Nomination and Corporate Governance Committee; and
- a long-term incentive plan in the form of stock options.

Fixed fee

Following the resolutions adopted at the General Meeting held on 30 June 2020, the Supervisory Board Directors are entitled to an annual cash compensation retainer of EUR 20,000 (until 29 June 2020 EUR 35,000) subject to attending or participating in at least 75% of the duly convened board meetings. There will be no separate meeting fees. Supervisory Board Directors attending or participating in less than 75% of the convened board meetings will be eligible to receive an annual cash compensation pro rata temporis.

The chairman of the Supervisory Board will be eligible to receive twice the aforementioned cash compensation.

Committee Members Compensation

Following the resolutions adopted at the General Meeting held on 24 June 2021, committee members are entitled to additional cash compensation as follows:

(i) Audit Committee members shall receive an annual compensation of €4,000; the chairman of the Audit Committee shall receive an annual compensation of €8,000.
(ii) any other committee if established by the Board each committee member shall receive an annual compensation of €3,000; the chairman of such committee shall receive an annual compensation of €6,000.

Long-term incentive plan

Following the resolutions adopted at the General Meeting held on 24 June 2021 according to the amended remuneration policy, the equity compensation will be structured as (i) upon appointment a one-time grant of approximately 0.2% of the Company's outstanding shares at the relevant time with a vesting period of three years (1/3 for each period between one AGM to the next AGM) from the date of appointment; and (ii) when still in office when still in office on the day of the third AGM following their appointment, an additional grant of again approximately 0.2% of the Company's outstanding shares at the relevant time with a vesting period of three years (1/3 for each period between one AGM to the next AGM) from the day of grant.

Adjustments to variable remuneration

Pursuant to Dutch law and the Dutch Corporate Governance Code the remuneration of Management Board Directors may be reduced or Management Board Directors may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply. Pursuant to the Dutch Corporate Governance Code, any variable remuneration component conditionally awarded to a Management Board Director in a previous fiscal year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been applied, the

Supervisory Board will have the power to adjust the value downwards or upwards. In addition, the Supervisory Board will have the authority under the Dutch Corporate Governance Code and Dutch law to recover from a Management Board Director any variable remuneration awarded on the basis of incorrect financial or other data (claw back).

Pursuant to Dutch law, the Supervisory Board may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to requirements of reasonableness and fairness.

Supervisory Board Remuneration for the Fiscal Years 2021 and 2020

The table below shows the remuneration for the Supervisory Board Directors of the NOXXON Pharma N.V. for the Fiscal Year 2021 and 2020:

2021	**Fixed fee**[2]	**Share-based compensation**	**Total**
Dr. Maurizio PetitBon[1]	N/A	N/A	N/A
Dr. J. Donald deBethizy	€10,000	€(4,900)	€5,100
Susan Coles	€15,000	€10,600	€25,600
Dr. Cornelis Alexander Izeboud[3]	€23,500	€18,500	€42,000
Bertram Köhler[1]	N/A	N/A	N/A
Dr. Martine van Vugt[4]	€14,500	€10,600	€25,100
Gregory Weaver	€15,500	€10,600	€26,100
Total	**€78,500**	**€45,400**	**€123,900**

(1) Supervisory Board Director of the Company has waived his right for a fee.
(2) Fixed fees have not yet been paid, except for Dr. Cornelis Alexander Izeboud. Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).
(3) via Izalco Management B.V.
(4) via LifeSci Consultancy B.V.

2020	**Fixed fee**[2]	**Share-based compensation**	**Total**
Dr. Maurizio PetitBon[1]	N/A	N/A	N/A
Dr. J. Donald deBethizy	€27,500	€13,100	€40,600
Dr. Cornelis Alexander Izeboud[3]	€10,000	€13,000	€23,000
Bertram Köhler[1]	N/A	N/A	N/A
Total	**€37,500**	**€26,100**	**€63,600**

(1) Supervisory Board Director of the Company has waived his right for a fee.
(2) Fixed fees have not been paid in 2020. During the fiscal year deferred supervisory board fees relating to the fiscal years 2018 and 2019 in the amount of €191,000 have been paid-out. Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).
(3) via Izalco Management B.V.

Long-term incentive plan

Members of the Supervisory Board are eligible participants in the 2016 Stock Option and Incentive Plan as approved by the General Meeting on 22 September 2016. Pursuant to and in accordance with the terms of the 2016 Stock Option and Incentive Plan:

- in 2017, 8,204 options with an exercise price of €11.70 to Donald deBethizy and 12,306 options with an exercise price of €6.80 to Donald deBethizy, partly via Whitecity Consulting ApS, a company under his control, were issued resulting in a share-based compensation of nil and K€ 5 for fiscal year 2021 and 2020, respectively,
- in 2019, 48,430 options with an exercise price of €0.65 were issued to Donald deBethizy, via Whitecity Consulting ApS, resulting in a share-based compensation of K€ (5) (including a true-up for 32,287 options forfeited which had not been vested when the consulting agreement with Whitecity Consulting ApS ended on 30 June 2021) and K€ 8 for the fiscal years 2021 and 2020, respectively,
- in 2020, 79,872 options with an exercise price of €0.65 were issued to Dr. Cornelis Alexander Izeboud resulting in a share-based compensation of K€ 19 and K€ 13 for fiscal years 2020 and 2019, respectively,
- in 2021, 134,544 options with an exercise price of €0.378 were issued to Susan Coles resulting in a share-based compensation of K€ 11 and nil for fiscal years 2020, respectively,
- in 2021, 134,544 options with an exercise price of €0.378 were issued to Gregory Weaver resulting in a share-based compensation of K€ 11 and nil for fiscal years 2020, respectively, and
- in 2021 134,544 options with an exercise price of €0.378 were issued to Dr. Martine van Vugt, via LifeSci Consultancy B.V., resulting in a share-based compensation of K€ 11 and nil for fiscal years 2020, respectively.

Relating the terms and conditions governing this grant we refer to Note 9 “Share-based compensation” of the consolidated financial statements.

Apart from Dr. J. Donald deBethizy, no Supervisory Board Director has a service or severance contract with the Company.

Independence of the Supervisory Board and its members

The Supervisory Board is a separate corporate body that is independent of the Management Board of the Company. Members of the Supervisory Board can neither be a member of the Management Board nor an employee of NOXXON.

The Company’s shareholder base is currently to a certain extent still made up of the investors that were shareholders in NOXXON Pharma AG prior to the first listing on the Alternext (now Euronext Growth) stock exchange in Paris. One of the Supervisory Board members, Dr. Maurizio PetitBon has ties with a certain investor (Kreos) who - even though holding only 6.45% of direct shareholding as of balance sheet date is considered as non-independent (under the criteria of the Dutch Corporate Governance Code). A second Supervisory Board member, Dr. J. Donald deBethizy, has entered into a consulting agreement with the Company to advice the Company potential new investors, other investor relations activities or activities regarding strategic alliances. On that

ground also Dr. J. Donald deBethizy, is considered non-independent under the criteria of the Dutch Corporate Governance Code. Dr. J. Donald deBethizy ceased to be a Supervisory Board member on 24 June 2021.

Performance assessment

The Supervisory Board is responsible for the quality of its own performance. It discusses, once a year, without the presence of the members of the Management Board, its own performance, as well as the performance of its individual members, its committees, if any, the Management Board and its individual members. For the reporting period 2021, the Supervisory Board conducted an evaluation through a self-assessment which resulted in a positive assessment of the Supervisory Board and its individual members, and towards the performance of the audit, compensation and nomination & corporate governance committee and the research & development committee and also the performance of the Management Board. Further the Supervisory Board was satisfied with the performance of the Supervisory Board and determined that it works well together, with all members fully contributing to discussions.

Appreciation

The members of the Supervisory Board would like to express their gratitude and appreciation to the Management Board and employees of NOXXON for their efforts and performance in 2021. In particular, the Supervisory Board would very much like to thank the shareholders for their continued support.

21 April 2022

On behalf of the Supervisory Board

Dr. Maurizio Petitbon,

Chairman of the Supervisory Board

Consolidated financial statements as of 31 December 2021

Consolidated statements of financial position as of 31 December 2021

Consolidated statement of comprehensive loss for the year ended 31 December 2021

Consolidated cash-flow statements for the year ended 31 December 2021

Consolidated statements of changes in shareholder's equity for the year ended 31 December 2021

Notes to the consolidated financial statements 2021

NOXXON Pharma N.V., Amsterdam, Netherlands
Consolidated Statements of Financial Position as of 31 December 2021

(in thousands of €)

Assets	Note	31 Dec. 2021	31 Dec. 2020
Non-current assets			
Intangible assets	(3)	4	4
Equipment	(4)	47	52
Right-of-use assets	(4)	19	66
Financial assets		5	5
		75	**127**
Current assets			
Other assets	(5)	209	195
Financial assets	(6)	28	28
Cash and cash equivalents	(7)	9,456	10,304
		9,693	**10,527**
		9,768	**10,654**

Equity and liabilities	Note	31 Dec. 2021	31 Dec. 2020
Equity			
Subscribed capital	(8)	746	472
Additional paid-in capital	(8)	176,461	165,481
Accumulated deficit	(8)	-172,503	-158,050
Cumulative translation adjustment	(8)	5	0
Treasury shares	(8)	-194	-193
Equity attributable to owners of the Company		**4,515**	**7,710**
Non controlling interest		-13	-12
Total equity		**4,502**	**7,698**
Non-current liabilities			
Financial liabilities	(10)	0	38
Lease Liabilities		0	21
		0	**59**
Current liabilities			
Financial liabilities	(10)	2,505	581
Lease Liabilities		21	48
Trade accounts payable		2,235	1,803
Other liabilities	(11)	505	465
		5,266	**2,897**
		9,768	**10,654**

NOXXON Pharma N.V., Amsterdam, Netherlands
Consolidated Statements of Comprehensive Loss for the Year Ended 31 December 2021

(in thousands of €)	Note	For the years 2021	2020
Other operating income	(13)	82	117
Research and development expenses	(13)	-10,657	-4,017
General and administrative expenses	(13)	-2,876	-1,881
Foreign exchange result (net)		184	12
Loss from operations		**-13,267**	**-5,769**
Finance income	(10)	319	418
Finance cost	(10)	-1,504	-5,055
Loss before income tax		**-14,452**	**-10,406**
Income tax	(12)	-1	0
Net loss		**-14,453**	**-10,406**
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	(8)	5	0
Total comprehensive loss		**-14,448**	**-10,406**
Net loss attributable to:			
Owners of the Company		-14,452	-10,405
Non-controlling interests		-1	-1
		-14,453	**-10,406**
Total comprehensive loss attributable to:			
Owners of the Company		-14,447	-10,405
Non-controlling interests		-1	-1
		-14,448	**-10,406**
Loss per share in EUR per share (basic and diluted)	(15)	-0.22	-0.32

NOXXON Pharma N.V., Amsterdam, Netherlands
Consolidated Cash-Flow Statements for the Year Ended 31 December 2021

(in thousands of €)

	Note	For the years ended 2021	2020
Operating activities			
Net loss before income tax		-14,452	-10,406
Income taxes paid		0	0
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense	(3, 4)	66	63
Finance income	(10)	-319	-418
Finance cost	(10)	1,504	5,055
Gain on disposal of equipment		0	0
Share-based compensation	(9)	475	162
Other non-cash transactions	(16)	-62	-43
Changes in operating assets and liabilities:			
Other current assets and other financial assets		-14	-27
Trade accounts payable and other liabilities		421	390
Net cash used in operating activities		**-12,381**	**-5,224**
Investing activities			
Purchase of equipment		-14	-39
Cash paid for purchase of current financial assets	(16)	0	-4,500
Proceeds from sale of current financial assets	(16)	0	4,500
Net cash used in investing activities		**-14**	**-39**
Financing activities			
Proceeds from issuance of shares and excercise of warrants	(8)	7,219	8,797
Transaction costs for issuance of shares and exercise of warrants		-17	-173
Purchase of treasury shares		-1	-4
Proceeds from issuance of convertible bonds	(10)	4,371	5,743
Transaction costs for issuance of convertible bonds		-47	-123
Payment of lease liabilities		-25	-55
Interest paid		-2	-3
Net cash provided by financing activities		**11,498**	**14,182**
Net change in cash and cash equivalents		-897	8,919
Cash at the beginning of period		10,304	1,385
Effect of movements in exchange rates on cash held		49	0
Cash at the end of the period		9,456	10,304

NOXXON Pharma N.V., Amsterdam, Netherlands

Consolidated Statements of Changes in Shareholders' Equity for the Year Ended 31 December 2021

(in thousands of €)	Note	Ordinary shares		Cumulative translation adjustment	Treasury Shares	Additional Paid-In Capital	Accumulated Deficit	Total	Non-controlling interests	Total equity
		Number of shares	Subscribed capital							
1 January 2020		13,102,464	131	0	-189	145,860	-147,645	**-1,843**	**-11**	**-1,854**
Total comprehensive loss							-10,405	-10,405	-1	-10,406
Share-based compensation	(9)					162		162		162
Capital increases (private placements)	(8)	14,990,094	150			7,652		7,802		7,802
Issuance costs of capital increases (private placements)						-480		-480		-480
Capital increases as a result of warrant exercises (Acuitas)	(8, 10)	3,532,362	35			2,428		2,463		2,463
Capital increases as a result of warrant exercises (Yorkville)	(8, 10)	3,243,111	33			2,281		2,314		2,314
Capital increases as a result of bond conversions	(8, 10)	12,310,282	123			7,595		7,718		7,718
Issuance costs of capital increases resulting from warrant exercises and bond conversions						-17		-17		-17
Purchase of treasury shares	(8)				-4			-4		-4
31 December 2020		47,178,313	472	0	-193	165,481	-158,050	**7,710**	**-12**	**7,698**
1 January 2021		47,178,313	472	0	-193	165,481	-158,050	**7,710**	**-12**	**7,698**
Net loss							-14,453	-14,453	-1	-14,454
Foreign operations - foreign currency translation differences	(8)			5				5		5
Total comprehensive loss				5			-14,453	-14,448	-1	-14,449
Share-based compensation	(9)					475		475		475
Capital increases (private placements)	(8)	14,277,219	143			6,282		6,425		6,425
Issuance costs of capital increases (private placements)						-413		-413		-413
Capital increases as a result of warrant exercises (Kreos and certain other investors)	(8, 10)	3,768,449	38			1,617		1,655		1,655
Capital increases as a result of bond conversions	(8, 10)	9,377,569	93			3,027		3,120		3,120
Issuance costs of capital increases resulting from warrant exercises and bond conversions						-8		-8		-8
Purchase of treasury shares	(8)				-1			-1		-1
31 December 2021		74,601,550	746	5	-194	176,461	**-172,503**	**4,515**	**-13**	**4,502**

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 company 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 consolidated financial statements of NOXXON Pharma N.V. as of and for the year ended 31 December 2021 comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Norwalk, CT, United States (all entities hereinafter also the Group or NOXXON).

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 asset, NOX-E36 targeting the innate immune system.

The consolidated financial statements for the years ended 31 December 2021 of NOXXON were authorized by the Management Board for issuance on 21 April 2022.

2. Summary of significant accounting policies

Basis of preparation

Going concern

The accompanying consolidated 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 12 months ended 31 December 2021 the Group incurred a net loss of € 14.5 million (thereof loss from operations amounting to € 13.3 million, resulting in an operating cash outflow of € 12.4 million). As of 31 December 2021, the Group had generated an accumulated deficit of € 172.5 million. The equity position of the Group amounts to € 4.5 million.

To finance its research and development activities through 31 December 2021, 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 of 31 December 2021 of € 9.5 million, in addition cash resources from convertible bonds drawn in January and April 2022 in the amount of € 4.3 million and secured financing of a total amount of € 20.3 million (nominal) drawable in specified tranches of K€ 475 (nominal) every month starting in September 2022

at the Company's discretion and subject to customary conditions being met (see Notes 11 and 20), cash reach of NOXXON will be into November 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.

According to its most recent business planning, current cash resources are projected to finance the Group into October 2022 and with drawdowns starting in September 2022 of resources from secured financing into November 2022. The Group will be required to raise further funds in addition to the above mentioned financing by alternative means of financial support or conduct of a partnering deal for one of its product candidates prior to the fourth quarter of 2022 in order to 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 in order to fully execute on its plans, there is a substantial doubt that the Group will be able to continue as a going concern.

Statement of compliance

The consolidated financial statements of NOXXON Pharma N.V. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and title 9 of Book 2 of the Dutch Civil Code.

The Group has adopted all of the International Financial Reporting Standards that became effective for accounting periods beginning on or after 1 January 2021, 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 2021 and have been applied in preparing these consolidated financial statements.

STANDARD/INTERPRETATION	EFFECTIVE DATE
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2	1 January 2021
IFRS 16 Amendment: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
IFRS 4 Amendments – deferral of IFRS 9	1 January 2021

The above mentioned new standards, amendments to standards and new or amended interpretations had no significant effect on the consolidated financial statements of the Group.

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective and will be applied in annual periods beginning on or after 1 January 2022, respectively.

STANDARD/INTERPRETATION	EFFECTIVE DATE
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
Improvements to IFRS 2018 – 2020 (IFRS 1, IFRS 9, IAS 41, IFRS 16)	1 January 2022
IAS 1 Amendments Classification of Liabilities as Current or Non-current*	1 January 2023
IAS 1 Practice Statement 2 Amendments Disclosure of Accounting Policies*	1 January 2023
IAS 12 Amendment Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
IAS 8 Amendment Definition of Accounting Estimates	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
IFRS 17 Amendments Insurance Contracts	1 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS)*	
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

The above mentioned new standards, amendments to standards and interpretations not yet effective, will not have a material impact on the group’s consolidated financial statements.

Financial statement presentation

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, which are carried at fair value. The consolidated financial statements are presented in thousands of Euro. Rounding differences may occur in the consolidated financial statements and the notes thereto.

The Group presents current and non-current assets, and current and non-current liabilities as separate classifications in the statement of financial position. The Group classifies all amounts expected to be recovered or settled within twelve months after the reporting period as current and all other amounts as non-current.

Basis of consolidation

The consolidated financial statements are comprised of the financial statements of NOXXON Pharma N.V. and its wholly owned and/ or controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. The financial statements of the subsidiary are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income, expenses, and profits and losses resulting from intra-group transactions that are recognized in assets are eliminated on consolidation.

The Group's subsidiary, NOXXON Pharma Inc., and the parent company NOXXON Pharma N.V. have been consolidated from the date of incorporation. NOXXON Pharma Inc. has no significant operations as at 31 December 2021.

The consolidated Group is comprised of the following entities:

Name	Registered seat	Shareholding (%)
NOXXON Pharma N.V.	Amsterdam, Netherlands	parent company
NOXXON Pharma AG	Berlin, Germany	99.99 %
--- NOXXON Pharma Inc.	Norwalk, CT, USA	100.0 %

Summary of significant accounting policies

Foreign currency transactions

The consolidated financial statements are presented in Euros, which is the Group presentation currency and is the currency of the primary economic environment in which NOXXON operates. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate ruling at the balance sheet date. All differences are recorded in profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Intangible assets

Intangible assets acquired

Intangible assets acquired are measured on initial recognition at cost and primarily include intellectual property rights consisting of patents and license agreements purchased from other companies. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed, at

a minimum, at each year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive loss in the expense category consistent with the function of the intangible asset.

The Group-wide useful lives are as follows:

- Others (primarily software): 3 to 5 years.

All of NOXXON's intangible assets have finite lives.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment. Such cost includes the cost of replacing part of such equipment when that cost is incurred if the recognition criteria are met. Maintenance and repair costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Equipment: 5 to 11 years
- Furniture and Fixtures: 2 to 14 years
- Others: 5 years.

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The asset's residual values, useful lives, and methods are reviewed and adjusted, if appropriate, at each year-end.

Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. Non-financial assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date. Any reversal of impairment is limited to the carrying value of the asset based on the depreciated historical cost had the initial impairment loss not been recognized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group classifies non-derivative financial assets into the following category: amortised cost. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Non-derivative financial assets

The Group’s only classes of non-derivative financial assets are short-term invested interest-bearing rental deposits, fixed-term bank deposits with original terms of three to twelve months that are held-to-maturity, other receivables and cash and cash equivalents.

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently carried at carrying value less allowances for uncollectable amounts.

Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities

The Group's classes of financial liabilities are trade payables and other liabilities. The Group initially recognizes non-derivative financial liabilities on the date that they are originated and measures them initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The carrying amount of trade payables is a reasonable approximation of fair value.

Hybrid instrument

In 2021 and 2020, the Company has issued a hybrid instrument consisting of a series of convertible loan agreements with embedded conversion options (for further information refer to Note 10).

The carrying amount of the host contract on initial recognition is in general the difference between the transaction price received upon issuance of the hybrid instrument and embedded derivatives to be bifurcated. However, due to the features of the convertible loan agreements, the financial liability is repayable on demand at any time and accordingly recognized at its amount payable. Subsequent to initial recognition, the liability component is continued to be measured at the amount payable. The difference between the transaction price less amounts to be recognized for the derivative instruments upon issuance and the amount payable of the loan is recognized as day-one loss.

The convertible loan agreements are classified as financial liabilities in their entirety due to their terms and conditions. The carrying amount of the host contract is measured at the amount payable plus accrued interest, if any.

The liability component is derecognized, if payment is made to the lender, the Group is legally released from its responsibilities for the liability or the terms and conditions have been substantially modified. In case of a non-substantial modification of the terms and conditions the difference between the carrying amount of the existing liability is adjusted in profit or loss to the new carrying amount resulting from the modified terms and conditions. The separately accounted derivative financial instruments are measured subsequently at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group holds derivative financial instruments in connection with its financing activities. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. No impairments or reversals of impairments were recognized in 2021 and 2020.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any gains or losses on the purchase, sale, issue or cancellation of the Company’s treasury shares are recognized in equity.

Loss per share

The Group presents loss per share data for its only class of ordinary shares. Loss per share is calculated by dividing the loss of the period by the weighted average number of ordinary shares outstanding during the period.

Share-based payments

Employees (including management) of the Group receive remuneration from share-based payment transactions in the form of share awards and options ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. With respect to option awards granted by NOXXON Pharma N.V. under the 2016 Stock Option and Incentive Plan (SOIP), the fair value is determined by using a Black-Scholes model. The fair value of share awards granted under share participation models is determined by the Group using also a Black- Scholes model (see Note 9 for further details).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Leases - Group as lessee

A lessee applies a single lease accounting model under which it recognizes all leases on-balance sheet at the commencement date, unless it elects to apply the recognition exemptions. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

At the commencement date, a lessee measures the lease liability at the present value of the future lease payments using the interest rate implicit in the lease if it is readily determinable. If the lessee cannot readily determine the interest rate implicit in the lease, then it uses its incremental borrowing rate at the commencement date. After initial recognition, the lease liability is measured at amortised cost using the effective interest method.

Income taxes

Income taxes include current and deferred taxes. Current tax and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable related to previous years.

Deferred tax is recognized for temporary differences in the carrying amounts of assets and liabilities for financial reporting purposes and taxation purposes. Deferred tax is not recognized for temporary differences associated with assets and liabilities if the transaction which led to their initial recognition is a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are presented net if there is a legally enforceable right to offset.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT.

Research and development costs

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group’s platform technology and product candidates. Those expenses include:

- service fees and other costs related to the performance of clinical trials and preclinical testing;
- costs for production of drug substances by contract manufacturers;
- salaries for research and development staff and related expenses, including

management benefits and expenses for share-based compensation;

- costs associated with obtaining and maintaining patents and other intellectual property;
- costs of related facilities, materials and equipment;
- amortization and depreciation of intangible and tangible fixed assets used to discover and develop the Group's clinical compounds and pipeline candidates;
- other expenses directly attributable to the development of the Group's product candidates and pre-clinical pipeline.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

In the opinion of management, due to the regulatory and other uncertainties inherent in the development of NOXXON's new products, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38, Intangible Assets, are not met until the product has received regulatory approval and when it is probable that future economic benefits will flow to the Group. Accordingly, the Group has not capitalized any development costs.

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions, such as salaries, social security contribution, benefits, and share-based compensation. Other general and administrative expenses include legal and consulting expenses related to the preparation of financing transactions, facility costs not otherwise included in research and development expenses, professional fees for legal services, patent portfolio maintenance, consulting, cost associated with maintaining compliance with listing rules and compliance requirements as a result of being a publicly traded company, auditing and accounting services, remuneration for the Supervisory Board, restructuring costs, benefits settled in cash and equity and travel expenses.

Finance income

Finance income includes gains from the derecognition of derivative financial liabilities and fair value adjustments of derivative financial instruments in connection with the Group's financing activities, gains from the contractually agreed conversion of financial liabilities into equity of the Company and interest income from interest bearing bank and rental deposits. Interest income is recognized in profit or loss, using the effective interest method.

Finance cost

Finance cost includes effects from the recognition of hybrid instruments and derivative financial liabilities in connection with the financing of the Group, effects from warrants exercised, fair value adjustments of warrants issued and outstanding, derecognition of financial liabilities and recognition of equity resulting from contractually agreed conversions of convertible notes into ordinary shares of the Company and interest expense on lease liabilities of the Group. Interest expense is recognized using the effective interest method.

Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an on-going basis. Actual results may differ from those estimates. The key assumptions with estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining probability of achievement of performance conditions of stock options

For the performance-based stock options that are based on the non-market performance condition of an effective raise of additional capital for NOXXON, management assessed probabilities and points in time for a successful capital raise, which impacts the fair value of the options granted. For the performance-based stock options that are based on the non-market performance condition of a successful licensing or collaboration agreement the probability of a transaction depends both on the success of completed studies and on the success to initiate and close the transaction. As the initiation and closing of a respective transaction takes some additional time, management assessed the probability and point in time for such a transaction to occur and assessed further the uncertainty and the discretion of NOXXON's compensation committee to ultimately issue these options (refer to Note 9).

Treatment of internally developed intangible assets

Research and development costs from internal drug development projects 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.

NOXXON's product candidates must undergo extensive preclinical and clinical testing to demonstrate the product's safety and efficacy. The results of such trials are unpredictable and uncertain and may be substantially delayed or may prevent the Group from bringing these products to market.

New drugs are subject to significant regulatory approval requirements, which could prevent or limit the Group's ability to market its product candidates. A delay or denial or regulatory approval could significantly delay the Group's ability to generate product revenues and to achieve profitability. Additionally, changes in regulatory approval policies during the development period of any of its product candidates, or changes in regulatory review practices for a submitted product application, may cause a delay in obtaining approval or may result in the rejection of an application for regulatory approval.

Measurement of compound derivative financial instruments

Compound derivative financial instruments bifurcated from host instruments result from the hybrid instruments issued in the course of the financing activities of the Group. Compound derivative financial instruments comprise generally of two interdependent derivative financial instruments measured separately with a Black-Scholes valuation model, because their underlying is the share price of NOXXON's ordinary shares. The fair value of the compound derivative financial instrument is derived by multiplying the fair value of each of the individual derivative instruments with the estimated probability of their settlement.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Given the amount of operating losses accumulated and the significant uncertainty of future taxable income, deferred tax assets were recognized only to the extent that deferred tax liabilities were recognized.

Disclosures regarding capitalized deferred tax assets resulting from loss carry-forwards can be found in Note 12.

3. Intangible assets

During the fiscal years 2021 and 2020, intangible assets developed as follows:

in thousands of € **31 December 2021**	**Licenses**	**Other**	**Total**
Cost			
Balance at 1 January 2021	4	54	58
Disposals	-	-	-
Balance at 31 December 2021	4	54	58
Amortization			
Balance at 1 January 2021	0	54	54
Amortization expense	-	0	0
Disposals	-	-	-
Balance at 31 December 2021	0	54	54
Carrying amounts			
At 1 January 2021	4	0	4
At 31 December 2021	4	0	4

in thousands of € **31 December 2020**	**Licenses**	**Other**	**Total**
Cost			
Balance at 1 January 2020	4	54	58
Disposals	-	-	-
Balance at 31 December 2020	4	54	58
Amortization			
Balance at 1 January 2020	0	54	54
Amortization expense	-	0	0
Disposals	-	-	-
Balance at 31 December 2020	0	54	54
Carrying amounts			
At 1 January 2020	4	0	4
At 31 December 2020	4	0	4

4. Equipment, right-of-use assets

During the fiscal years 2021 and 2020 the equipment developed as follows:

in thousands of €

31 December 2021	**Other Equipment**	**Furniture and Fixtures**	**Other**	**Total**
Cost				
Balance at 1 January 2021	136	209	4	349
Additions	7	7	0	14
Disposals	0	2	0	2
Balance at 31 December 2021	143	214	4	361
Depreciation				
Balance at 1 January 2021	109	183	4	296
Depreciation expense	9	11	0	20
Disposals	0	2	0	2
Balance at 31 December 2021	118	192	4	314
Carrying amounts				
At 1 January 2021	27	26	0	53
At 31 December 2021	25	22	0	47

in thousands of €

31 December 2020	**Other Equipment**	**Furniture and Fixtures**	**Other**	**Total**
Cost				
Balance at 1 January 2020	121	185	4	310
Additions	15	24	0	39
Disposals	-	-	0	0
Balance at 31 December 2020	136	209	4	349
Depreciation				
Balance at 1 January 2020	98	178	4	280
Depreciation expense	11	5	0	16
Disposals	-	-	0	0
Balance at 31 December 2020	109	183	4	296
Carrying amounts				
At 1 January 2020	23	7	0	30
At 31 December 2020	27	26	0	53

Right-of-use assets relate to leased office premises and developed as follows:

in thousands of €	**Leased office premises**
Carrying amount	
Balance at 1 January 2021	66
Depreciation charge of the year	47
Balance at 31 December 2021	19
Balance at 1 January 2020	112
Depreciation charge of the year	46
Balance at 31 December 2020	66

The related amounts recognized in profit or loss and cash flows are as follows:

	31 December	
in thousands of €	**2021**	**2020**
Interest on lease liabilities	2	3
Expenses relating to leases of low-value assets	2	2
Payment of lease liabilities	25	55
Total cash outflow for leases	29	60

5. Other assets

Other current assets consist of the following:

	31 December	
in thousands of €	**2021**	**2020**
Prepaid expenses	98	94
Liquidity account	26	27
Value added tax	81	69
Other	4	5
Total	**209**	**195**

Prepaid expenses consist of prepaid and other expenses, annual fees for insurance and service contracts, which are deferred over the term of respective agreements.

VAT ("Value added tax") reflects claims of the Group against local tax authorities for VAT on supplies and services received. The net amount of VAT receivable and VAT payable is non-interest bearing and is remitted to the appropriate taxation authorities on a monthly basis.

The carrying amount of other receivables is a reasonable approximation of their fair value.

6. Financial assets

Current financial assets consist of rental deposits. The carrying amount of all financial assets is a reasonable approximation of their fair value.

7. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand. As of 31 December 2021, 85.5 % of cash and cash equivalents are denominated in euro and 14.5 % in dollars. As of 31 December 2020, 99,2 % of cash and cash equivalents are denominated in euro and 0.8 % in dollars.

During 2021 and 2020 the Group placed its available funds in current accounts. The net book value represents the maximum amount that is at risk.

The carrying amount of cash and cash equivalents is a reasonable approximation of their fair value.

8. Equity

The following table serves as a summary for transactions as described in Note 8 and 10.

	No. of shares	Share capital	Additional paid-in capital	Accumul. deficit	No. of notes	No. of warrants	Financial liabilities		Finance income	Finance cost	Financing cash flow
							Non-current	Current			
31 December 2019	**13,102,464**	**131**	**145,860**	**-147,645**	**0**	**4,361,209**	**15**	**1,598**	**0**	**0**	**0**
Capital increases:											
- Private Placements	14,990,094	150	7,652	-	-	-	-	-	-	-	7,482
- as a result of warrant exercises (Acuitas)	3,532,362	35	2,428	-	-	-3,583,201	-	-1,598	12	-878	-
- as a result of warrant exercises (Yorkville)	3,243,111	33	2,281	-	-	-600,959	-	-		-998	1,315
- as a result of bond conversions (ASO)	12,310,282	123	7,595	-	-5,741	-	-	-	-	-	-
Issuance costs of capital increases	-	-	-497	-	-	-	-	-	-	-	-173
Purchase of treasury shares	-	-		-	-	-	-	-	-	-	-4
Share-based compensation	-	-	162	-	-	-	-	-	-	-	-
Issuance of convertible bonds to ASO	-	-	-	-	6,287	-	-	546	-	-2,713	5,743
Transaction costs for issuance of convertible bonds	-	-	-	-	-	-	-	-	-	-	-123
Conversion right ASO	-	-	-	-	-	-	-	35	406	-440	-
Fair value adjustment of detachable warrants	-	-	-	-	-	-	23	-		-23	-
Interest paid (leases)	-	-	-	-	-	-	-	-	-	-3	-3
Net loss	-	-	-	-10,405	-	-	-	-	-	-	-
31 December 2020	**47,178,313**	**472**	**165,481**	**-158,050**	**546**	**177,049**	**38**	**581**	**418**	**-5,055**	**14,237**

	No. of shares	Share capital	Additional paid-in capital	Accumul. deficit	No. of notes	No. of warrants	Financial liabilities		Finance income	Finance cost	Financing cash flow
							Non-current	Current			
31 December 2020	**47,178,313**	**472**	**165,481**	**-158,050**	**546**	**177,049**	**38**	**581**	**0**	**0**	**0**
Capital increases:											
- Private Placements	14,277,219	143	6,282	-	-	-	-	-	-	-	6,019
- as a result of warrant exercises (Kreos and certain other investors)	3,768,449	38	1,617	-	-	-64,515	-	-	-	-455	1,200
- as a result of bond conversions (ASO)	9,377,569	93	3,027	-	-2,914	-	-	-2,914	-	-207	-
Issuance costs of capital increases			-421								-17
Purchase of treasury shares											-1
Share-based compensation	-	-	475	-	-	-	-	-	-	-	-
Issuance of convertible bonds to ASO	-	-	-	-	4,787	-	-	4,787	-	-417	4,371
Transaction costs for issuance of convertible bonds	-	-	-	-	-	-	-	-	-	-91	-47
Conversion right ASO	-	-	-	-	-	-	-	51	281	-332	-
Fair value adjustment of detachable warrants	-	-	-	-	-	-	-38	-	38	-	-
Interest paid (leases)										-2	-2
Net loss	-	-	-	-14,453	-	-	-	-	-	-	-
Warrants lapsed	-	-	-	-	-	-70,756	-	-	-	-	-
31 December 2021	**74,601,550**	**746**	**176,461**	**-172,503**	**2,419**	**41,778**	**0**	**2,505**	**319**	**-1,504**	**11,523**

Subscribed capital

As of 31 December 2021, the subscribed capital of the Company amounts to K€ 746 (prior year: K€ 472) and is divided into 74,601,550 ordinary shares (prior year: 47,178,313), each with a nominal value of € 0.01.

As of 31 December 2021, and according to the amended articles of association of the Company as resolved by the annual general meeting on 24 June 2021, the authorized share capital amounts to K€ 2,500 (prior year: K€ 1,000) divided into 250,000,000 ordinary shares (prior year: 100,000,000 ordinary shares), each with a nominal value of € 0.01.

In addition and also as of balance sheet date, the articles of association provide for a transitional provision (which shall terminate and disappear once in effect) regarding the increase in authorized share capital, according to which as per the moment the Company's issued and paid-up share capital amounts to two million euro (€ 2,000,000) comprised of two hundred million (200,000,000) ordinary shares, each share having a nominal value of one euro cent (€ 0.01), the authorized capital of the Company amounts to three million euro (€3,000,000), divided into 300,000,000 Ordinary Shares, each with a nominal value of €0.01.

In 2021, the Company issued an aggregate of 27,423,237 ordinary shares and raised € 11.6 million (excluding transaction costs incurred of € 0.1 million) in connection with the following financing transactions:

- Issuance of 14.277.219 ordinary shares in a private placement at a price of € 0.45 against contribution in cash (cash inflow of K€ 6,019 as consideration received for ordinary shares),
- Issuance of 3,768,449 ordinary shares to Kreos and certain other investors through the exercise of 64,515 warrants (cash inflow of K€ 1,200 as consideration received for ordinary shares), and
- Issuance of 9,377,569 ordinary shares against conversion of 2,914 convertible bonds (comprising of 546 convertible bonds outstanding on 31 December 2020 and 2,368 convertible bonds out of 4,787 convertible bonds issued in 2021) against net cash inflow in 2021 of K€ 4,371) with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 274 and additional paid-in capital of K€ 10,926 were recognized less issuance costs of K€ 421.

In 2020, the Company issued an aggregate of 34,075,849 ordinary shares and raised € 14.5 million (excluding transaction costs incurred of € 0.3 million) 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 Capital LLC (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 12,310,282 ordinary shares against conversion of 5,741 convertible bonds (of 6,287 convertible bonds issued against net cash inflow of K€ 5,743) with

a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 341 and additional paid-in capital of K€ 19,956 were recognized less issuance costs of K€ 497.

No share certificates shall be issued.

Additional paid-in capital

As of 31 December 2021, the additional paid-in capital of the Company amounts to K€ 176,461 (prior year: K€ 165,481).

In 2021, additional paid-in capital increased by K€ 10,926 less issuance costs of K€ 421 as a result of the capital increases described above. In 2020, additional paid-in capital increased by K€ 19,956 as a result of the capital increases described above. Further, share-based compensation of K€ 475 in 2021 and K€ 162 in 2020 were recorded in additional paid-in capital, respectively.

Thus, the total increase of additional paid-in capital in 2021 amounts to K€ 10,980 and 2020 amounts to K€ 19,621, respectively.

In accordance with Dutch law and in absence of any reserves NOXXON Pharma N.V. is required to maintain its shareholders' equity pursuant to Dutch law. The Company may make distributions insofar the shareholders' equity exceeds the sum of paid-in and called-up share capital.

Additional paid-in capital of the subsidiary NOXXON Pharma AG may only be released and distributed to shareholders to the extent that the additional paid-in capital as reported in that subsidiary's statutory financial statements is available for release and exceeds the accumulated deficit, including current year losses, as reported in those statutory financial statements.

Foreign currency translation adjustment

Foreign currency translation adjustments comprise all foreign currency differences arising from the translation of the financial statements of foreign operations with a functional currency other than the Euro.

Treasury shares

As of 31 December 2021, the Company held 94,951 (prior year: 72,773) ordinary shares as treasury shares.

9. Share-based compensation

2016 Stock option and incentive plan ("SOIP")

The 2016 Stock Option and Incentive Plan allows the Management Board, with the approval of the Supervisory Board, to make equity-based incentive awards to directors (including Management Board Directors provided that the Supervisory Board will decide when it concerns a person elected to the Management Board), officers, employees and consultants. In 2021 and 2020 the Company granted time-based stock options and performance-based stock options based on this SOIP.

The time-based stock options vest in equal installments over three years following the grant date. The options granted to each beneficiary are hence split into three annual instalments of one-third of the options granted. This results in a graded vesting of the options granted.

The performance-based stock options include non-market performance conditions, which are required to be achieved. Upon achievement of the non-market performance condition the stock options will formally be granted and fully vest. Hence any expense related to these performance-based options is recognized over the variable period when the event is expected to occur.

Under the terms and conditions of the plan, the exercise price per ordinary share covered by a stock option granted shall be determined by the Board at the time of grant but shall not be less than 100 percent of the fair market value on the date of grant (not be less than 110 percent of the fair market value on the date of grant of incentive stock options to a Ten percent Owner of the Company). Stock options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of ordinary shares to be acquired and payment of the exercise price or, upon the Company's consent, by a net exercise arrangement resulting in net settlement in shares.

The plan allows the Company further to issue restricted stock awards, restricted stock units, unrestricted stock awards, cash-based awards or performance-based awards, none of which was granted to date.

Accelerated vesting will occur upon the following events (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person, entity or group of unrelated persons and/or entities acting in concert, (ii) a (statutory) merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding shares immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding shares or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Shares of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

The term of each stock option shall be fixed by the Board, but no stock option shall be exercisable more than ten years after the date the stock option is granted. In the case of a stock option that is granted to a Ten Percent Owner of the Company, the term of such stock option shall be no more than five years from the date of grant. To the extent that a stock option is not exercised within the applicable option term, the stock option shall lapse.

Based on this plan, the Company granted 5,063,149 time-based stock options to members of the Management Board, Supervisory Board and employees in 2021 and 499,134 time-based stock options to members of the Management Board, the Supervisory Board, employees and consultants in 2020, respectively. Furthermore, the Company granted 23,442 and 23,442 performance-based stock-options on a cumulative basis in 2021 and in 2020 to consultants, respectively. For those performance-based stock options no share-based payment expense was required to be recognized in 2021 and K€ 1 in 2020 as a result of not meeting the performance condition.

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

	2021		2020	
	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options
Outstanding at 1 January	€ 1.691	1,076,668	€ 2.780	589,836
Granted during the year	€ 0.365	5,063,149	€ 0.650	499,134
Forfeited during the year	€ 0.650	32,287	€ 11.700	12,302
Outstanding at 31 December	**€ 0.597**	**6,107,530**	**€ 1.691**	**1,076,668**

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 31 December 2021, 572,308 stock options are exercisable with exercise prices between € 0.38 and € 11.70 (prior year: 265,800 with exercise prices between € 0.65 and € 11.70). No stock options have been exercised during the period.

The total number of time-based options outstanding of 6,107,530 (prior year: 1,076,668 have a range of exercise prices between € 0.285 and € 11.700 (prior year: between € 0.650 and € 11.700) and expire between 30 September 2026 and 1 November 2031 (prior year: 30 September 2026 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.

Options at the dates of grant on 1 February, 24 June and 1 November 2021 and comparative information for 2020 are summarized below:

	14 Jan 2020	30 Jun 2020	1 Feb 2021	24 Jun 2021	1 Nov 2021
Share price (in €)	0.600	0.570	0.426	0.378	0.285
Option exercise price (in €)	0.650	0.650	0.650	0.378	0.285
Volatility	72%	114%	109%	59%	49%
Expected life	10.0 years	10.0 years	10.00 years	10.00 years	10.0 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free rate	-0.18%	-0.50%	-0.53%	-0.21%	-0.14%
Fair value per option (in €)	0.44	0.53	0.38	0.24	0.16

The fair value of the time-based stock options granted is expensed based on a graded vesting schedule. During the years ended 31 December 2021 and 2020, the total share-based payment expense recognized for the stock options issued under the SOIP amounted to K€ 475 and K€ 162, respectively.

Other share-based compensation

As of 31 December 2021 and 2020, the number of outstanding and vested shares of the Company under the share participation model for employees, members of the Management and Supervisory Board (held by a trustee) was unchanged at 74,162. Upon payment of the share premium by the beneficiaries, the shares become available to the

beneficiaries. For the share participation model, no share-based payment expense was recognised in 2021 and 2020, respectively.

10. Financial liabilities

In April 2020, amended in October 2020 and further amended in December 2021, the Company entered into a convertible bonds financing with Atlas Special Opportunities, LLC (ASO). According to this amended agreement the Company will have access to capital of up to € 35.95 million (nominal), drawable at the Company's discretion and subject to customary conditions being met. As of 31 December 2021, the remaining available capital amounts to € 25.08 million (nominal).

The conversion price for conversion of outstanding convertible bonds to shares shall be the 5-day volume weighted average price ("VWAP") of the Company's shares directly preceding the date of the receipt of the conversion notice. 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 Company 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. 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 the conversion right and redemption right depend on the variability of NOXXON's share price and are interdependent, they are bifurcated, recognized and measured as one compound derivate financial instrument. The commitment of ASO is bifurcated, recognized and measured as a separate derivate financial instrument.

In the financial year ended 31 December 2021, the Company has exercised its right to draw nine tranches, including a drug manufacturing tranche, with a nominal amount of € 4.75 million in total (prior year: 6.18 million, draw down of the first and five further tranches and three manufacturing tranches) resulting in a cash inflow of € 4.37 million (€ 5.74 million in 2020).

ASO converted 2,914 bonds against issuance of 9,377,569 ordinary shares of the Company until 31 December 2021 (prior year: 5,741 bonds against issuance of 12,310,282 ordinary shares). As of 31 December 2021, the fair value of the convertible bonds outstanding (current financial liabilities) amounted to K€ 2,419 (prior year: K€ 546), reflecting the amount repayable on demand. The fair value of the bifurcated compound embedded derivative (current derivative financial liability) as of 31 December 2021 amounted to K€ 86 (prior year: K€ 35), measured at level 3. In connection with the convertible bonds financing, total finance income (all non-cash) of K€ 281 and K€ 406 as well as total finance cost of K€ 1,047 and K€ 3,153 (all non-cash, except for transaction costs of K€ 47 and K€ 123 borne by the Company in conjunction with the issuance of convertible bonds) was recognized in 2021 and 2020, respectively.

In prior years, the Group entered into various financing arrangements in the form of

venture loans, equity lines and equity financing which also included the issuance of certain types of warrants.

As of 31 December 2021 and 31 December 2020, 41,778 and 177,049 detachable warrants issued to Kreos, Yorkville and certain other investors are outstanding. Based on an option pricing model, the fair value of these warrants outstanding (non-current derivative financial liability) as of 31 December 2021 and 31 December 2020 amounted to K€ 0 and K€ 38, respectively. For the 12 months ended 31 December 2021 and 2020, non-cash finance income relating to fair value adjustments of warrants outstanding of K€ 38 and nil, and non-cash finance costs of nil and K€ 23 were recognized, respectively. For the 12 months ended 31 December 2021 and 2020, non-cash finance costs relating to the conversion into equity of 64,515 and 600,959 warrants exercised of K€ 455 and K€ 998 were recognized, respectively. During the 12 months ended 31 December, 70,756 warrants issued to Kreos and certain other investors have lapsed. Certain share capital increases as well as warrant exercises triggered anti-dilution protection with respect to the detachable warrants issued to Kreos, Yorkville and certain other investors. The conversion ratio was adjusted to protect the holders of the warrants against dilution and would upon exercise against cash contribution amounting to € 0.1 million as of 31 December 2021 (€ 2.6 million as of 31 December 2020) result in issuance of 0.3 million ordinary shares as of 31 December 2021 (7.7 million ordinary shares as of 31 December 2020).

As of 31 December 2021 and 2020, 11,769 bonds are outstanding that resulted from the issuance concurrently with entering into venture loan arrangements in 2014 and 2015.

In connection with the warrants issued and outstanding for an equity financing in November 2018 with Acuitas, the 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 was fully converted into ordinary shares of the Company, when Acuitas exercised all of its remaining warrants until April 2020. For the 12 months ended 31 December 2021 and 2020, non-cash finance costs relating to the conversion into equity of warrants exercised of nil and K€ 878 was recognized, respectively. For the 12 months ended 31 December 2021 and 2020, non-cash finance income of nil and K€ 12 was recognized, respectively, with respect to the financing arrangements with Acuitas.

For the 12 months ended 31 December 2021 and 2020, total finance income (all non-cash) of K€ 319 and K€ 418, respectively as well as total finance cost (all non-cash, except for transaction costs and interest paid for lease liabilities of K€ 93 and K€ 192) of K€ 1,504 and K€ 5,055, respectively, was recognized for the financial instruments of the Group.

The following tables summarize quantitative disclosures of the Group's financial liabilities measured at their fair value.

	Mandatorily at FVTPL - others	Level 1	Level 2	Level 3
31 December 2021 in thousands of €				
ASO convertible bonds	2,419	-	2,419	-
Compound derivative (ASO)	86	-	-	86
Detachable warrants	0	-	-	0
Total	**2,505**	**-**	**2,419**	**86**

	Mandatorily at FVTPL - others	Level 1	Level 2	Level 3
31 December 2020 in thousands of €				
ASO convertible bonds	546	-	546	-
Compound derivative (ASO)	35	-	-	35
Detachable warrants	38	-	-	38
Total	**619**	**-**	**546**	**73**

11. Other liabilities

Current other liabilities are comprised of the following:

	31 December	
in thousands of €	**2021**	**2020**
Employee benefits	478	427
Other	27	38
Total	**505**	**465**

12. Income taxes

Netherlands

In 2021, in general the applicable tax rates employed for Dutch companies is 15.0 % corporate income tax up to a taxable profit of € 245,000 (prior year: 16.5% for a taxable profit of up to € 200,000) and 25.0 % corporate tax for taxable profits exceeding € 245,000 (prior year: € 200,000). However, the Dutch parent NOXXON Pharma N.V. is fully taxable in Germany and hence the German tax regulations and tax rates for corporations apply as described in the following paragraph.

Germany

Deferred taxes of the German NOXXON Pharma AG and NOXXON Pharma N.V. were calculated with a combined income tax rate charge of 30.18 % for the years ended 31 December 2021 and 2020. The corporation income tax applicable to domestic companies is 15.00 % plus solidarity surcharge thereon of 5.5 %. The average trade tax rate is 14.35 %.

In general, the net operating loss (NOL) of NOXXON Pharma AG and NOXXON Pharma N.V. carry forwards do not expire. They are subject to review and possible adjustment by the German tax authorities. Furthermore, under current German tax laws, certain substantial changes in the Company's ownership and business may further limit the amount of net operating loss carry forwards, which could be utilized annually to offset future taxable income.

According to German tax provisions, in years of tax profits, any tax loss carry-forward can fully be used up to an amount of € 1 million. Any excess tax profit will be reduced with remaining tax loss carry forwards by 60 %. Thus, 40 % of all tax profits exceeding € 1 million will be subject to taxation.

United States

In 2021 and 2020, the applicable tax rates employed for the US subsidiary are 26.93 % and 21.00 % respectively, comprising the state corporate income tax of 7.5 % and 0.0 % respectively and the federal corporate income tax of 21.00 % for both years.

The below table shows a breakdown of income tax expense and deferred income tax income:

in thousands of €	2021	2020
Current income tax expense	1	0
Deferred income tax expense / (income)	0	0
Income tax expense	**1**	**0**

With respect to the Group, neither the parent nor the subsidiaries paid income taxes in the years ended 31 December 2021 and 2020. A deferred tax asset arising from unused tax losses of NOXXON Pharma AG was not recognized in the year ended 31 December 2021 and 2020, since it was not probable that future taxable profit would be available against which they can be utilized.

Deferred tax assets and liabilities are comprised of the following:

	31 December	
in thousands of €	2021	2020
Deferred tax assets		
1. Derivative financial liabilities on warrants and conversion feature and financial liability at amortized cost (Germany)	26	22
2. Deferred payments for accrued expenses (United States)	9	-
2. Allowance on deferred tax assets relating to temporary differences (Germany, United States)	(35)	(22)
3. Deferred tax asset relating to Right-of-Use asset (Germany)	6	20
Deferred tax liabilities		-
4. Lease liabilities (Germany)	(6)	(20)
Deferred tax assets	**0**	**0**

Deferred tax assets have not been recognized i) in respect of temporary differences on derivative financial instruments and a conversion feature and on financial liabilities at amortized cost and ii) other temporary differences. The non-recognized deferred tax asset amounts to K€ 35 in 2021 and K€ 22 in 2020, respectively.

Unused net operating loss carry-forwards

The amount of net operation loss (NOL) carry-forwards for German corporate and trade tax for the years ended 31 December amount to:

in thousands of €	2021			2020		
	Gross amount	Tax rate	Tax amount	Gross amount	Tax rate	Tax amount
Trade tax	195,321	14.35%	28,029	181,653	14.35%	26,067
Corporate income tax / solidarity surcharge	197,149	15.83%	31,209	183,426	15.83%	29,036
Unused tax losses for which no deferred tax asset is recognized			**59,283**			**55,103**

In January 2015, NOXXON Pharma N.V. was incorporated with the purpose to consummate a corporate reorganization, whereby substantially all of the equity interests in NOXXON Pharma AG were exchanged for newly issued equity interests in NOXXON Pharma N.V. with NOXXON Pharma AG becoming an almost wholly-owned subsidiary of NOXXON Pharma N.V. There is a risk that the tax loss carry-forwards of NOXXON Pharma AG would be forfeited due to the reorganization. However, provisions in German tax law permit the carry-forward of these tax losses after such reorganization, if and to the extent that NOXXON Pharma AG has continued its business without changes of the business purpose. As of 31 December 2021, NOXXON Pharma N.V. has unused corporate income tax losses of K€ 7,684 and trade tax losses of K€ 7,305 (prior year: for corporate income taxes K€ 5,951, for trade taxes K€ 5,627) for which no deferred tax assets were recognized. As of 31 December 2021, NOXXON Pharma AG, has unused corporate income tax losses of K€ 189,465 and trade tax losses of K€ 188,016 (prior year: for corporate income taxes K€ 177,475 for trade taxes K€176,026) for which no deferred tax assets were recognized.

The reconciliation of income tax computed at the statutory rate applicable to the Company's income tax expense (income) for the years ended 31 December is as follows:

in thousands of €	**2021**	**2020**
Loss before income tax	(14,452)	(10,406)
Group tax rate in % (p/y: %)	30.18	30.18
Theoretical tax benefit	(4,362)	(3,141)
Non-deductible expenses	16	4
Share-based payments	142	49
Additions to / reductions in trade tax	8	13
Financial instrument related effects	204	1,177
Changes in tax loss carry forwards in prior years	(14)	-
Change in deferred tax assets not recognized for loss carry forwards	4,007	1,897
Other	0	1
Income tax expense	**1**	**0**
Effective tax rate	**0.01%**	**0.00%**

13. Income and expenses

Other operating income

in thousands of €	2021	2020
Sale of raw materials and services provided	33	35
Derecognition of benefits waived and derecognition of liability	10	43
Other income	39	39
Total	**82**	**117**

Prior year information was reclassified for foreign exchange gains to be presented as part of foreign exchange result (net). For the derecognition of benefits waived we refer to Note 19.

Research and development expenses

in thousands of €	2021	2020
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	9,054	2,940
Personnel expenses	1,004	673
Patent costs and consulting services	481	311
Other	118	93
Total	**10,657**	**4,017**

The increase in research and development expenses in 2021 compared to 2020 is predominantly driven by higher costs associated with clinical trials, including costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing. In addition, personnel expenses, patent costs and consulting services as well as other expenses also increased. Personnel expenses include non-cash share-based payment expenses amounting to K€ 166 in 2021 and K€ 51 in 2020. Adjusting for these non-cash share-based payment expenses, the personnel expenses reached K€ 838 in 2021 and K€ 622 in 2020.

General and administrative expenses

in thousands of €	2021	2020
Personnel expenses	1,611	969
Legal, consulting and audit fees	680	557
Public and investor relations and related expenses	270	119
Other	315	236
Total	**2,876**	**1,881**

The increase in general and administrative expenses in 2021 is mainly driven by higher personnel expenses. In addition, legal, consulting and audit fees as well as public and investor relations expenses and other expenses increased compared to 2020. Personnel expenses include non-cash share-based payment expenses amounting to K€ 309 in 2021 and K€ 111 in 2020. When such non-cash share-based payment expenses are not taken into account, the personnel expenses are K€ 1,302 in 2021 and K€ 858 in 2020.

Personnel expenses

in thousands of €	2021	2020
Regular Salary	1,324	957
Benefits	338	339
Share-based compensation	475	162
Social security contribution	146	122
Increase/Release of accrued holidays	-16	5
Other	349	57
Total	**2,616**	**1,642**

Social security contributions include contributions for statutory pension insurance in the amount of K€ 195 in 2021 and K€ 127 in 2020.

14. Segment reporting

Information about reportable segment

The Group has one Segment. The Group is active in pioneering the development of a new class of proprietary therapeutics called Spiegelmers. These activities are conducted as own project development. The Management Board is the chief operating decision maker. Management of resources and reporting to the decision maker is based on the Group as a whole.

Geographic information

All operational activities are conducted in Berlin. No revenues are generated in 2021 and 2020.

15. Loss per share

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

in thousands of €	2021	2020
Net loss	(14,453)	(10,406)
Weighted number of ordinary shares outstanding	65,984,991	32,358,577
Loss per share, basic and diluted in € per share	**(0.22)**	**(0.32)**

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.

16. Notes to the cash flow statement

Cash transactions

In the first half of 2020, NOXXON purchased fixed-term bank deposits with original terms of three up to twelve months that were held-to-maturity and presented as current financial assets as of 30 June 2020. These fixed-term bank deposits matured in the second half of 2020 with a corresponding cash inflow.

Non-cash transactions

In 2021 and in 2020, certain related parties partly waived Supervisory Board benefits payable to those parties in an amount of K€ 9 and K€ 12, respectively. Further, K€ 4 and K€ 31, respectively, result from the derecognition of liabilities due to statutory limitation.

Other non-cash transactions of K€ 49 (prior year: nil) relate to unrealized gains resulting from movements in exchange rates on cash held, which are presented separately in the consolidated statements of cash flows.

The following tables reconcile the financial liabilities for the years ended 31 December 2021 and 2020, respectively:

in thousands of €	1 January 2021	Cash flows	Non-cash movements	31 December 2021
Financial liabilities				
Non-current	38	-	(38)	0
Current	581	4,371	(2,447)	2,505
Total	**619**	**4,371**	**(2,485)**	**2,505**

in thousands of €	1 January 2020	Cash flows	Non-cash movements	31 December 2020
Financial liabilities				
Non-current	15	-	23	38
Current	1,598	5,743	(6,760)	581
Total	**1,613**	**5,743**	**(6,737)**	**619**

Non-cash movements in 2021 include the fair value adjustment for the warrants issued of K€ 38 and the non-cash debt for equity swap related to the conversion of bonds by ASO of K€ 2,447 (for details refer to Note 10).

Non-cash changes in 2020 include the fair value true-up adjustment for the warrants issued of K€ 23 and compound derivative financial liabilities of K€ 35 and the non-cash debt for equity swap related to the cashless exercise of warrants by Acuitas of K€ 1,598 as well as the non-cash debt for equity swap related to the conversion of bonds by ASO of K€ 5,197 (for details refer to Note 10).

17. Commitments and contingencies

German Law pertaining to inventions (*Arbeitnehmererfindungsgesetz*)

The Group has patents and has filed for various patent applications which also result from inventions made by its employees. In case of use or other circumstances specified in German Law pertaining to inventions (*Arbeitnehmererfindungsgesetz*), the Group is obliged to allow the respective inventor a fee in accordance with German Law pertaining to inventions by employees (*Arbeitnehmererfindungsgesetz*).

Commitments

During the years ended 31 December 2021 and 2020 the Group entered into several research, development and service agreements for its business operations. The Group has entered into such agreements with third parties for services which amounted to K€ 6,883 and K€ 4,277 on 31 December 2021 and 2020, respectively.

Contingencies

There are no current claims or litigation against the Group. However, due to the inherent nature of intellectual property rights, there remains the possibility of unasserted claims related to intellectual property that the Group is not yet aware of.

18. Financial risk management objectives and policies

Financial instruments

The Group's principal financial instruments comprise bank balances, and financial liabilities. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments, such as trade debtors and

trade creditors, as well as other current non-interest bearing assets, which arise directly from its operations.

The Group places its available funds during the year in cash at banks to ensure both liquidity and security of principal in accordance with Group policy. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks, as summarized below.

Credit risk

Financial instruments that potentially expose NOXXON to credit risk consist primarily of cash at banks. The maximum exposure to credit risk is equal to the carrying amount of these instruments. The credit risk is minimized by the investment policy, which limits investments to those that have relatively short maturities and that are placed with highly rated issuers.

The Group's accounts receivables are unsecured and the Group is at risk to the extent such amounts become uncollectible. The Group has historically not experienced substantial losses related to individual customers or groups of customers.

Foreign currency risk

NOXXON conducts business in countries outside the Euro-zone and is therefore subjected to foreign exchange risks. Future business may be conducted to a higher extent in other currencies, namely the dollar and pound sterling. NOXXON is aware of the foreign exchange risks and investigates with every foreign exchange related transaction if a corresponding hedge is favorable and necessary.

As a result of purchases denominated in dollars and pound sterling, the Group's balance sheet can be affected by movements in the dollar/euro and pound sterling/euro exchange rates. These transactions are generally short term in nature, however based on purchase transactions cash held in foreign currencies the Group is exposed to currency risks.

The following table demonstrates the sensitivity to a reasonably possible change in the dollar exchange rate, with all other variables held constant, of the Group's loss before tax.

	Increase/decrease in USD/EUR rate (in %)	**Effect on loss before tax (in thousands €)**
2021	(10)	(670)
	+ 10	548
2020	(10)	(134)
	+ 10	109

The following table demonstrates the sensitivity to a reasonably possible change in the pound sterling exchange rate, with all other variables held constant, of the Group's loss before tax.

	Increase/decrease in GBP/EUR rate (in %)	Effect on loss before tax (in thousands €)
2021	(10)	(67)
	+ 10	55
2020	(10)	(7)
	+ 10	6

Liquidity risk

The Group monitors its risk to a shortage of funds using a cash forecast. This tool considers the maturity of both, the Group's financial investments, i.e. financial assets (e.g. accounts receivable, other financial assets) and financial liabilities (e.g. accounts payable as well as other payable) and projected cash flows from operations. Due to the inherent nature of the Group being a biopharmaceutical company, the operations of the business are cash intensive. The Group maintains detailed budgets to accurately predict the timing of cash flows, to ensure that sufficient funding can be made available or appropriate measures to minimize expenditures are implemented to avoid any anticipated cash shortfalls. To achieve this objective, the Group would pursue various alternatives, including entering into collaboration or licensing agreements, seeking additional investors, obtaining further funding from existing investors through an additional funding round and/or delaying, reducing the scope of, eliminating or divesting clinical programs and considering other cost reduction initiatives, such as reducing the amount of space being rented by the Group, postponing hiring new personnel and/or reducing the size of the current workforce.

COVID-19

The COVID-19 outbreak had no impact on the consolidated financial statements as of 31 December 2021 and 2020, respectively. For details concerning the impact of the COVID-19 outbreak on the operations of the Group we refer to the Management report of the Annual Report 2021.

Maturity profile of financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2021 and 2020 based on contractual undiscounted payments.

in thousands of €

Year ended 31 December 2021	**Total**	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Financial liabilities	2,505	2,505	2,505	0	0	0
Lease liabilities	20	0	12	8	0	0
Trade accounts payable	2,235	0	2,235	0	0	0

in thousands of €

Year ended 31 December 2020	**Total**	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Financial liabilities	619	581	0	0	38	0
Lease liabilities	70	0	12	37	21	0
Trade accounts payable	1,803	1,803	0	0	0	0

Capital management

The Group regards its total equity as capital. The primary objective of the Group's capital management is to obtain sufficient funds to support its research and development activities, cover the cash burn and maximize the shareholder's value while minimizing the financial risks. Historically, the Group financed its operations primarily through the issuance of equity securities to third parties. To assist management in undertaking strategic activities, capital increases and to service the share option plans, bond conversions and warrant exercises, the shareholders of the Company have authorized the future issuance of shares in specific circumstances with approval of the Supervisory Board. The Group has never declared or paid dividends on any of its common and preferred shares and does not expect to do so in the foreseeable future.

No changes were made in the objective, policies or processes for managing capital during the year ending 31 December 2021 and 2020.

Fair value hierarchy

The Group held financial liabilities for which fair values are disclosed in Note 10. These fair value measurements would be classified as level 2 in the fair value hierarchy. No changes to the measurement method for calculating the fair value have occurred since initial recognition.

The carrying amount, reflecting the fair value of the derivative financial liabilities (refer to Note 10) was calculated using a level 3 valuation and a Black Sholes model using the following main input parameters: time equivalent risk-free rate of interest published by the European Central Bank, historic share volatility of 59% (31 December 2020: 120%). The fair values recognized for the financial liabilities would change significantly, if the volatility measures would change by more than 20%.

19. Related party relationships

Shareholder with significant influence

As of 31 December 2021 and 2020, the Company is not aware of a shareholder with significant influence.

Management Board

The members of the Management Board (Board of Directors of the Company) of NOXXON Pharma N.V. are:

Dr. Aram Mangasarian
Chief Executive Officer

Bryan Jennings (since 15 December 2021)
Chief Financial Officer

Supervisory Board

The members of the Supervisory Board of NOXXON Pharma N.V. are:

Dr. Maurizio PetitBon
Chairman of the Supervisory Board
General Partner of Kreos Capital, London, Great Britain

Dr. Martine J. van Vugt (since 24 June 2021)
Deputy chair
Senior Vice President Corporate Strategy and Planning of Genmab, Utrecht, the Netherlands

Dr. J. Donald deBethizy (until 24 June 2021)
Consultant, Fredericksberg, Denmark

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

Mr. Bertram Köhler (until 24 June 2021)
Member of the Management Board of the DEWB AG, Jena

Susan Coles (since 24 June 2021)
General Counsel and Head of Finance at Vivet Therapeutics, Paris, France

Gregory Weaver (since 24 June 2021)
CFO of atai Life Sciences, Berlin, Germany

Other transactions

In December 2017, NOXXON Pharma N.V. signed a consulting agreement with Whitecity Consulting ApS, a company owned by Dr. J. Donald deBethizy. According to this agreement the Group was entitled to request advice in the field of NOXXON's business, in particular with regard to the interactions with potential new investors, other investor relations activities or activities regarding strategic alliances. In addition to a remuneration in cash Whitecity Consulting ApS was granted 12,306 stock options under the SOIP in 2017 and 48,430 stock options in 2019 (refer to Note 9). This agreement was terminated in June 2021. As a result 32,287 stock options forfeited.

Remuneration

Remuneration paid to NOXXON's Management Board members is set by the Supervisory Board. The current remuneration system provides for fixed basic annual remuneration, due in equal, monthly installments, as well as a variable annual bonus set by the Supervisory Board at the end of each fiscal year. The bonus constitutes a variable annual remuneration component which is related to Group wide and individual goals.

There are long-term incentives, such as share option plans and share participation models for the members of the Management Board. Some of the members of the Supervisory Board received shares of the Company under the share participation model.

The members of the Supervisory Board received remuneration as approved by the shareholders' meeting (including long-term incentives / share participation model) as well as reimbursements for travel expenses.

In the fiscal years 2021 and 2020, no loans or advances were granted to the members of the Management and Supervisory Boards, nor were any such repaid. There are no postemployment benefits and no contingent liabilities in respect of members of the Management Board or the Supervisory Board.

Prior to 31 December 2020, a Supervisory Board member partially waived its receivable with respect to Supervisory Board remuneration due from the Company totaling K€ 12. In the third quarter of 2020, accrued bonuses for Management (K€ 238) and Supervisory Board remuneration (K€ 191) were paid-out for the years 2018 and 2019. Prior to 31 December 2021, a Supervisory Board member partially waived its receivable with respect to Supervisory Board remuneration due from the Company totaling K€ 9. In 2021, accrued bonuses for Management (K€ 188) and Supervisory Board remuneration (K€ 38) were paid-out for the year 2020.

The Group did not enter into any significant transactions with members of the supervisory and Management Boards except for the transactions described above.

In 2021 and 2020, 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€ 678, thereof accrued expenses K€ 247) and (K€ 620), respectively.

As of 31 December 2021, the number of issued and outstanding options for key management personnel under the SOIP was 2,932,499 with a weighted average exercise price of € 0.580. As of 31 December 2020, the number of issued and outstanding options for key management personnel under the SOIP was 433,493 with a weighted average exercise price of € 1.972. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 176 and K€ 57, respectively. Under the other share participation model, 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 twelve months ended 31 December 2021 and 2020 was K€ 854 and K€ 677, respectively.

In 2021 and 2020, the remuneration for the Supervisory Board amounted to K€ 79 (thereof accrued expenses K€ 45), and K€ 38, respectively. As of 31 December 2021, the number of issued and outstanding options for the Supervisory Board under the SOIP was 520,157 with a weighted average exercise price of € 0.759. As of 31 December 2020, the number of issued and outstanding options for the Supervisory Board under the SOIP was 148,812 with a weighted average exercise price of € 1.768. Under the SOIP, the share- based payment transactions recognized as an expense during the reporting period amounted to K€ 45 and K€ 26, respectively. Under the other share participation model, 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 twelve months ended 31 December 2021 and 2020, was K€ 124 and K€ 64, respectively.

20. Events after the balance sheet date

Subsequent to 31 December 2021, the following financing and other subsequent events occurred:

- ASO converted 2,050 of the 2,419 convertible bonds issued and outstanding on 31 December 2021.
- The Company issued 4,838 of ASO convertible bonds with a nominal value of € 4.75 million with a cash-inflow of € 4.3 million.

As a result of the capital increases described above, the number of ordinary shares increased subsequent to 31 December 2021 from 74,601,550 by 9,708,952 to 84,310,502 ordinary shares. The number of convertible bonds issued and outstanding amounts to 5,207.

Subsequent to 31 December 2021, the Russia-Ukraine conflict is considered a non-adjusting event. The Group is also monitoring the impact the Russia-Ukraine conflict is having and could have on its operations. While the Group has no direct activity in Ukraine or Russia, potential indirect consequences on financing and operations of the Group are being monitored and evaluated in order assess and appropriately manage these risks. However, for now and based on the currently available information, the Group does not expect the Russia-Ukraine conflict to have a material, direct impact on its operations, though we expect it to make financing more challenging through its impact on macroeconomic factors that reduce the attractiveness to investors of investing in small-cap early-stage biotechnology companies versus other types of investments.

Amsterdam, 21 April 2022

NOXXON Pharma N.V.

Signing of the financial statements on 21 April 2022

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Bryan Jennings, CFO

Supervisory Board

Dr. Maurizio Petitbon, Chairman

Dr. Martine J. van Vugt, Deputy chair

Dr. C.A. (Oscar) Izeboud

Susan Coles

Gregory Weaver

Company financial statements as of 31 December 2021

Company balance sheet as at 31 December 2021

Company income statement for the year ended 31 December 2021

Notes to the company financial statements for the year ended 31 December 2021

Company balance sheet as at 31 December 2021

(before profit appropriation)

In thousands of €		2021	2020
Fixed assets			
Equipment		21	24
Financial fixed assets	*3*	0	0
Total fixed assets		**21**	**24**
Current assets	*4*		
Receivables due from group companies	*8*	156	115
Other receivables		186	152
Cash at bank and in hand	*5*	8,850	9,994
Total current assets		**9,192**	**10,261**
Total assets		**9,213**	**10,285**
Shareholders' equity	*6*		
Issued capital		746	472
Share premium		60,266	49,288
Retained earnings		(42,050)	(31,645)
Undistributed result		(14,452)	(10,405)
Total equity		**4,510**	**7,710**
Financial liabilities	*7*	0	38
Non-current liabilities		**0**	**38**
Financial liabilities	*7*	2,505	581
Trade payables		410	320
Liabilities due to group companies	*8*	72	55
Provision for constructive obligation due to group companies	*3*	1,332	1,215
Other liabilities		384	366
Current liabilities		**4,703**	**2,537**
Total equity and liabilities		**9,213**	**10,285**

Company income statement for the year ended 31 December 2021

In thousands of €		2021	2020
Share in results from participating interests, after taxation	*3*	(12,128)	(5,222)
Other result after taxation		(2,324)	(5,183)
Net result		**(14,452)**	**(10,405)**

Notes to the company financial statements for the year ended 31 December 2021

1 General

The company financial statements are part of the 2021 statutory financial statements of NOXXON Pharma N.V., Amsterdam, The Netherlands (the 'Company').

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

The Company is registered under number 62425781 in the Business Register with corporate seat in Amsterdam, the Netherlands and has an office in Berlin, Germany. NOXXON Pharma N.V. is a management holding providing corporate, legal and administrative services, financial and business advice and asset management to its German subsidiary NOXXON Pharma AG.

The company financial statements for the year ended 31 December 2021 were authorized by the Board of Directors on 21 April 2022 and the Supervisory Board on 21 April 2022.

2 Basis of preparation

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. See Note 2 of the consolidated financial statements for a description of these principles. Rounding differences may occur in the company financial statements and the notes thereto.

Going Concern

For a detailed explanation of the Going Concern of the Company and the Group we refer to Note 2 of the consolidated financial statements.

Participating interests in group companies

Participating interests in group companies are accounted for in the Company financial statements according to the net asset method. Net asset value is based on the measurement of assets, provisions and liabilities and determination of net result based on the principles applied in the consolidated financial statements. Participations with a negative net asset value are valued at nil. A share of the profits from the participation, in later years, will only be processed if and insofar as the cumulative unrecognized share has compensated the loss. However, if the Company wholly or partly guarantees the debts of a participation, or has the constructive obligation to allow the participation (for its share) to pay its debts, a provision is recognized in the amount of the expected payments by the Company on behalf of the participation. The provision is formed

primarily at the expense of long-term unsecured receivables that should actually be seen as part of net investment, and the remainder presented under provisions.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 Netherlands Civil Code, the income statement of the Company exclusively states the share in the result of participating interests after taxation and the other result after taxation.

3 Financial fixed assets

Financial assets solely include the investment of the Company in its almost fully owned subsidiary NOXXON Pharma AG, with statutory seat in Berlin, Germany.

In thousands of €	2021	2020
Participating interests in group companies	**0**	**0**
	0	**0**

Movements in financial fixed assets were as follows:

In thousands of €	**Participating interests in group companies**
Balance at 1 January 2020:	**(332)**
Changes during the financial year:	
1 Capital contributions to NOXXON Pharma AG	4,300
2 Share in results from participating interests, excluding impairment, after taxation	(5,222)
3 Equity-based incentive awards issued to officers and employees of the subsidiary NOXXON Pharma AG	39
Total changes	**(883)**
Carrying amount	**(1,215)**
Balance at 1 January 2021:	**(1,215)**
Changes during the financial year:	
1 Capital contributions to NOXXON Pharma AG	11,851
2 Share in results from participating interests, excluding impairment, after taxation	(12,128)
3 Equity-based incentive awards issued to officers and employees of the subsidiaries NOXXON Pharma AG and NOXXON Pharma Inc.	160
Total changes	**(117)**
Carrying amount	**(1,332)**

In 2021 and 2020, the Company contributed K€ 11,851 and K€ 4,300 in cash to NOXXON Pharma AG, respectively. Equity-based incentive awards issued to officers and employees of the subsidiaries NOXXON Pharma AG and NOXXON Pharma Inc. increased the participation further by K€ 160 and K€ 39, respectively. Nevertheless, the equity value of the investment remained negative due to continuing research and development activities and accordingly, an impairment loss of K€ 12,011 and K€ 4,339, respectively was recognized resulting in a financial fixed asset of K€ 0.

A provision was recognized, because NOXXON Pharma N.V. had, as of 31 December 2021 and 2020, a constructive obligation to allow the participation (for its share) to pay its debts in an amount of the negative equity of the participation as of 31 December 2021 of K€ 1,332 and as of 31 December 2020 of K€ 1,215, respectively.

The consolidated loss of NOXXON Pharma AG and its subsidiary NOXXON Pharma Inc. for the fiscal year 2021 was K€ 12,128 (prior year: K€ 5,222).

The Company, with its statutory seat in Amsterdam, is the holding company and has the following financial interests:

Name	Location	Share in issued capital %
Consolidated participating interests		
NOXXON Pharma AG	Berlin, Germany	**99.99**
NOXXON Pharma Inc. (indirectly held by NOXXON Pharma AG)	Norwalk, CT, USA	**100.0**

4 Current assets

Other receivables include as of 31 December 2021 the cash balance of the liquidity account with the liquidity provider amounting to K€ 26 (prior year: K€ 27) and prepaid expenses of K€ 79 (prior year: K€ 65). All amounts are due within one year. The cash balance of the liquidity account with the liquidity provider is not withdrawable on demand into cash at bank or in hand, because the cash amounts are transferred to the liquidity provider to enable him to increase the liquidity of the NOXXON Pharma N.V. shares by increasing the trading volume.

5 Cash at bank and in hand

Cash consist only of cash at bank and in hand. Deposits included under cash at bank and in hand are withdrawable on demand. The net book value represents the maximum amount that is at risk. The carrying amount of cash at bank and in hand is a reasonable approximation of the fair value.

6 Shareholders' equity

Reconciliation of movements in capital and reserves

In thousands of €	Issued share capital	Share premium	Retained earnings	Undistributed result	Total
Balance at 1 January 2020	131	29.671	(30,784)	(861)	(1,843)
Result appropriation to retained earnings	--	--	(861)	861	--
Changes in financial year 2020:					
• Share-based compensation	--	123	--	--	123
• Group share-based compensation	--	39	--	--	39
• Capital increase	341	19,956	--	--	20,297
• Issuance costs for capital increases	--	(497)	--	--	(497)
• Purchase of own shares	--	(4)	--	--	-4
• Result for the year	--	--	--	(10,405)	(10,405)
Balance at 31 December	**472**	**49,288**	**(31,645)**	**(10,405)**	**7,710**
Balance at 1 January 2021	472	49,288	(31,645)	(10,405)	7,710
Result appropriation to retained earnings	--	--	(10,405)	10,405	--
Changes in financial year 2021:					
• Share-based compensation	--	314	--	--	314
• Group share-based compensation	--	160	--	--	160
• Capital increases	274	10,926	--	--	11,200
• Issuance costs for capital increases	--	(421)	--	--	(421)
• Purchase of own shares	--	(1)	--	--	(1)
• Result for the year	--	--	--	(14,452)	(14,452)
Balance at 31 December	**746**	**60,266**	**(42,050)**	**(14,452)**	**4,510**

Issued capital, Share premium, Own shares

Issued capital

As of 31 December 2021, the issued capital of the Company amounts to K€ 746 (prior year: K€ 472) and is divided into 74,601,550 ordinary shares (prior year: 47,178,313) each with a nominal value of € 0.01. As of 31 December 2021, and according to the amended articles of association of the Company as resolved by the annual general meeting on 24 June 2021, the authorized share capital amounts to K€ 2,500 (prior year: K€ 1,000) divided into 250,000,000 ordinary shares (prior year: 100,000,000 ordinary shares), each with a nominal value of € 0.01.

In addition and also as of balance sheet date, the articles of association provide for a transitional provision (which shall terminate and disappear once in effect) regarding the increase in authorized share capital, according to which as per the moment the Company's issued and paid-up share capital amounts to two million euro (€ 2,000,000) comprised of two hundred million (200,000,000) ordinary shares, each share having a nominal value of one euro cent (€ 0.01), the authorized capital of the Company amounts to three million euro (€3,000,000), divided into 300,000,000 Ordinary Shares, each with a nominal value of €0.01.

In 2021, the Company issued an aggregate of 27,423,237 ordinary shares and raised € 11.6 million (excluding transaction costs incurred of € 0.1 million) in connection with the following financing transactions:

- Issuance of 14.277.219 ordinary shares in a private placement at a price of € 0.45 against contribution in cash (cash inflow of K€ 6,019 as consideration received for ordinary shares),
- Issuance of 3,768,449 ordinary shares to Kreos and certain other investors through the exercise of 64,515 warrants (cash inflow of K€ 1,200 as consideration received for ordinary shares), and
- Issuance of 9,377,569 ordinary shares against conversion of 2,914 convertible bonds (comprising of 546 convertible bonds outstanding on 31 December 2020 and 2,368 convertible bonds out of 4,787 convertible bonds issued in 2021) against net cash inflow in 2021 of K€ 4,371) with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 274 and additional paid-in capital of K€ 10,926 were recognized less issuance costs of K€ 421

In 2020, the Company issued an aggregate of 34,075,849 ordinary shares and raised € 14.5 million (excluding transaction costs incurred of € 0.3 million) 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 Capital LLC (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 12,310,282 ordinary shares against conversion of 5,741 convertible bonds (of 6,287 convertible bonds issued against net cash inflow of K€ 5,743) with a nominal amount of € 1,000 each.

As a result, additional issued capital of K€ 341 and additional paid-in capital of K€ 19,956 were recognized less issuance costs of K€ 497.

No share certificates shall be issued.

Share premium

As of 31 December 2021, the share premium of the Company amounts to K€ 60,266 (prior year K€ 49,288).

In 2021, share premium increased by K€ 10,978 as a result of capital increases described above. In 2020, share premium increased by K€ 19,459 as a result of the capital increases described above.

Further, share-based compensation of K€ 314 and group share-based compensation of K€ 160 in 2021 and share-based compensation of K€ 123 and group share-based compensation of K€ 39 in 2020 were recorded, respectively.

In accordance with Dutch law and in absence of any reserves NOXXON Pharma N.V. is required to maintain its shareholders' equity pursuant to Dutch law. The Company may make distributions insofar the shareholders' equity exceeds the sum of paid-in and called-up share capital.

Own shares

At 31 December 2021, the Company held 94,951 own shares (prior year 72,773 own shares).

Share-based compensation

For details of the 2016 Stock Option and Incentive Plan ("SOIP") we refer to Note 9 of the consolidated financial statements. The share-based payments for each individual member of the Board of Directors and the Supervisory Board are disclosed in the remuneration report in the supervisory board report.

NOXXON Pharma N.V. issued equity-based incentive awards to directors (including Management Board Directors provided that the Supervisory Board will decide when it concerns a person elected to the Management Board), officers, employees and consultants.

However, some of those beneficiaries provide services only to the subsidiary NOXXON Pharma AG and not directly to NOXXON Pharma N.V. Accordingly, the Company receives services indirectly through the subsidiary NOXXON Pharma AG in the form of an increased investment in the subsidiary - i.e. the subsidiary receives services from officers and employees that are paid for by the Company - thereby increasing the value of the subsidiary. Therefore, the Company recognizes in share premium the equity-based incentive awards, with a corresponding increase in its investment in NOXXON Pharma AG in its separate financial statements.

The amount recognized as an additional investment for the financial year 2021 of K€ 160 (prior year: K€ 39) is based on the grant-date fair value of the share-based payment. We refer to note 3.

For beneficiaries that directly provide services to the Company, the equity-based incentive awards are recognized in other result after taxation, with a corresponding increase in share premium. In the financial year 2021, an amount of K€ 314 (prior year: K€ 123) was recognized.

Reconciliation of shareholders' equity to the consolidated financial statements

The difference between share premium of the Company as of 31 December 2021 of K€ 60,266 and the additional paid-in capital of the Group of K€ 176,461 results mainly from the corporate reorganization consummated on 23 September 2016, whereby substantially all of the shareholders of NOXXON Pharma AG subscribed for 1,504,452 ordinary shares in NOXXON Pharma N.V. and agreed to transfer their common and preferred shares in NOXXON Pharma AG to NOXXON Pharma N.V. in consideration therefore. The share premium of the Company reflects this share contribution and subsequent financing, whereas the consolidated financial statements reflect all financing transactions since inception of the Group.

Proposal for result appropriation for the financial year 2020

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2021 loss for the period amounting to K€ 14,452 to be added to the accumulated losses in retained earnings.

7 Financial liabilities

For a detailed explanation of the Company's financial liabilities, we refer to Note 10 of the consolidated financial statements.

The financial liability resulting from the ASO financing amounts to K€ 2,505. The fair value of the warrants (derivative financial liability) as of 31 December 2021 and 2020 amounted to nil and K€ 38, respectively.

8 Receivables due from and liabilities due to group companies

In thousands of €	2021	2020
Accounts receivable from group companies	156	115
Receivables due from group companies	**156**	**115**
Accounts payable to group companies	2	7
Value added tax payables to group companies (tax group)	70	48
Liabilities due to group companies	**72**	**55**

9 Financial instruments

General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of the Company.

Fair value

The fair values of the financial instruments stated on the balance sheet, including accounts receivable, cash at bank and in hand and current liabilities, are close to their carrying amounts.

The fair value of the derivative financial liabilities (see Note 7) is calculated based on level 3 input factors using a Black Scholes option model. The fair value of the warrants amounts to nil as at 31 December 2021 (prior year K€ 38).

10 Employee benefits and number of employees

As of balance sheet date, the Board of Directors of the Company consists of two members. Further, the Company employs seven employees. The members of the Board of Directors and all employees work outside of the Netherlands.

As of balance sheet date, the Group has two members of the Board of Directors and thirteen employees, all working outside of the Netherlands.

11 Share in results from participating interests

A loss of K€ 12,128 (prior year: K€ 5,222) of share in results from participating interests relates to group companies.

12 Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees (excluding surcharges, expenses and VAT) for the financial year have been charged by Baker Tilly (Netherlands) or have been accrued for the audit of the financial statements 2021 and 2020 to the Company, its subsidiaries and other consolidated entities, and were expensed in the Company's and consolidated financial statements in the respective years:

In thousands of €	Baker Tilly (Netherlands) 2021	Other BT network 2021	Total Baker Tilly 2021
Audit of the financial statements	53	--	53
Other audit engagements	--	--	
	53	**--**	**53**

In thousands of €	Baker Tilly (Netherlands) 2020	Other BT network 2020	Total Baker Tilly 2020
Audit of the financial statements	50	--	50
Other audit engagements	--	--	
	50	**--**	**50**

13 Remuneration of managing and supervisory directors

The tables below show remuneration for the managing directors in the fiscal years 2021 and 2020:

2021	Base salary	Cash bonus[3]	Share-based compen-sation	Others/ Pension contri-butions	Fringe benefits [4]	Total[5]
Aram Mangasarian, Ph.D. [1]	€250,000	€200,000	€133,700	N/A	€2,164	€585,864
Bryan Jennings [2]	€56,531	€28,265	€17,300	N/A	€8,560	€110,656
Total	**€306,531**	**€228,265**	**€151,000**	**N/A**	**€10,724**	**€696,520**

(1) Aram Mangasarian is member of the Management Board and of the Board of Directors of NOXXON Pharma N.V., NOXXON Pharma AG and NOXXON Pharma Inc.. Aram Mangasarian is one of the two statutory directors of NOXXON Pharma N.V. He is remunerated by NOXXON Pharma N.V.

(2) Bryan Jennings is member of the Management Board and of the Board of Directors of both, NOXXON Pharma N.V. and NOXXON Pharma Inc. Bryan Jennings is one of the two statutory directors of NOXXON Pharma N.V. He is remunerated by NOXXON Pharma Inc., except for share-based compensation granted by NOXXON Pharma N.V. Remuneration covers the period since 1 November 2021.

(3) Cash bonuses relate to goal achievements during 2021, not paid yet.

(4) Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).

(5) Without social security contributions to the French and US social security systems.

2020[1]	Base salary	Cash bonus[2]	Share-based compen-sation	Others/ Pension contri-butions	Fringe benefits [3]	Total[4]
Aram Mangasarian, Ph.D.	€250,000	€237,500	€50,400	N/A	€1,125	€539,025
Total	**€250,000**	**€237,500**	**€50,400**	**N/A**	**€1,125**	**€539,025**

(1) Aram Mangasarian is member of the Management Board and of the Board of Directors of both, NOXXON Pharma N.V. and NOXXON Pharma AG. Aram Mangasarian is the only statutory director of NOXXON Pharma N.V.

(2) Cash bonuses relate to goal achievements during 2020, thereof €50,000 paid in 2020, €187,500 not paid in 2020. During the fiscal year deferred bonus payments relating to the fiscal years 2018 and 2019 in the amount of €237,500 have been paid-out.

(3) Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).

(4) Without social security contributions to the French social security system.

The tables below show the remuneration for the supervisory board directors of the NOXXON Pharma N.V. for the fiscal years 2020 and 2019:

2021	Fixed fee[2]	Share-based compensation	Total
Dr. Maurizio PetitBon[1]	N/A	N/A	N/A
Dr. J. Donald deBethizy	€10,000	€(4,900)	€5,100
Susan Coles	€15,000	€10,600	€25,600
Dr. Cornelis Alexander Izeboud[3]	€23,500	€18,500	€42,000
Bertram Köhler[1]	N/A	N/A	N/A
Dr. Martine van Vugt[4]	€14,500	€10,600	€25,100
Gregory Weaver	€15,500	€10,600	€26,100
Total	**€78,500**	**€45,400**	**€123,900**

(1) Supervisory Board Director of the Company has waived his right for a fee.
(2) Fixed fees have not yet been paid, except for Dr. Cornelis Alexander Izeboud. Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).
(3) via Izalco Management B.V.
(4) via LifeSci Consultancy B.V.

2020	Fixed fee[2]	Share-based compensation	Total
Dr. Maurizio PetitBon[1]	N/A	N/A	N/A
Dr. J. Donald deBethizy	€27,500	€13,100	€40,600
Dr. Cornelis Alexander Izeboud[3]	€10,000	€13,000	€23,000
Bertram Köhler[1]	N/A	N/A	N/A
Total	**€37,500**	**€26,100**	**€63,600**

(1) Supervisory Board Director of the Company has waived his right for a fee.
(2) Fixed fees have not been paid in 2020. During the fiscal year deferred supervisory board fees relating to the fiscal years 2018 and 2019 in the amount of €191,000 have been paid-out. Without contribution to directors and officer's insurance and other insurances and expenses (such as mobile phones etc.).
(3) via Izalco Management B.V.

For remuneration policies and further information concerning the members of the management board and the supervisory board of NOXXON Pharma N.V. see also section "Remuneration" of the Supervisory Board report of the Annual Report 2020.

14 Related party transactions

For related party transactions we refer to Note 19 of the consolidated financial statements. For transactions between the Company and its subsidiaries we refer to Notes 3 and 8 of the Company's financial statements.

15 Commitments and contingencies

Commitments of K€ 85 (prior year: K€ 94) exist in relation to the listing agent agreement, the sponsor bank and agent agreement and other services. There are no further commitments or contingencies.

The Company is part of a tax group for value added tax and is therefore jointly and severally liable for the tax payable by the tax group as a whole.

16 Events after the balance sheet date

Subsequent to 31 December 2021, the following financing and other subsequent events occurred:

- ASO converted 2,050 of the 2,419 convertible bonds issued and outstanding on 31 December 2021.
- The Company issued 4,838 of ASO convertible bonds with a nominal value of € 4.75 million with a cash-inflow of € 4.3 million.

As a result of the capital increase described above, the number of ordinary shares increased subsequent to 31 December 2021 from 74,601,550 by 9,708,952 to 84,310,502 ordinary shares. The number of convertible bonds issued and outstanding amounts to 5,207.

Subsequent to 31 December 2021, the Russia-Ukraine conflict is considered a non-adjusting event. The Group is also monitoring the impact the Russia-Ukraine conflict is having and could have on its operations. While the Group has no direct activity in Ukraine or Russia, potential indirect consequences on financing and operations of the Group are being monitored and evaluated in order assess and appropriately manage these risks. However, for now and based on the currently available information, the Group does not expect the Russia-Ukraine conflict to have a material, direct impact on its operations, though we expect it to make financing more challenging through its impact on macroeconomic factors that reduce the attractiveness to investors of investing in small-cap early-stage biotechnology companies versus other types of investments.

Amsterdam, 21 April 2022

NOXXON Pharma N.V.

Signing of the financial statements on 21 April 2022

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Bryan, Jennings, CFO

Supervisory Board

Dr. Maurizio Petitbon, Chairman

Dr. Martine J. van Vugt, Deputy chair

Dr. C.A. (Oscar) Izeboud

Susan Coles

Gregory Weaver

Other information

Provisions in the Articles of Association governing the appropriation of profit

The company's Articles of Association provide under chapter X, Article 29 provisions about the appropriation of profits, distributions and losses as follows:

CHAPTER X. Financial year and annual accounts. Profits and distributions.

Article 29. Profits, distributions and losses.

1. The company shall have a policy on reserves and dividends, which shall be determined and may be amended by the board of directors. The adoption and thereafter each material change of the policy on reserves and dividends shall be discussed at the general meeting under a separate agenda item.
2. From the profits, if any, shown in the annual accounts, as adopted, the Management Board shall determine which part shall be reserved. Any profits remaining thereafter shall be at the disposal of the general meeting. The board of directors shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the general meeting.
3. Distribution of dividends on the shares shall be made in proportion to the nominal value of each share.
4. Distributions may be made only insofar as the company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law.
5. If a loss was suffered during any one year, the board of directors may resolve to offset such loss by writing it off against a reserve which the company is not required to keep by virtue of the law.
6. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
7. The board of directors may, subject to due observance of the policy of the company on reserves and dividends, resolve to make an interim distribution, provided the requirement of paragraph 4 of this article has been complied with, as shown by interim accounts. Such interim accounts shall show the financial position of the company not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. Such interim accounts shall be signed by all members of the board of directors. If the signature of one or more of them is missing, this shall be stated and reasons for this omission shall be given. The interim accounts shall be deposited in the offices of the trade register within eight days after the day on which the resolution to make the interim distribution has been announced.
8. At the proposal of the board of directors, the general meeting may resolve to make a distribution on shares wholly or partly not in cash but in shares. At the proposal of the board of directors, the general meeting may resolve that distributions are made in another currency than Euro.

9. The board of directors may, subject to due observance of the policy of the company on reserves and dividends, resolve that distributions shall be made to holders of shares out of one or more reserves.

10. Dividends and other distributions of profit shall be made payable in the manner and at such date(s) - within four (4) weeks after declaration thereof - and notice thereof shall be given, as the board of directors shall determine. The board of directors may determine that entitled to dividends and other distributions of profits shall be, the shareholders, usufructuaries and pledgees, as the case may be, at a record date within four (4) weeks after notification thereof. A claim of a shareholder for payment of a distribution shall be barred after five (5) years have elapsed.

Profit-sharing certificates and similar rights

The Company has no preference shares, which give priority over part of the distributable profit.

Branch offices

NOXXON Pharma N.V. operates through the following branch offices (direct or indirect owned subsidiaries:

Name	Registered seat	Shareholding (%)
NOXXON Pharma N.V.	Amsterdam, Netherlands	parent company
NOXXON Pharma AG	Berlin, Germany	99.99 %
--- NOXXON Pharma Inc.	Norwalk, CT, USA	100.0 %

The Company has a branch office in Berlin, Germany.

Auditors

Baker Tilly (Netherlands) N.V.
Fascinatio Boulevard 260
PO Box 8545
3009 AM Rotterdam
Netherlands

T: +31 (0)10 253 59 00
F: +31 (0)10 253 59 99

rotterdam@bakertilly.nl
www.bakertilly.nl

Reg.no.: 24425560

To the shareholders, supervisory board and management of
NOXXON Pharma N.V.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements included in the annual report

Our opinion

We have audited the financial statements 2021 of NOXXON Pharma N.V. (the company) based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of NOXXON Pharma N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of NOXXON Pharma N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: consolidated statement of comprehensive loss, consolidated cashflow statement and the consolidated statement of changes in shareholder's equity;
- the notes to the consolidated financial statements comprising of a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company income statement for the year ended 31 December 2021;
- the notes to the company financial statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of NOXXON Pharma N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the going concern paragraph included in note 2 of the notes to the consolidated financial statements which indicates that the company is dependent upon raising additional finance in order to continue operations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 240.000. The materiality is based on 2% of total expenses. We consider this basis to be appropriate as NOXXON Pharma N.V. is a biotechnology company in a research and development phase, not generating any revenues and only incurring costs.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 12.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit

NOXXON Pharma N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of NOXXON Pharma N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our audit mainly focused on the significant group entities NOXXON Pharma N.V., NOXXON Pharma AG and NOXXON Pharma Inc.

We have made use of the work of other auditors. We have send audit instructions, have been involved in determining the audit plan of the other auditors and we have reviewed the work performed by the local auditor.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In addition to the matter described in the 'Material uncertainty related to going concern' section we identified the following key audit matters.

1. Complexity of financial instruments

Description of key audit matter	How did our audit approach address the matter
During 2021 the Company amended financing agreements with other financers. These financing agreements have been disclosed in note 10 to the consolidated financial statements. We identified the risk that due to the technical and/or contractual complexity of the financing agreements and conversions these financial instruments and transactions may not be accounted for in accordance with the applicable accounting framework.	We have read the terms and conditions in the financing agreements and have taken notice of the accounting treatment of these agreements as proposed by management. We have assessed the characteristics of a sample of financial instruments and tested whether the classification of these instruments as financial liability or equity is in accordance with EU-IFRS. Furthermore, we assessed the key inputs and assumptions as well as sensitivities to key factors in determining the value of these instruments. We assessed whether the disclosures in the financial statements appropriately reflects the Group's exposure to financial instrument valuation risk resulting from the financing agreements, with reference to the requirements of the prevailing accounting standards. We are satisfied that the financial instruments and relevant transactions resulting from the agreements, amendments, and conversions are accounted for in accordance with the applicable accounting framework. Furthermore we are satisfied that the disclosure on financial instruments is in line with the requirements under EU-IFRS.

2. Going concern

Description of key audit matter	How did our audit approach address the matter
As disclosed in note 2 of the notes to the consolidated financial statements the Group will need to raise additional funding in the future, which may not be available on acceptable terms, or at all, or which may restrict the Group's operations or require it to relinquish substantial rights. Failure to obtain this necessary capital when needed may force the Group to delay, limit or terminate its product development efforts or other operations and may affect the Group's ability to continue as a going concern. Given the impact of the going concern assumption on the financial statements as a whole we have identified the going concern assumption as a key audit matter. With the resources from available, secured financing, the current cash resources are projected to finance the Group into November 2022. Based on its present requirements resulting from the Group's updated business plan focusing on clinical development of its lead product candidate NOX-A12 for the treatment of advanced solid tumors, the Group will require additional cash resources of approximately € 3.0 million, to provide the Group with sufficient working capital for the twelve months following the date of these financial statements. The Group's financing agreements contain operating covenants that may restrict its business and financing activities. 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.	Our procedures in relation to the evaluation of the going concern included: • We obtained and reviewed management's going concern assessment; • We obtained an understanding of the Group's position with respect to the assumption used in preparing the going concern assessment; • We discussed the going concern assessment with management; • We obtained and inspected the business plans, budgets, term sheets and other available supporting information. Due to the described situation our auditor's report includes an emphasis of matter paragraph noting the material uncertainty related to going concern. Our auditor's report refers to the note in the consolidated financial statements detailing the uncertainty related to going concern and how the group is addressing the situation.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of NOXXON Pharma N.V. on March 19, 2019, as of the audit for the year 2018 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Auditors

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, April 21, 2022

Baker Tilly (Netherlands) N.V.

Was signed

drs. H.J. van den Burg RA

Declaration by the Persons Responsible for Annual Report 2021

"I declare that, to the best of my knowledge, the Consolidated and Company's financial statements as of 31 December 2021 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 Group and the Company and all the other companies included in the scope of consolidation, and that this Annual Report includes a fair view of the important events which occurred during the Fiscal Year 2021, their impact on the financial statements and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the upcoming twelve months."

Amsterdam, 21 April 2022

NOXXON Pharma N.V.

Dr. Aram Mangasarian, CEO

Bryan Jennings, CFO