NOXXON Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report 2021
30 June 2021

Contents

Forward-looking statements

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

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

Condensed consolidated interim financial statements as of 30 June 2021

Condensed consolidated interim statements of financial position as of 30 June 2021

Condensed consolidated interim statements of comprehensive loss for the six-month period ended 30 June 2021

Condensed consolidated interim cash-flow statements for the six-month period ended 30 June 2021

Condensed consolidated interim statements of changes in shareholder's equity for the six-month period ended 30 June 2021

Notes to the condensed consolidated interim financial statements as of 30 June 2021

NOXXON Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Statements of Financial Position as of 30 June 2021

(in thousands of €)

Assets	Note	30 June 2021	31 December 2020
Non-current assets			
Intangible assets		4	4
Equipment		50	52
Right-of-use assets		43	66
Financial assets		5	5
		102	**127**
Current assets			
Other assets		240	195
Financial assets	(4)	28	28
Cash and cash equivalents		13,670	10,304
		13,938	**10,527**
		14,040	**10,654**

Equity and liabilities	Note	30 June 2021	31 December 2020
Equity			
Subscribed capital	(5)	679	472
Additional paid-in capital	(5)	174,155	165,481
Accumulated deficit	(5)	-164,811	-158,050
Treasury shares		-190	-193
Equity attributable to owners of the Company		**9,833**	**7,710**
Non controlling interest		-12	-12
Total equity		**9,821**	**7,698**
Non-current liabilities			
Financial liabilities	(7)	0	38
Lease liabilities		0	21
		0	**59**
Current liabilities			
Financial liabilities	(7)	2,007	581
Lease liabilities		45	48
Trade accounts payable		1,887	1,803
Other liabilities		280	465
		4,219	**2,897**
		14,040	**10,654**

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ended 30 June 2021

(in thousands of €)	Note	For the six months ended 30 June 2021	30 June 2020
Other operating income		142	33
Research and development expenses	(9)	-4,907	-942
General and administrative expenses	(10)	-1,125	-988
Foreign exchange losses		-33	-7
Loss from operations		-5,923	-1,904
Finance income	(7)	130	154
Finance cost	(7)	-968	-4,173
Loss before income tax		-6,761	-5,923
Income tax		0	0
Net loss		-6,761	-5,923
Other comprehensive income		0	0
Total comprehensive loss		-6,761	-5,923
Net loss attributable to:			
Owners of the Company		-6,761	-5,923
Non-controlling interests		0	0
		-6,761	-5,923
Total comprehensive loss attributable to:			
Owners of the Company		-6,761	-5,923
Non-controlling interests		0	0
		-6,761	-5,923
Loss per share in EUR per share (basic and diluted)	(8)	-0.11	-0.26

NOXXON Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2021

(in thousands of €)

	Note	For the six months ended 30 June 2021	30 June 2020
Operating activities			
Net loss before income tax		-6,761	-5,923
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		34	30
Finance income		-130	-154
Finance cost		968	4,173
Share-based compensation	(6)	111	48
Other non-cash transactions		-6	0
Changes in operating assets and liabilities:			
Other current assets and other financial assets		-45	59
Trade accounts payable and other liabilities		-100	-44
Net cash used in operating activities		-5,929	-1,811
Investing activities			
Purchase of equipment		-9	-10
Cash paid for investments in current financial assets	(4)	0	-4,500
Net cash used in investing activities		-9	-4,510
Financing activities			
Proceeds from issuance of shares	(5)	7,219	8,797
Transaction costs for issuance of shares		-12	-99
Proceeds from issuance of convertible bonds	(7)	2,162	2,534
Transaction costs for issuance of convertible bonds		-47	-88
Payment of lease liabilities		-20	-22
Purchase of treasury shares		0	-13
Sale of treasury shares		3	0
Interest paid		-1	-2
Net cash provided by financing activities		9,304	11,107
Net change in cash and cash equivalents		3,366	4,786
Cash at the beginning of period		10,304	1,385
Cash at the end of the period		13,670	6,171

NOXXON Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2021

(in thousands of €)	Note	Ordinary Shares		Treasury Shares	Additional Paid-In Capital	Accumulated Deficit	Total	Non-controlling Interests	Total Equity
		Number of Shares	Subscribed Capital		Total				
1 January 2020		13,102,464	131	-189	145,860	-147,645	**-1,843**	**-11**	**-1,854**
Total comprehensive loss					0	-5,923	-5,923	0	-5,923
Share-based compensation	(6)				48		48		48
Capital increases (private placements)	(5)	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 from warrant exercises (Acuitas)	(5)	3,532,362	35		2,428		2,463		2,463
Capital increases as a result from warrant exercises (Yorkville)	(5)	3,243,111	32		2,281		2,313		2,313
Capital increases as a result of bond conversions	(5)	5,069,388	51		3,984		4,035		4,035
Issuance costs of capital increases resulting from warrant exercises and bond conversions					-12		-12		-12
Purchase of treasury shares	(5)			-13	0		-13		-13
30 June 2020		39,937,419	399	-202	161,761	-153,568	**8,390**	**-11**	**8,379**
1 January 2021		47,178,313	472	-193	165,481	-158,050	**7,710**	**-12**	**7,698**
Total comprehensive loss					0	-6,761	-6,761		-6,761
Share-based compensation	(6)				111		111		111
Capital increases (private placements)	(5)	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 from warrant exercises (Kreos and certain other investors)	(5)	3,768,449	37		1,617		1,654		1,654
Capital increases as a result of bond conversions	(5)	2,719,839	27		1,082		1,109		1,109
Issuance costs of capital increases resulting from warrant exercises and bond conversions					-5		-5		-5
Sale of treasury shares	(5)			3	0		3		3
30 June 2021		67,943,820	679	-190	174,155	-164,811	**9,833**	**-12**	**9,821**

1. Corporate Information

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

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

The unaudited condensed consolidated interim financial statements of NOXXON Pharma N.V. as of and for the six months ended 30 June 2021 ("interim financial statements") comprise the Company and its wholly owned and / or controlled subsidiaries, NOXXON Pharma AG, Berlin, Germany and NOXXON Pharma Inc., Wilmington, DE, United States (all entities in the following also the Group).

NOXXON Pharma N.V. is a clinical-stage biopharmaceutical company focused on cancer treatment. NOXXON's goal is to significantly enhance the effectiveness of cancer treatments including immuno-oncology approaches (such as immune checkpoint inhibitors) and current standards of care (such as chemotherapy and radiotherapy). NOXXON's Spiegelmer® platform has generated a proprietary pipeline of clinical-stage product candidates including its lead cancer drug candidate NOX-A12 and its second clinical-stage asset, NOX-E36.

The interim financial statements as of and for the six months ended 30 June 2021 of NOXXON were authorized by the Management Board for issuance on 22 October 2021.

2. Basis of Preparation and Significant Group Accounting Policies

Going Concern

The accompanying interim financial statements have been prepared on the basis that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Group's ability to continue as a going concern is dependent on its ability to raise additional funds to continue its research and development programs and meet its obligations.

As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception and has not reached yet operating profitability. For the six months ended 30 June 2021 the Group incurred a net loss of € 6.8 million (of which the loss from operations amounted to € 5.9 million, resulting in an operating cash outflow of € 5.9 million). As of 30 June 2021, the Group had generated an accumulated deficit of € 164.8 million. The equity position of the Group amounts to € 9.8 million. To finance its research and development activities from inception through 30 June 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. As of 30 June 2021, cash and cash equivalents amounted to € 13.7 million and available, secured financing of € 10.45 million (nominal) covering NOXXON's cash needs into the 2nd quarter of 2022.

The Group expects it will incur operating losses for the foreseeable future due to, among other things, costs related to research funding, development of its product candidates and its preclinical programs, strategic alliances and its administrative organization.

According to its most recent business planning, current financial resources are projected to finance the Group into February 2022 and with the resources from available, secured financing into June 2022. The Group will be required to raise additional funds, alternative means of financial support or conduct a partnering deal for one of its product candidates by the 2nd quarter 2022 in order to fully execute on its plans. Management is pursuing various financing alternatives to meet the Group's future cash requirements, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition. The management of NOXXON is pursuing all of these avenues in parallel with the assistance of experienced external support.

Management has given consideration to the ability of the Group to continue as a going concern and acknowledges the need for additional funds. Based on management's going concern assessment, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties. While management is confident to raise additional funds, if the Group is not successful in obtaining the additional funds required to maintain its operational activities, there is a substantial doubt that the Group will be able to continue as a going concern.

Statement of compliance

The interim financial statements of NOXXON Pharma N.V. and its subsidiaries as of and for the six months ended 30 June 2021 and 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

The Group has adopted in its accounting policies all of the International Financial Reporting Standards that became effective for accounting periods beginning on or after 1 January 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 interim 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 4 Amendments – deferral of IFRS 9	1 January 2021

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

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective and will be applied in annual periods beginning after 1 June 2021.

Standard/interpretation	Effective Date
IFRS 3 Amendments Reference to the Conceptual Framework	1 January 2022
IAS 16 Amendments Property, Plant and Equipment: Proceeds before Intended Use	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 1 Amendments Classification of Liabilities as Current or Non-current*	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments Disclosure of Accounting Policies*	1 January 2023
IAS 8 Amendment Definition of Accounting Estimates*	1 January 2023
IAS 12 Amendment Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
IFRS 17 “Insurance Contracts”*	1 January 2023
IFRS 17 Amendments Insurance Contracts*	1 January 2023
Amendments to IFRS 10, IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	undetermined

*not yet endorsed by European Union

Significant accounting policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020 with the exception of new amendments to standards and new or amended interpretations applied for the first time as described above.

Significant accounting judgments and estimates

The preparation of the Group’s interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

In preparing these consolidated interim financial statements, the critical judgments made by management in applying the Group’s accounting policies and the key accounting

estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3. Financial Risk Management Objectives and Policies

No significant changes were made to the Group's financial risk management objectives and policies compared to the year ended 31 December 2020. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2021.

The COVID-19 outbreak had no impact on the interim financial reporting and is expected to have no adverse impact on the business situation and the financials in the second half year of 2021. For details concerning the impact of the COVID-19 outbreak on the operations of the Group we refer to the Business Highlights presented in the Management and Activity Report of this Half-Year Financial Report.

4. Financial assets

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

5. Equity

As of 30 June 2021, the subscribed capital of the Company amounts to K€ 679 and is divided into 67,943,820 ordinary shares each with a nominal value of € 0.01. As of 30 June 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 divided into 250,000,000 ordinary shares, each share with a nominal value of € 0.01.

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

During the first six months of 2021, the Company issued an aggregate of 20,765,507 ordinary shares and raised €9.3 million net cash in connection with the following financing transactions:

- Issuance of 14,277,219 ordinary shares in a private placement at a price of € 0.45 leading to a cash inflow of K€ 6,019,
- Issuance of 3,768,449 ordinary shares to Kreos and certain other investors through the exercise of 64,515 warrants leading to a cash inflow of K€ 1,200, and
- Issuance of 2,719,839 ordinary shares against conversion of 1,096 convertible bonds with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 207 and additional paid-in capital of K€ 8,981 were recognized less issuance costs of K€ 418.

Furthermore, share-based compensation of K€ 111 in the first six months of 2021 was recognized in additional paid-in capital.

As of 30 June 2021, the Company held 70,185 (31 December 2020: 87,781) ordinary shares as treasury shares.

The annual general meeting on 24 June 2021 approved resolutions increasing the authorized share capital, introducing a transitional provision to increase the authorized capital and amending the articles of association accordingly. As a consequence, Article 37 of the Articles of Association was inserted such that as per the moment the Company's issued and paid-up share capital amounts to € 2,000,000 comprised of 200 million ordinary shares, each share having a nominal value of € 0.01, the authorized capital of the Company shall automatically increase from € 2,500,000 divided into 250,000,000 ordinary shares to € 3,000,000, divided into 300,000,000 ordinary shares.

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

6. Share-based compensation

Under the 2016 Stock option and incentive plan ("SOIP"), the Company granted 50,000 time-based stock options on 1 February 2021 and 3,954,075 time-based stock options on 24 June 2021 to members of the Management Board, Supervisory Board, senior consultants and employees.

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

	Six months June 2021		**31 December 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 period	€ 0.378	4,004,075	€ 0.650	499,134
Forfeited during the period			€ 11.700	12,302
Outstanding at period end	**€ 0.656**	**5,080,743**	**€ 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 30 June 2021, 432,174 of the outstanding stock options are vested and exercisable (31 December 2020: 265,800 stock options), thereof 87,783 stock options with an exercise price of € 11.70, 22,561 stock options with an exercise price of € 6.80 and 321,830 stock options with an exercise price of € 0.65 (31 December 2020: 87,783 stock options with an exercise price of € 11.70, 22,561 stock options with an exercise price of € 6.80 and 155,456 stock options with an exercise price of € 0.65). No stock options have been exercised during the period.

The total number of time-based options outstanding of 5,080,743 have a range of exercise prices between € 0.378 and € 11.700 and expire between 30 September 2026 and 24 June 2031.

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

Measurement parameters for the stock options granted in the first six months of 2021 are summarized below:

	1 Feb 2021	24 Jun 2021
Share price (in €)	0.426	0.378
Option exercise price (in €)	0.65	0.378
Volatility	108.8%	59.3%
Expected life	10.0 years	10.0 years
Dividend yield	0.00%	0.00%
Risk-free rate	-0.53%	-0.21%
Fair value per option (in €)	0.38	0.24

The fair value of the time-based stock options granted is expensed based on a graded vesting schedule. During the six months ended 30 June 2021 and 2020, the total share-based payment expense recognized for the stock options issued under the SOIP amounted to K€ 111 and K€ 48, respectively.

7. Financial liabilities

In the first half year 2021, 2,368 convertible bonds were issued (2,774 convertible bonds in the first half year 2020), totaling drawn tranches of convertible bonds in the nominal amount of € 2.4 million (€ 2.8 million in the first half of 2020). In the first half year 2021, Atlas Special Opportunities, LLC (ASO) converted 1,096 bonds (2,307 bonds in the first half of 2020) against issuance of 2,719,839 ordinary shares (5,069,388 ordinary shares in the first half of 2020) of the Company. On 30 June 2021 and 31 December 2020, 1,818 and 546 convertible bonds were issued and outstanding.

As of 30 June 2021 and 31 December 2020, the fair value of the convertible bonds issued and outstanding to ASO (current financial liabilities) amounted to K€ 1,818 and K€ 546, respectively, reflecting the amount payable on demand. The fair value of the bifurcated compound embedded derivative (current derivative financial liability) as of 30 June 2021 and 31 December 2020 amounted to K€ 189 and K€ 35, respectively, measured at level 3 with a Black-Scholes model.

In connection with the convertible bonds financing, total finance income (all non-cash) of K€ 92 as well as total finance cost (all non-cash, except for transaction cost of K€ 47 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 512 was recognized for the six months ended 30 June 2021. In the six-months ended 30 June 2020, total finance income (all non-cash) of K€ 142 as well as total finance cost (all non-cash, except for transaction costs of K€ 103 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 2,249 was recognized.

As of 30 June 2021 and 31 December 2020, 86,997 and 177,049 detachable warrants, respectively, issued to Kreos and Yorkville are outstanding. Based on an option pricing model, the fair value of these warrants outstanding (current and non-current derivative financial liabilities) as of 30 June 2021 and 31 December 2020 amounted to K€ 0 and K€ 38, respectively. For the six months ended 30 June 2021, non-cash finance income of K€ 38 and for the six months ended 30 June 2020, non-cash finance costs of K€ 46 relating to fair value adjustments of warrants outstanding were recognized. For the six months ended 30 June 2021 and 2020, non-cash finance costs relating to the exercise of 64,515 warrants issued to Kreos and certain other investors converted into equity of K€ 455 and 600,959 warrants exercised of K€ 998 were recognized, respectively.

In the six months ended 30 June 2021, 25,537 warrants issued to certain other investors have lapsed.

For the six months ended 30 June 2021 and 2020, non-cash finance costs of nil and K€ 878 relating to the exercise of Acuitas warrants converted into equity were recognized, respectively.

For the six months ended 30 June 2021 and 2020, total finance income (all non-cash) of K€ 130 and K€ 154, respectively as well as total finance cost (all non-cash, except K€ 49 and K€ 105) of K€ 968 and K€ 4,173, respectively was recognized for the financial instruments and interest paid relating to leases of the Group.

8. Loss per share

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

in thousands of €	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Net loss	(6,761)	(5,923)
Weighted number of ordinary shares outstanding	61,093,223	22,918,694
Loss per share, basic and diluted in € per share	**(0.11)**	**(0.26)**

For the purposes of the loss per share calculation no dilutive instruments are taken into account. Share options under the share-based payment plans as well as convertible bonds and warrants outstanding were excluded because the effect would be anti-dilutive.

9. Research and development expenses

	Six months ended	
in thousands of €	**30 June 2021**	**30 June 2020**
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	4,201	424
Personnel expenses	479	318
Patent costs and consulting services	170	155
Other	57	45
Total	**4,907**	**942**

The increase in research and development expenses in the first six months of 2021 compared to the first six months of 2020 is predominantly driven by higher costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, as well as higher personnel expenses and patent costs. When share-based payment expenses for the six months ended 30 June 2021 and 2020 (amounting to K€ 39 and K€ 15, respectively) are excluded, the remaining personnel expenses are K€ 440 and K€ 303, respectively.

10. General and administrative expenses

in thousands of €	Six months ended 30 June 2021	30 June 2020
Personnel expenses	544	528
Legal, consulting and audit fees	326	298
Public and investor relations and related expenses	104	61
Other	151	101
Total	**1,125**	**988**

The increase in general and administrative expenses in the first six months of 2021 compared to the first six months of 2020 is driven by higher public and investor relations and related expenses, higher legal, consulting and audit fees, as well as higher personnel expenses and higher other expenses. When non-cash share-based payment expenses for the six months ended 30 June 2021 and 2020 (amounting to K€ 72 and K€ 33, respectively) are excluded, the remaining personnel expenses are K€ 472 and K€ 495, respectively.

11. Related party transactions

Shareholder with significant influence

As of 30 June 2021, the Company had no shareholder with significant influence. As of 31 December 2020, the Company had no shareholder with significant influence.

Management Board

The sole member of the Management Board is:

Dr. Aram Mangasarian
Chief Executive Officer

Supervisory Board

The members of the Supervisory Board are:

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

Dr. Martina 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, Frederiksberg, Denmark

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

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

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

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

Remuneration

The principles and policies of the remuneration are described in the Company's consolidated financial statements for the year ended 31 December 2020.

For the six months ended 30 June 2021 and 2020, the short-term employee benefits for the key management personnel (management board and senior medical advisor on consultancy basis) comprise fixed and variable compensation of K€ 254 (thereof accrued expenses K€ 105) and K€ 295, respectively.

On 24 June 2021, the Company granted 1,439,932 stock options under the SOIP to key management personnel with an exercise price of € 0.378. As of 30 June 2021, the number of issued and outstanding options for key management personnel under the SOIP was 1,873,425 with a weighted average exercise price of € 0.75. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 34.

On 30 June 2020, the Company granted 131,674 stock options under the SOIP to the member of the Management Board with an exercise price of € 0.65. As of 30 June 2020, the number of issued and outstanding options for key management personnel under the SOIP was 433,493 with a weighted average exercise price of € 1.97. Under the SOIP, the share-based payment transactions recognized as an expense during the first half year of 2020 amounted to K€ 19.

Under the share participation models, the share-based payment transactions recognized as an expense amounted to nil in both periods.

Thus, the total compensation for the key management personnel for the six months ended 30 June 2021 and 2020 was K€ 288 and K€ 314, respectively.

In the six months ended 30 June 2021 and 2020, the remuneration for the supervisory board amounted to K€ 20 (thereof accrued expenses K€ 20), and K€ 18, respectively. Prior to 30 June 2021, a supervisory board member partially waived its receivable with respect to supervisory board remuneration due from the Company totaling K€ 6 (prior period: nil).

On 24 June 2021, the Company granted 403,632 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 0.378. As of 30 June 2021, the number of issued and outstanding options for the Supervisory Board under the SOIP was 552,444 with a weighted average exercise price of € 0.75. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 16.

On 30 June 2020, the Company granted 79,872 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 0.65. In the first half year of 2020, 5,468 options with an exercise price of € 11.70 forfeited. As of 30 June 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 € 1.77. Under the SOIP, the share-based payment transactions recognized as an expense in the first half year of 2020 amounted to K€ 8.

Under the share participation models, the share-based payment transactions recognized as an expense amounted to nil in both periods.

Thus, the total compensation for the supervisory board members for the six months ended 30 June 2021 and 2020, was K€ 36 and K€ 26, respectively.

12. Events after the balance sheet date

Subsequent to 30 June 2021, the following subsequent events occurred:

- In July 2021, 45,219 warrants issued to Kreos have lapsed.
- In July 2021, ASO converted 600 of the 1,818 convertible bonds issued and outstanding on 30 June 2021.
- In September 2021, ASO converted additional 300 of the 1,818 convertible bonds issued and outstanding on 30 June 2021.

As a result of the capital increases described above, the number of ordinary shares increased subsequent to 30 June 2021 from 67,943,820 by 2,661,156 to 70,604,976 ordinary shares reducing the number of convertible bonds issued and outstanding to 918.

Amsterdam, 22 October 2021

NOXXON Pharma N.V.

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Management and Activity Report

Management of NOXXON Pharma N.V. (the “Company” or “NOXXON”) and its controlled subsidiaries (the “Group”) hereby presents its condensed consolidated interim financial statements as of 30 June 2021. The interim financial statements of the Group as of 30 June 2021 have been prepared by the Management as a going concern regarding assumptions and hypothesis mentioned in the Note 2 “Going concern” of the interim financial statements.

Business Highlights

The Group has been focused on clinical trials combining NOX-A12, its anti-CXCL12 agent, in two distinct therapeutic combinations: 1) NOX-A12 + immunotherapy (anti-PD1 checkpoint inhibitors) and 2) NOX-A12 + radiotherapy. Each combination approach has a different underlying rationale and mechanism of action, and thus diversifies the risk of the NOXXON clinical pipeline. In addition, the Group is completing manufacturing NOX-E36 for use in an upcoming clinical trial of NOX-E36, its second clinical-stage asset.

The combination approach of NOX-A12 + radiotherapy is now being tested in a Phase 1/2 trial in newly diagnosed patients with aggressive brain cancer (glioblastoma) who would not benefit from standard of care chemotherapy and whose tumor cannot be fully resected by surgery. The trial is ongoing and includes low, mid and high dose NOX-A12 patient cohorts (200, 400 or 600mg NOX-A12 per week), with all patients also receiving standard of care radiotherapy. The independent data safety monitoring board (DSMB) has reviewed safety and tolerability of the NOX-A12 combination at multiple points in the trial and has decided each time that the trial should continue as planned. All patients have been recruited in the low, mid and high dose cohorts and will have completed 6 months of therapy in Q1-2022. Advanced MRI imaging techniques showed that five of six patients in the first two cohorts achieved reduced blood flow to the tumor compared with baseline, suggesting that NOX-A12 combined with radiotherapy was able to prevent blood vessel regrowth, a key mechanism of action predicted by preclinical data. The pharmacologic effect was further supported by comparison of pre-treatment to on-therapy tumor tissue from one patient in cohort 1, revealing a disappearance of CXCL12 from the barrier cells that separate the blood from the tissue, suggesting that NOX-A12 was able to effectively suppress its target.

This tissue comparison also showed an extensive reduction in the number of actively dividing tumor cells, reaching almost zero in the on-therapy sample, and clusters of expanding cytotoxic immune cells throughout the under-treatment sample. This supports the notion that NOX-A12 can facilitate the entrance of immune cells into the tumor and promote an anti-tumoral immune response.

Based on the initial data obtained from the three initial dose cohorts, expansion cohorts are planned in patients who would not benefit from standard of care chemotherapy.

NOXXON has decided to advance at least one of the NOX-A12 + radiotherapy combinations in 1st line brain cancer if the ongoing Phase 1/2 data warrant additional studies. NOXXON believes that the next step in development should be a pivotal trial following the current Phase 1/2 trial and targets first market approval in 2025.

The Phase 1/2 trial testing the combination of NOX-A12 + immunotherapy in metastatic pancreatic and colorectal cancer who had failed standard therapy reported final top-line data in 2020. Both the NOX-A12 mechanistic data as well as the overall survival figures observed following treatment with the combination of NOX-A12 and anti-PD1 have been highly encouraging for the patient population tested in this study. The patients enrolled in

the trial all had advanced disease with liver metastases and received on average their 6th line of therapy in colorectal cancer and their 4th line of therapy in pancreatic cancer. Despite the advanced disease and heavy pre-treatment, overall survival at one year was 20% as assessed by the Kaplan-Meier method. Of particular interest, this group of longer-term survivors contained two pancreatic cancer patients who received their 4th line of treatment.

Following these promising results, NOXXON has decided to pursue the NOX-A12 + immunotherapy combination in 2nd line pancreatic cancer with a dosing regimen of NOX-A12 optimized to induce anti-tumor immune responses. A two-step approach is planned for this indication with a first trial comparing two NOX-A12 combinations in 2nd line patients followed by a pivotal trial comparing the best combination to standard of care. To conduct this study, NOXXON and MSD (Merck & Co., Inc., Kenilworth, N.J. USA) entered a second clinical collaboration by which MSD will provide pembrolizumab (KEYTRUDA®) and expert advice for the study protocol. With this approach, completion of the pivotal trial, regulatory submission for approval in this indication as well as approval are expected in 2027.

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

Partnering discussions resulted in one of the top-10 global pharmaceutical companies initiating an experimental preclinical evaluation of NOX-A12 in a new indication in 2019. The preclinical evaluation is still ongoing in a serious disease indication with significant unmet medical need whose market has been evaluated at over a billion Euros in annual sales.

On the financing front the Group was able to raise €9.3 million net cash during the reporting period from a mix of private placements, convertible bonds and warrant exercises, providing NOXXON with sufficient financial visibility into June 2022 with current financial resources and funds from available, secured financing.

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

Business Highlights during First Half-Year of 2021

- **Top US and EU pancreatic cancer experts join NOXXON Scientific Advisory Board** - in February 2021, the Group announced that Dr. Chiorean, Dr. O'Reilly, Dr. Seufferlein and Dr. Von Hoff, cancer experts that bring long-standing clinical expertise, cutting-edge scientific knowledge, and a track record of successfully developing new drugs agreed to join NOXXON's Scientific Advisory Board, Chaired by Dr. José Saro.

- **Significant strengthening of balance sheet** – the Company raised €9.3 million net proceeds from multiple sources during the first half of 2021, including €6.0 million via private placements. In addition, NOXXON has access to a remaining capacity of € 10.45 million (nominal) from its convertible bonds financing with Atlas after this financing agreement was amended in October 2020.

- **1st line brain cancer trial of NOX-A12 + radiotherapy shows good safety at all tested doses and signs of efficacy at first two doses: –** On 8 June 2021 NOXXON announced that the six patients in the first two cohorts had completed NOX-A12 therapy, with the following results:

    - Five of six patients in the first two cohorts showed reductions in tumor size during or after NOX-A12 treatment with maximal reductions from baseline ranging from 2% to 71%, including two objective responses (>50% reduction);
    - five of six patients in the first two cohorts achieved reduced blood flow to the tumor compared with baseline;
    - patients tolerated combined radiotherapy and NOX-A12 therapy well without any signs of dose-limiting toxicities at all three doses; Data from one patient where on-therapy tissue became available showed an extensive reduction in the number of actively dividing tumor cells, reaching almost zero in the on-therapy sample, and clusters of expanding cytotoxic immune cells throughout the under-treatment sample;

- **Strong new members to the Supervisory Board on 24 June 2021**
    - 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.

    - Dr. Martine van Vugt
      Dr. Martine J. van Vugt is a senior biopharma executive with 20 years of successful biotechnology industry experience, an inventor of two successfully commercialized cancer drugs and an expert in corporate transactional and licensing operations.

    - Gregory Weaver
      Greg Weaver is an active CFO with over 25 years in the life science industry ranging from start-ups to publicly traded commercial stage companies, who has raised over US$1.5 billion in financing transactions, managed 3 IPOs, and has extensive M&A and business development experience.

Business Highlights After 30 June 2021

- July 2021 – NOXXON announced its second clinical collaboration agreement with MSD (Merck & Co., Inc., Kenilworth, N.J. USA), in the upcoming Phase 2 clinical trial of NOXXON's NOX-A12 in combination with MSD's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab) and standard of care chemotherapy, as second-line therapy in pancreatic cancer.

Outlook

NOXXON continues to make progress in its ongoing Phase 1/2 trial of NOX-A12 plus radiotherapy in first-line, inoperable brain cancer (glioblastoma) patients who are shown by biomarker analysis of their tumor tissue to be resistant to the current standard of care chemotherapy. The data from the 3rd cohort is now targeted to report in Q1-2022 after one patient in the high dose cohort decided to discontinue his participation in the trial before completion of therapy, requiring the Group to recruit a replacement patient. This is a normal part of running clinical trials in diseases such as brain cancer. The Group continues to advance the regulatory filings that will allow initiation of expansion cohorts to explore additional patient populations and combination therapies in brain cancer. If the results from this study are positive, the Group plans to seek advice from competent authorities under its orphan drug designation in the United States and Europe to confirm that its planned approach is acceptable to complete development and to achieve market approval in this indication.

The Group believes that further clinical trials are warranted based on the data already obtained in the Phase 1/2 NOX-A12 clinical trial on metastatic microsatellite stable colorectal and pancreatic cancer patients. A second collaboration with MSD/Merck has been announced on the upcoming Phase 2 study in 2nd line pancreas cancer patients. The continued interest of one of the top pharma companies in the immuno-oncology space reflects the interest in our approach, as does the participation of top scientific advisors in pancreas cancer who have agreed to join our scientific advisory board.

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

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

NOX-A12 + radiotherapy in Brain Cancer:

- Completion of the ongoing Phase 1/2 dose escalation trial, as well as expansion arms testing NOX-A12 in additional brain cancer patients and also in combination with other agents. Completion of dose escalation part planned for Q1-2022 (without any expansion groups).
- Pivotal trial of NOX-A12 combined with radiotherapy in 1st line MGMT promoter unmethylated glioblastoma patients vs. standard of care (assuming ongoing Phase 1/2 trial data supports further development) planned initiation in 2022, approval targeted in 2025.

NOX-A12 + immunotherapy in Pancreatic Cancer:

- 2-arm Phase 2 "pick the winner" trial testing NOX-A12 + anti-PD1 antibody with two different standard of care chemotherapy regimens in 2nd line patients to determine the choice of regimen for the pivotal trial. Trial initiation planned in 2022 and completion in 2024.

- Pivotal trial of NOX-A12 combined with immunotherapy and standard of care in 2nd line pancreas cancer vs. standard of care, with market authorization targeted for 2027.

The second clinical stage asset, NOX-E36, is also being readied for the next clinical trial. Manufacturing of clinical supply has been contracted and clinical trial supply is projected to be available in Q1-2022. The Group plans to initiate the first clinical trial of NOX-E36 in oncology.

The Group continues to evaluate other indications and therapeutic combinations in which to test NOX-A12 and NOX-E36 as well as the relative priority of such indications for the overall corporate strategy.

The Group will carefully monitor its available cash and calibrate additional financings through various sources in order to ensure its development plans and, to the extent deemed appropriate, maintenance of a sufficient cash runway. Considering cash and cash equivalents as of 30 June 2021 of € 13.7 million and available, secured financing of € 10.45 million (nominal) drawable at the Company's discretion and subject to customary conditions being met NOXXON has sufficient financial visibility into June 2022 to finance the forementioned manufacturing and clinical activities.

Financial Highlights

Key Factors Affecting Results of Operations and Financial Condition

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

Comparison of the First Half-Year 2021 and the First Half-Year 2020

Revenues

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

Other operating income

Other operating income increased from K€ 33 in the first six months of 2020 to K€ 142 in the first six months of 2021. The sale of raw materials and services provided in 2021 as well as other income generated higher other operating income than in 2020.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's product candidates. For more detailed information we refer to Note 9 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

Research and development expenses increased 421% from K€ 942 in the first six months of 2020 to K€ 4,907 in the first six months of 2021. The increase in research and development expenses in the first six months of 2021 compared to the first six months of 2020 is predominantly driven by higher costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, as well as higher personnel expenses and patent costs and consulting services. When share-based payment expenses for the six months ended 30 June 2021 and 2020 (amounting to K€ 39 and K€ 15, respectively) are excluded, the remaining personnel expenses are K€ 440 and K€ 303, respectively.

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

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

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance and other general and administrative functions. For more detailed information we refer to Note 10 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

General and administrative expenses increased 14% from K€ 988 in the first six months of 2020 to K€ 1,125 in the first six months of 2021. The increase in general and administrative expenses in the first six months of 2021 compared to the first six months of 2020 is driven by higher public and investor relations and related expenses, higher legal, consulting and audit fees, as well as higher personnel expenses and higher other expenses. When non-cash share-based payment expenses for the six months ended 30 June 2021 and 2020 (amounting to K€ 72 and K€ 33, respectively) are excluded, the remaining personnel expenses are K€ 472 and K€ 495, respectively.

Foreign exchange losses

Foreign exchange losses increased from K€ 7 in the first six months of 2020 to K€ 33 in the first six months of 2021 as a result of increased volume of purchases denominated in currencies other than Euro in the first six months of 2021.

Finance income

Finance income decreased 16% from K€ 154 in the first six months of 2020 to K€ 130 in the first six months of 2021. The decrease is mainly due to a lower derecognition gain of compound derivative financial instruments in connection with the ASO convertible bonds financing in the first six months of 2020 compared to the first six months of 2021, partly offset by finance income relating to fair value adjustments of warrants outstanding in the first six months of 2021.

The finance income in the first six months of 2021 and in the first six months of 2020 is non-cash finance income.

Finance cost

Finance cost decreased 77 % from 4,173 in the first six months of 2020 to K€ 968 in the first six months of 2021. Finance cost in the first six months of 2021 relates to the ASO convertible bonds financing with respect to the issuance and conversion of convertible notes into equity and the recognition of compound derivative financial instruments (K€ 512), the exercise of warrants (K€ 455) and interest paid relating to leases (K€ 1).

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

Finance cost in the first six months 2021 is non-cash finance cost, except for transaction costs of K€ 47 borne by the Company in conjunction with the issuance of convertible bonds and K€ 1 interest in connection with lease payments borne by the Group.

Loss before income tax

As a result of the above factors, the Group's loss before income tax increased by 14% from K€ 5,923 in the first six months of 2020 to K€ 6,761 in the first six months of 2021.The loss from operations increased by 211% from K€ 1,904 to K€ 5,923 resulting in an increase of net cash used in operating activities from K€ 1,811 to K€ 5,934 for the first six months of 2021.

Income Tax

Income tax was nil in the first six months of 2021 and in the first six months of 2020, respectively.

Consolidated Statements of Financial Position

Assets

The Group's total non-current assets include intangible assets, equipment, right-of-use assets and financial assets. Total non-current assets decreased from K€ 127 as of 31 December 2020 to K€ 102 as of 30 June 2021. This decrease is mainly due to the amortization of a right-of-use asset resulting from a lease contract predominantly for office space amounting to K€ 66 as of 31 December 2020 and K€ 43 as of 30 June 2021, respectively.

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

The movements in total current assets from 31 December 2020 to 30 June 2021 primarily relate to an increase in cash and cash equivalents by K€ 3.366 from K€ 10,304 to K€ 13,670, exceeding the continued research and development activities as well as general and administrative expenses.

Equity

The Group's total equity includes its subscribed capital, additional paid-in capital, accumulated deficit and treasury shares. The change in equity from 31 December 2020 to 30 June 2021 was mainly due to the effects of capital increases resulting from financing events and the net loss incurred for the first six months of 2021. As a result of the capital increases subscribed capital increased from K€ 472 as of 31 December 2020 to K€ 679 as of 30 June 2021 and additional paid-in capital increased from K€ 165,481 to K€ 174,155, respectively. The increase in additional paid-in capital includes share-based payments of K€ 111.

The total equity as of 30 June 2021 amounted to K€ 9,821 compared to K€ 7,698 as of 31 December 2020.

Liabilities

Non-current financial liabilities decreased from K€ 38 as of 31 December 2020 to K€ nil as of 30 June 2021 as a result of the fair value adjustments of warrants issued and outstanding.

Current liabilities increased from K€ 2,897 as of 31 December 2020 to K€ 4,219 as of 30 June 2021, mainly resulting from the increase in financial liabilities.

Current financial liabilities increased by K€ 1,426 due to the higher number of convertible bonds outstanding in connection with the ASO convertible bonds financing.

Trade accounts payable of K€ 1,803 as of 31 December 2020 compared to K€ 1,887 as of 30 June 2021 are in the course of the normal research and development activities. Other liabilities decreased from K€ 465 as of 31 December 2020 to K€ 280 as of 30 June 2021 as a result of decreased accrued personnel expenses.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2021

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2021 we refer to Note 2 and Note 12 of the condensed consolidated interim financial statements of NOXXON Pharma N.V.

Analysis of Cash Flows

The Group's liquidity requirements primarily relate to the funding of research and development expenses, general and administrative expenses, capital expenditures and working capital requirement. To finance its research and development activities the Group raised funds in the first half year of 2021 from several sources including its shareholders through the issuance of ordinary shares (including via exercise of previously issued warrants) and convertible bonds.

Net cash used in operating activities

Net cash used in operating activities reflects the Group's net loss before income tax for the period adjusted for, among other things, depreciation and amortization expense, finance income and finance cost, employee stock-based compensation, other non-cash transactions and changes in operating assets and liabilities.

Net cash used in operating activities 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€ 1,811 in the first six months of 2020 to K€ 5,929 in the first six months of 2021 was mainly a result of the increase of the loss from operations from K€ 1,904 in the first six months of 2020 to K€ 5,923 in the first six months 2021.

Net cash used in investing activities

The decrease in net cash used in investing activities from K€ 4,510 in the first six months of 2020 compared to K€ 9 in the first six months of 2021 primarily results from an investment of cash in a fixed-term bank deposit with original terms of three up to twelve months that are held-to-maturity in the first six months of 2020.

Net cash provided by financing activities

The decrease in net cash used in financing activities of K€ 11,107 in the first six months of 2020 to K€ 9,304 net cash provided by financing activities in the first six months of 2021 was mainly due to financing transactions in the first six months of 2021 and 2020 resulting in a cash-inflow of K€ 9,322 and K€ 11,144, respectively.

Transactions between Related Parties

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

For related party transactions we also refer to Note 19 of the consolidated statements of financial position as of 31 December 2020 of NOXXON Pharma N.V. and Note 11 of the condensed consolidated interim financial statements as of 30 June 2021 of NOXXON Pharma N.V.

Risk Factors

Risk factors evolved as described in the Business Highlights of the Management and Activity Report of this Half-Year Financial Report (page 20 and 21), but otherwise are similar to those presented in Section Significant Risks and Uncertainties of the Management Report of the Annual Report 2020 (pages 18 to 28). This document is available on the Company's website: www.noxxon.com.

For the financial risk management objectives and policies we also refer to Note 18 of the consolidated statements of financial position as of 31 December 2020 of NOXXON Pharma N.V.

Declaration by the Person Responsible for 2021 Half-Year Financial Report

“I declare that, to the best of my knowledge, the condensed consolidated interim financial statements as of 30 June 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 Company and all the other companies included in the scope of consolidation, and that this Half-Year Management and Activity Report includes a fair view of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year.”

Amsterdam, 22 October 2021

NOXXON Pharma N.V.

Dr. Aram Mangasarian, CEO