

NOXXON PHARMA SECURES A PRIVATE PLACEMENT OF €1 MILLION AND ADDITIONAL FINANCING OF UP TO €10 MILLION THROUGH CONVERTIBLE NOTES WITH SHARE SUBSCRIPTION WARRANTS ATTACHED TO FINANCE FURTHER CLINICAL DEVELOPMENT OF NOX-A12

Berlin, Germany, May 2, 2017 - NOXXON Pharma N.V. (Alternext Paris: ALNOX), the “Company”, a biotechnology company whose core focus is on improving cancer treatment by targeting the tumor microenvironment, today announced:

- Completion of a capital increase subscribed for by certain of the Company’s shareholders and the YA II PN Ltd investment fund (the “Investor”). The Company has today agreed to issue 64,512 new shares, each with a par value of €1, at a unit price of €15.50 (representing a discount of 29.2% on the closing price of April 28, 2017 including the share premium, raising a total of €1 million and accounting for approximately 3.15% of the Company’s share capital (the “**Private Placement**”). Following this capital increase the number of shares outstanding stands at 2,115,609. 53,761 share warrants, with an exercise price of €18.60 were issued to the investors who subscribed for the new shares. The share warrants will have the same characteristics (other than exercise price) as the BSA share warrants attached to the ODIRNANE bonds (see below). YA II PN’s objective in subscribing €250 thousand for these shares¹ as part of the capital increase is to increase the free float and liquidity of the Company’s shares.
- An agreement with the Investor on the arrangement of financing through the issue of **ODIRNANE** bonds (undated bonds convertible into new shares and/or exchangeable for existing shares, the “**Notes**”) with **BSA** (share warrants, the “**Warrants**”) attached in a maximum nominal amount of up to €10 million, divided into several tranches. Should all the tranches be taken up and should all the BSA share warrants be exercised, up to €20 million in additional capital could be raised, €10 million of which from the redemption of the ODIRNANE bonds in new Company shares and €10 million from the exercise of the share warrants attached to the ODIRNANE bonds. The issue of the ODIRNANE bonds with BSA warrants attached is contingent upon the transfer of the Company’s shares to Alternext Paris’ public offering compartment.
- The conclusion of an agreement with NOXXON’s creditor Kreos Capital (“Kreos”) on modalities of conversion of its debt into shares (see below).

As part of this financing of the Company through Notes and Warrants, certain shareholders² in NOXXON have signed a lock-up agreement covering all their shares until December 31, 2017.

«This financing is an important event for NOXXON Pharma as it allows the company to conduct the NOX-A12 clinical trial in collaboration with Merck & Co. Inc./MSD in patients with metastatic colorectal and pancreatic cancer who generally do not respond to checkpoint inhibitors alone, and should allow the company to reach top line response data» commented Aram Mangasarian, CEO of NOXXON.

Use of Proceeds

These funds will be used for the clinical development of NOX-A12 in advanced solid tumors and general corporate purposes.

¹ The Company and YA II PN Ltd have jointly agreed that the latter may subscribe for €250 thousand in additional new shares prior to the issue of the first tranche of ODIRNANE bonds, at a price equal to 75% of the lowest volume-weighted average daily price of the Company’s shares in the trading sessions during which YA II PN Ltd has not sold any of the Company’s shares from among the ten (10) consecutive trading sessions immediately preceding the date on which the shares are issued.

² The shareholders which signed the lock-up represent approximately 65% of the share capital of the Company before conversion of the Kreos shares including: NGN BioMed Opportunity II, L.P., SOFINNOVA CAPITAL, Entities affiliated with Edmond de Rothschild Investment Partners SCA, certain entities affiliated with Seventure Partners, DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG, CD-Venture GmbH, Entities affiliated with TVM Capital GmbH, VC Fonds Berlin GmbH & VC Fonds Technologie Berlin GmbH.

Legal framework of the transaction

The Company is a Dutch public limited liability company whose shares are listed on Alternext Paris, a multilateral trading facility operated by Euronext Paris S.A., with the ticker symbol ALNOX and the International Securities Identification Number (ISIN): NL0012044762. The Company has an authorized share capital of EUR 10,250,000 divided into 10,250,000 ordinary shares with a par value of EUR 1.00 each. Immediately prior to completion of the transaction, the Company's issued share capital amounted to 2,051,097 shares with 35,000 ordinary shares held by the Company as treasury shares.

On September 22, 2016, the general meeting authorized the Company's Board of Directors to issue up to 2,006,097 new Shares (representing 100% of the issued and outstanding capital at that time) and exclude any pre-emptive rights for existing shareholders in connection with such issuance for a period of three years. The new shares in connection with the Private Placement were issued by the Board of Directors, with approval from the Supervisory Board, under this existing delegation by the general meeting. Further, the Supervisory Board has in advance consented to the issuance by the Board of Directors of such further number of Shares as needed upon the exercise of the Warrants and conversion of the Notes. The private placement of new shares and Warrants is not based on a prospectus approved by the Dutch Authority for the Financial Markets, the AFM or the French regulator, the AMF.

Characteristics, terms and conditions of the financing through the issuance of convertible notes with share subscription warrants attached

The characteristics, terms and conditions of the financing may be found in the annex to the press release.

Agreement with Kreos Capital

The Company and Kreos signed an agreement that covers the conversion of Kreos' debt ("Kreos Debt") into shares as follows:

- Conversion of €925 thousand of Kreos Debt following the Private Placement into 59,677 new shares at a price per share of €15.50. Linked to this conversion Kreos will also be issued 49,724 warrants with an exercise price of €18.60. The share warrants will have the same characteristics (other than exercise price) as the BSA share warrants attached to the ODIRNANE bonds (see below). The amount of debt held by Kreos is thus brought to €1 682 thousand.
- Following the transfer of the shares of the Company to the "public offering" compartment of AlterNext Paris and the issuance of the first tranche of the ODIRNANE for €1 million, additional €841 thousand³ of Kreos Debt will be converted into shares at a price per share equal to the lower of (i) €15.50 and (ii) the Volume Weighted Average Price (VWAP) over the last 10 trading days preceding the transfer of the shares of the Company to the public offering market compartment of Alternext Paris. As part of this debt conversion of €841 thousand of Kreos Debt Kreos will also receive 45 219 share warrants with an exercise price of €18.60. These share warrants will have the same characteristics (other than exercise price) as the BSA share warrants attached to the ODIRNANE bonds (see below).
- In the case of a new equity financing⁴ or a cash contribution as part of a licensing transaction with pharmaceutical partner, an amount of the Kreos Debt equal to the amount of the funds received by the Company will be converted into shares at a price per share equal that used in the equity financing in the case of an equity financing and in other cases a the lower of (i) €15.50 and (ii) the Volume Weighted Average Price (VWAP) over the last 10 trading days preceding the transfer of the shares of the Company to the public offering market compartment of Alternext Paris.

In addition, Kreos Capital has signed an agreement with the Investor under which it (i) engages to (a) not enforce any of its rights linked to the Kreos Debt until 30 November 2018⁵ and (b) to limit its sale of shares in the Company on the market until September 30, 2017 (Kreos Capital (x) may not sell shares in the Company if the average daily liquidity of the Company is less than €25 thousand, (y) may sell a maximum of €100 thousand per calendar month if the average daily liquidity is between €25 thousand and €75 thousand, and (z) may sell a maximum of €250 thousand per calendar month if the average daily liquidity is greater than €75 thousand), and (ii) Kreos Capital has granted to the Investor an option to buy its debt at nominal value.

³ Kreos Capital has the option to convert all of its debt (instead of only 841 k€). In this case, Kreos Capital will receive 90 438 share warrants.

⁴ Financing through the Notes or the Warrants is not considered an event triggering conversion of Kreos Debt.

⁵ Kreos Capital will regain its rights on the Kreos Debt in the following cases : (1) following a case of default on the Notes and a subsequent to a request by the Investor to be reimbursed in cash for unconverted Notes, and such notes not being reimbursed within 14 days following such demand for reimbursement, (2) if no further unconverted Notes remain and no further Notes have been issued in the three months following the last reimbursement or conversion of a Note, and (3) all of the Notes under the agreement between the Investor and the Company have been issued and reimbursed or converted.

For more information, please contact:

NOXXON Pharma N.V.

Aram Mangasarian, Ph.D., Chief Executive Officer
Tel. +49 (0) 30 726 2470
amangasarian@noxxon.com

NewCap

Florent Alba
Tel. +33 (0) 1 44 71 98 55
falba@newcap.fr

About NOXXON

NOXXON Pharma N.V. is a clinical-stage biopharmaceutical company whose core focus is on improving cancer treatment by targeting the tumor microenvironment. 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, which is the subject of a clinical immuno-oncology collaboration agreement with Merck & Co. / MSD (NYSE: MRK) to study NOX-A12 combined with KEYTRUDA® (pembrolizumab) in pancreatic and colorectal cancer. NOXXON is supported by a strong group of leading international investors, including TVM Capital, Sofinnova Partners, Edmond de Rothschild Investment Partners, DEWB, NGN and Seventure. NOXXON has its statutory seat in Amsterdam, The Netherlands and its office in Berlin, Germany. Further information can be found at: www.noxxon.com

Disclaimer

Certain statements in this communication contain formulations or terms referring to the future or future developments, as well as negations of such formulations or terms, or similar terminology. These are described as forward-looking statements. In addition, all information in this communication regarding planned or future results of business segments, financial indicators, developments of the financial situation or other financial or statistical data contains such forward-looking statements. The company cautions prospective investors not to rely on such forward-looking statements as certain prognoses of actual future events and developments. The company is neither responsible nor liable for updating such information, which only represents the state of affairs on the day of publication.

ANNEX: Characteristics, terms and conditions of the financing through the issuance of convertible notes with share subscription warrants attached

Terms of the transaction

The agreement between Noxxon Pharma N.V. (the “Company”) and YA II PN, Ltd (the “Investor”) covers, subject to the transfer of the Company’s shares from the “private placement” compartment to the “public offering” compartment of Alternext Paris, the issuance by the Company to the Investor of Notes with Warrants attached.

The Investor commits over 36 months from the date hereof, upon request of the Company and subject that certain conditions are satisfied (see Note 1 hereafter), to subscribe Notes with Warrants attached. The Investor has also the right to subscribe Notes with Warrants attached at its sole discretion.

Subject to the execution of the conversion of Kreos Debt as described above, the first tranche of Notes with Warrants attached will be issued at the latest on the tenth trading day following the transfer of the Company’s shares from the “private placement” compartment to the “public offering” compartment of Alternext Paris. This first tranche will have a nominal amount of €1 million. Tranches n°2 to n°6 will have a nominal amount of €0.5 million each. Subsequent tranches will have a nominal amount of €0.25 million each. The amount of the tranches may be modified upon mutual consent between the Company and the Investor.

The detailed characteristics of the Notes and Warrants will be available on Noxxon’s website (www.noxxon.com).

It is specified that this financing will not give rise to the filing of a prospectus with the AMF but its implementation is subject to the transfer of the Company’s shares from the “private placement” compartment to the “public offering” compartment of Alternext Paris. The transfer of the shares will give rise to the filing of a prospectus with the AFM. The Company plans to file the draft of the prospectus with the AFM in the following days.

Main characteristics of the Notes

The Notes have a nominal value of €10,000 each and will be subscribed at 99% of such nominal value. The Notes bear no interest and don’t have any maturity date and will not be redeemable in cash, except in the case of early redemption and if the Company elects to remit cash upon a Conversion (as described below).

Each Note gives its holders a conversion right (a “**Conversion**”) to receive, at the Company’s discretion (i) cash, (ii) ordinary shares, or (iii) a combination of cash and ordinary shares.

If the Company chooses to remit cash, the corresponding amount shall be equal to:

$$A = (Nv / Cp) * VWAP$$

“A”: cash amount payable to the Note holder;

“Nv”: nominal value of the Note (€10,000);

“Cp”: “**Conversion Price**”, equal to 92% of the lowest daily volume weighted average price of the Company’s share during the relevant pricing period⁶;

“VWAP”: the volume weighted average price of the Company’s share on the Conversion date.

If the Company chooses to remit new and/or existing shares, the corresponding number of shares shall be equal to:

$$N = Nv / Cp$$

“N”: number of new and/or existing shares to be remitted to the Note holder;

“Nv”: nominal value of the Note (€10,000);

“Cp”: the applicable Conversion Price.

The Note will be freely transferable and will not be admitted to trading on Alternext Paris and therefore will not be listed.

Main characteristics of the Warrants

The number of Warrants to be issued under each tranche will be such that, multiplied by their strike price (determined as described below), the resulting amount shall be equal to the principal amount of the tranche of Notes to which the said Warrants are attached.

The Warrants shall be immediately detached from the Notes. They will be freely transferable and the Company may request their admission to trading on Alternext Paris upon request of the Investor.

The Warrants shall have a maturity of 4 years from their respective issuance date. Each Warrant will give right to subscribe 1 new share (subject to adjustments).

The strike price of the Warrants will be equal to 120% of the lower of (i) the lowest daily volume weighted average price of the share over the pricing period of the Warrant’s strike price, which is the 10 consecutive trading days preceding the request of subscription Notes to which the Warrants are attached, it being specified that if the subscription of Notes is done at the Investor’s discretion, the pricing period of the Warrant’s strike price is the trading days during which the Investor has not sold any Company’s share in the market among the ten consecutive trading days expiring on the trading day immediately preceding the date on which the Notes are subscribed and (ii) €15.50.

⁶ the trading days during which the relevant Note holder has not sold any Company’s share in the market among the ten consecutive trading days expiring on the trading day immediately preceding the Conversion date

For information purposes, on the basis of the closing price of the Company's share on April 28, 2017 (i.e. €21.90), the theoretical value of the Warrants is between €5.12 and €8.07 in function of the used volatility (i.e. between 20% and 40%). The theoretical value of a Warrant is obtained using the Black & Scholes model on the basis of the following assumptions:

- Strike price: €18.60
- Maturity: 4 years
- No risk interest rate: 0%
- Pay-out ratio: 0%

New shares resulting from Conversion of Notes or exercise of Warrants

The new shares issued upon Conversion of Notes or exercise of Warrants will be admitted to trading on Alternext Paris as from their issuance, will carry immediate and current dividend rights and will be fully assimilated to and fungible with the existing shares (ISIN code NL0012044762).

The Company will publish and update on its website a follow-up table of the outstanding Notes, Warrants and number of shares.

Theoretical future impact of the Notes with Warrants issue (based on the lowest daily volume weighted average price of the share over the 10 consecutive trading days preceding, i.e. €21.90)

For illustration purposes, assuming that (i) the transfer of the Company's shares to the "public offering" compartment is effective and (ii) the Company elects to remit only new shares upon Conversions of Notes, the impact of the issuance of the first tranche and of all the tranches of Notes with Warrants would be as follows.

Impact on the shareholders' equity per share (on the basis of shareholders' equity as of December 31, 2016 (i.e. -€2,480 thousand) updated for the private placement of €1 million and the Kreos Debt-to-equity conversion of €925 thousand, and of the number of shares composing the Company's share capital as of May 2, 2017, i.e. 2,175,286 shares (which includes the shares issued under the Private Placement and the Kreos Debt conversion of €925 thousand):

	Shareholders' equity per share (in EUR)			
	Non-diluted basis		Diluted basis ⁽¹⁾	
	First tranche	Total tranches	First tranche	Total tranches
Before issuance	€(0.26)		€3.16	
After issuance of a maximum of 49,632 (first tranche) or 496,320 (total tranches) new shares resulting from Conversion of the Notes	€0.20	€3.54	€3.48	€5.87
After issuance of a maximum of 103,395 (first tranche) or 1,033,950 (total tranches) new shares resulting from Conversion of the Notes and exercise of the Warrants	€0.63	€6.06	€3.78	€7.74

⁽¹⁾ Takes into account all instruments outstanding giving access to capital including the following vehicles with number of common shares and assumed exercise price provided for each (No. shares, assumed exercise price): a) warrants to Kreos (6312, €73.84), warrants to former manager (6212, €21.9), 2016 employee stock incentive plan (143,577, €21.9), Kreos shares upon complete debt conversion (108,526, €15.50), Kreos warrants from full debt conversion (90,438, €18.6), Kreos warrants from private placement & associated debt conversion (53,756, €18.6), Warrants issued to other investors as part of Private Placement (40,323, €18.6).

Impact on the stake of a shareholder currently owning 1% of the share capital of the Group (on the basis of the number of shares composing the Company's share capital as of May 2, 2017, i.e. 2,175,286 shares (which includes the shares issued under the Private Placement and the Kreos Debt conversion of €925 thousand):

	Shareholders' stake (in %)			
	Non-diluted basis		Diluted basis ⁽¹⁾	
	First tranche	Total tranches	First tranche	Total tranches
Before issuance	1%		0.83%	
After issuance of a maximum of 49,632 (first tranche) or 496,320 (total tranches) new shares resulting from Conversion of the Notes	0.98%	0.81%	0.81%	0.70%
After issuance of a maximum of 103,395 (first tranche) or 1,033,950 (total tranches) new shares resulting from Conversion of the Notes and exercise of the Warrants	0.95%	0.68%	0.80%	0.59%

⁽¹⁾ Takes into account all instruments outstanding giving access to capital including the following vehicles with number of common shares and assumed exercise price provided for each (No. shares, assumed exercise price) : a) warrants to Kreos (6312, €73.84), warrants to former manager (6212, €21.9), 2016 employee stock incentive plan (143,577, €21.9), Kreos shares upon complete debt conversion (108,526, €15.50), Kreos warrants from full debt conversion (90,438, €18.6), Kreos warrants from private placement & associated debt conversion (53,756, €18.6), Warrants issued to other investors as part of Private Placement (40,323, €18.6).

The Company specifies that it has the right, upon a Conversion of Notes, to remit cash instead of new shares in order to limit the dilution of its shareholders.

Note 1:

Conditions for the subscription of a tranche of Notes with Warrants attached by the Investor upon request of the Company:

- (i) Regarding tranches n°2 to n°6, more than two months have elapsed since the later of (i) the date of the request for the subscription of Notes (in the case the subscription of Notes is done at the Company's request) and (ii) the date of the subscription of Notes (in the case the subscription of Notes is done at the Investor's discretion), and regarding the subsequent Notes, no Note remains outstanding;
- (ii) no material adverse change shall have occurred;
- (iii) no event that constitutes an event of default and no triggering event that would constitute an event of default if not cured during the applicable cure period, if any, shall be in existence;
- (iv) no suspension of the trading of the shares on Alternext (other than intra-day suspension at the request of Euronext under Alternext rules) shall have occurred over the 90 preceding calendar days;
- (v) no impossibility for any Note to be converted into shares shall have occurred over the ninety (90) preceding calendar days
- (vi) the Issuer shall have at least:
 - 2 times coverage of shares (based on the Conversion Price) authorized, available and approved for issuance to the Investor upon conversion of the maximum amount of Notes to be issued for the applicable Tranche, increased, as the case may be, by the amount of any other outstanding Notes; and
 - 1 time coverage of shares authorized, available and approved for issuance to the Investor upon exercise of the maximum number of Warrants to be issued for the applicable tranche;
- (vii) The Company's share are listed in the "public offering" compartment of Alternext Paris