Information Document

for the listing and admission to trading

on the Alternext market, an unregulated market, of Euronext Paris,

of

2,051,097 ordinary shares with a nominal value of €1 each

of

NOXXON Pharma N.V.

(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands)

This Information Document (the "**Information Document**") is for the listing and admission of all of the Company's ordinary shares (the "**Ordinary Shares**") to trading on the Alternext market ("**Alternext**"), an unregulated market of Euronext in Paris ("**Euronext Paris**"), without any offering of the Ordinary Shares. Such listing and admisstion is to be granted by Euronext following the execution of private placements, which shall not require a prospectus. Prior to listing, there has been no public market for the Ordinary Shares.

Capitalised terms used but not otherwise defined in this Information Document are defined in Section 19 (*Selected Definitions and Glossary*).

No securities are being offered for sale or subscription in connection with the listing and admission of the Ordinary Shares and, accordingly, the Information Document is not intended to be, nor constitutes an offer to sell or to subscribe for, nor is a solicitation or an offer to purchase or to subscribe for the Ordinary Shares described herein, especially in any jurisdiction in which such an offer or solicitation would be unlawful under the laws of that jurisdiction.

International Securities Identification Number: NL0012044762

Trading Symbol: ALNOX

Listing Agent

Invest Securities

Listing Sponsor

Invest Corporate Finance

Information Document dated 27 September 2016

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SUMMARY

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable".*

Section A – Introduction and warnings		
A.1	**Introduction and warnings.**	This summary should be read as an introduction to this information document (the "**Information Document**") relating to the admission to listing and trading (the "**Listing**") of all the ordinary shares (the "**Ordinary Shares**") in the capital of NOXXON Pharma N.V. (the "**Company**") under the symbol "ALNOX" on the Alternext market ("**Alternext**"), an unregulated market of Euronext in Paris ("**Euronext Paris**"). Any decision to invest should be based on consideration of this Information Document as a whole, including any information incorporated by reference therein, and not just the summary. If any claims are asserted before a court of law based on the information contained in this Information Document, the investor appearing as plaintiff may have to bear the costs of translating this Information Document prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (each, a "**Member State**"). No civil liability, based solely on the basis of this summary, will attach in any Member State to the persons responsible for this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Document (including information incorporated by reference herein) or it does not provide, when read together with the other parts of this Information Document (including information incorporated by reference herein), key information in order to aid investors when considering whether to invest in the Ordinary Shares.
A.2	**Consent for use of this prospectus for subsequent resale.**	Not applicable. The Company does not consent to the use of this Information Document for the subsequent resale or final placement of the Ordinary Shares by financial intermediaries.

Section B – the Company		
B.1	**Legal and commercial name of the issuer.**	The Company's legal name is "NOXXON Pharma N.V." and its commercial name is "NOXXON".
B.2	**Domicile, legal form, legislation under which the issuer operates and its country of incorporation.**	The Company is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office address at Max-Dohrn-Strasse 8-10, 10589 Berlin, Germany. The Company is registered with the trade register of the Dutch Chamber of Commerce under number 62425781.
B.3	**Current operations and principal business activities of the group and principal**	The Company together with its consolidated subsidiaries, after the Corporate Reorganization (as defined below) which has recently become effective (the "**Group**"), and with regard to historical financial information as of and for the fiscal years ended 31 December 2015 and 2014, the "Group" refers to NOXXON Pharma AG together with its consolidated subsidiaries, unless otherwise indicated, is a clinical stage biopharmaceutical group that has generated a proprietary product pipeline and plans to primarily focus on further development in cancer treatment. All its product candidates are based on a new class

	markets in which it competes.	of drug called "Spiegelmers", which are identified and synthesized through a proprietary discovery platform which the Group believes offers specific advantages over other drug classes. In various Phase 1 and 2 clinical trials involving nearly 3,000 administrations to over 300 human subjects, Spiegelmer drugs have so far shown to be biologically active and generally well tolerated, meaning without relevant side effects, with safety profiles that support further development. In recent years, the Group has transitioned its activities from drug product candidate discovery to product candidate development, more recently focusing on its cancer programs. Currently, the Group has retained all worldwide rights to its products and product candidates, although it has and may continue to enter into partnering discussions and collaborations on all assets. The Group's pipeline consists of one lead clinical stage product candidate and an additional product candidate 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 tumor microenvironment ("**TME**"), CXCL12, also known as stromal cell-derived factor-1 (SDF-1), that is naturally involved in the migration of blood cells and in cancer acts as a communication bridge between tumor cells and their environment. As such, the Group believes that NOX-A12 is positioned to be a combination partner for a wide variety of cancer treatments both in solid and hematological tumors. • NOX-E36 (*emapticap pegol*): The Group's additional potential product candidate, which targets the chemokine CCL2 and related chemokines as a potential treatment for diabetic nephropathy and cancer, for which the Group has completed a Phase 2a trial in diabetic nephropathy patients with what the Group believes are promising results. 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. Except for some preclinical, clinical and investigational medicinal product activities, the Group conducts all of its business activities in Germany.
B.4a	**Significant recent trends affecting the Group and the industry in which it operates.**	The majority of approved drugs in the pharmaceutical industry consist of small chemical molecules, which are created and produced by chemical synthesis. The past few years have shown development in the industry of cancer treatment moving towards immunotherapy, which harnesses or further enhances the power of the body's own immune system to fight tumor cells. Market sales for immune checkpoint inhibitors are high given their broad potential. Various immune checkpoint inhibitors have been approved and/or filed for approval in the United States of America and Europe. However, some chemokines (a signaling molecule) are key factors in the tumor microenvironment that cannot be overcome by immune checkpoint inhibitors alone. Further developments move to identify combination partners for a wide range of cancer treatments, including for advanced solid tumors, glioblastoma and multiple myeloma ("**MM**").
B.5	**Description of the Group and the Company's position within the Group.**	Pursuant to the terms of the corporate reorganization that has become effective, substantially all of the equity interests in NOXXON Pharma AG have been exchanged for newly issued equity interests in the Company, with NOXXON Pharma AG having become an almost wholly-owned subsidiary of the Company (the "**Corporate Reorganization**"). The Company is the holding company of the Group (after the effects of the Corporate Reorganization) and has no business operations. Its principal assets, other than funds generated from its equity or debt financing transactions, are the equity interests it directly or indirectly holds in its operating subsidiaries. The Group is a clinical stage biopharmaceutical group that has generated a proprietary product pipeline and plans to primarily focus on further development in cancer treatment.
B.6	**Persons who, directly or indirectly, have a**	The following holders of Ordinary Shares hold, directly or indirectly, 3% or more of the issued share capital and/or voting rights of the Company as of the date of this Information Document, as a result of the Corporate Reorganization and a private placement of Ordinary

	(notifiable) interest in the issuer's capital and voting rights. **Voting rights.** **Direct or indirect control over the issuer and nature of such control.**	Shares against contributions in cash and in kind having been completed: 1) DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG (12.32%); 2) Entities affiliated with TVM Capital GmbH (15.96%); 3) SOFINNOVA CAPITAL V FCPR (15.76%); 4) Entities affiliated with Edmond de Rothschild Investment Partners SCA (10.49%); 5) NGN BioMed Opportunity II, L.P. (9.98%); 6) Entities affiliated with Seventure Partners (3.90%); 7) KREOS CAPITAL IV (Expert Fund) Limited ("**Kreos Jersey**") (17.77%); and 8) Dr. Thomas van Aubel as a fiduciary for a multitude of smaller beneficial shareholders pursuant to an equity incentive arrangement (3.70%). The Company is not aware of any other person or legal entity that, as of the date of this Information Document, has a direct or indirect capital or voting interest in the Company of 3% or more.
B.7	**Selected key historical financial information.** **Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information.**	*The financial information set forth below is extracted or derived from, and should be read in conjunction with, the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014, including the related notes thereto, included elsewhere in this Information Document. The audited consolidated financial statements of NOXXON Pharma AG have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**").* *Where financial information in this Information Document is labeled "audited", this means that it has been extracted from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The label "unaudited" is used in this Information Document to indicate financial information that was not taken from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 but has been extracted or derived from the internal accounting records of NOXXON Pharma AG or is calculated from the above-mentioned sources.*

Selected Consolidated Statement of Comprehensive Loss Information

	For the fiscal year ended 31 December	
	2015	**2014**
	(in € thousands, unless otherwise indicated) (audited)	
Revenues	43	25
Other operating income	74	80
Research and development expenses	(7,587)	(10,154)
General and administrative expenses	(7,319)	(3,107)
Foreign exchange losses	(41)	(10)
Loss from operations	**(14,830)**	**(13,166)**
Finance income	0	3
Finance cost	(1,294)	(632)
Loss before income tax	**(16,124)**	**(13,795)**
Income tax	22	(3)
Net loss – all attributable to equity holders of NOXXON Pharma AG	**(16,102)**	**(13,798)**
Loss per share (in €) (basic and diluted)	**(42.43)**	**(47.22)**

Consolidated Statements of Financial Position

	As of 31 December	
	2015	2014
	(in € thousands) (audited)	
ASSETS		
Intangible assets	47	88
Equipment	603	772
Financial assets	0	159
Deferred tax assets	27	4
Total non-current assets	**677**	**1,023**
Inventories	13	38
Income tax receivable	1	1
Trade accounts receivable	3	0
Other assets	1,095	501
Financial assets	159	0
Cash and cash equivalents	4,093	1,527
Total current assets	**5,364**	**2,067**
Total assets	**6,041**	**3,090**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	493	341
Additional paid-in capital	111,138	95,977
Accumulated deficit	(118,388)	(102,286)
Treasury shares	(275)	(275)
Total equity	**(7,032)**	**(6,243)**
Liabilities		
Government grants	1	4
Financial liabilities	6,289	4,152
Total non-current liabilities	**6,290**	**4,156**
Government grants	3	33
Financial liabilities	2,591	2,167
Income tax payable	0	7
Trade accounts payable	3,174	2,485
Other liabilities	1,015	485
Total current liabilities	**6,783**	**5,177**
Total equity and liabilities	**6,041**	**3,090**

Selected Consolidated Cash-Flow Statement Information

	For the fiscal year ended 31 December	
	2015	2014
	(in € thousands) (audited)	
Net cash used in operating activities	(13,482)	(12,459)
Net cash used in investing activities	(8)	(41)
Net cash provided by financing activities	16,056	8,916
Net change in cash and cash equivalents	**2,566**	**(3,584)**
Cash at the beginning of the fiscal year	**1,527**	**5,111**
Cash at the end of the fiscal year	**4,093**	**1,527**

The main significant change to the Group's financial condition and operating results during the periods covered by the historical key financial information relate to (i) increases in

		general and administrative expenses due to legal and consulting fees mainly related to the preparation of financing transactions, expenses as a result of the internal restructuring in July 2015 and the related reduction in headcount, settlement benefits and travel and advertising expenses and (ii) increases in finance costs due to payment of interest on venture loans. The main significant change to the Group's financial condition and operating results since 31 December 2015 relates to (i) the capital increases by way of issuances of tranches of series B preferred shares by NOXXON Pharma AG in the aggregate of approximately €4.7 million, (ii) the conversion of the KREOS CAPITAL IV (UK) Limited ("**Kreos**") debt into equity in the Company (the "**Kreos Debt Conversion**") and (iii) the issuance of Ordinary Shares by the Company against contributions in cash of approximately €2.8 million.
B.8	**Selected key pro forma financial information.**	Not applicable. No pro forma information has been included in this Information Document.
B.9	**Profit forecast and estimate.**	Not applicable. No profit forecast has been included in this Information Document.
B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. There are no qualifications to the independent auditor's report on the consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. However, such unqualified independent auditor's report contains the following emphasis of matter paragraph, which has been included due to and referring to (i) the financing and resulting going concern risks stated by the management board of NOXXON Pharma AG in the note "*Going Concern*" under "*2.1. Basis of preparation*" in the notes of the consolidated financial statements as of and for the fiscal years ended 31 December 2015 and 2014 and (ii) the going concern assumptions underlying these consolidated financial statements that are set out in such note and consider the expectations of the management board of NOXXON Pharma AG at the preparation date of such consolidated financial statements (18 February 2016): "We draw attention to Note 2.1 "*Going Concern*" in the Notes to the consolidated Financial Statements 2015 and 2014. In accordance with the Group's cash projections the minimum cash requirements to fund the Group's operations through the end of February 2017 is €9.8 million. Management is pursuing various avenues, including seeking additional investors and conducting a collaboration agreement for the development of NOX-A12. The future financing on which the going concern assumption is based, considers management's expectation to conduct a collaboration agreement in March 2016 with expected upfront payments of €8.0 million. Furthermore the current investors committed to invest up to further €2.0 million. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to complete the collaboration agreement or other financing alternatives before May 2016 and further, that the Group might not raise additional funding after February 2017. Our opinion is not qualified in respect of this matter."
B.11	**Insufficiency of the issuer's working capital for its present requirements.**	The Group's current cash resources do not provide it with sufficient working capital for the twelve months following the date of this Information Document. Based on its present requirements resulting from the Group's updated business plan focusing on clinical development of its lead product candidate NOX-A12 for the treatment of advanced solid tumors, the Group will require additional cash resources of approximately €2.5 million to provide the Group with sufficient working capital for the twelve months following the date of this Information Document. In particular, after having recently completed a private placement consisting of equity of approximately €2.8 million, the Company believes that it has obtained sufficient working capital, including cash and commitments from existing investors to finance the Group, to continue its current operations through April 2017. As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception and 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 the development of its administrative

		organization. As a result, the Group will continue to require additional working capital beyond the twelve months following the date of this Information Document. To meet these future working capital requirements, after the listing the Group will pursue various financing alternatives, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition 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. Additional financing will also trigger conversion of the remaining Kreos debt into equity. If the Group is unable to raise additional financing, then Kreos may request the conversion of the loan balance into equity or ask for repayment of the loan. The Group may also seek to obtain further cash resources by entering into collaborative research, development and/or commercialization agreements with other companies in the near term, in particular with respect to the product candidates NOX-A12 and NOX-E36. The Company would in particular consider such agreements on the Group's lead product candidate, NOX-A12, where it believes that such agreements would provide further support of its development plan, for example by granting rights to markets outside of Europe and the United States in exchange for payments and development and regulatory support in those markets. Such agreements would allow the Group to advance its programs towards approval in more markets at one time, and would also reduce the need for additional equity financing to the extent they bring in revenues. If it is unable to generate such additional working capital in a sufficient amount, the Group may be unable to continue as a going concern and its business, financial condition and/or results of operations would be materially and adversely affected and the Company and other companies in the Group may ultimately be required to file for insolvency. There is material uncertainty that the Group will be able to continue as a going concern as the Group may fail to obtain financing in the near term or to raise additional funding after April 2017. Although the Group would be using its best efforts to undertake such alternative measures, it can provide no assurance that such actions will be sufficient to provide it with the working capital needed for the twelve months following the date of this Information Document. If it is unable to generate such working capital in a sufficient amount, there is material uncertainty as to whether the Group will be able to continue as a going concern and its business, financial condition and/or results of operations would be materially and adversely affected and the Company and other companies in the Group may ultimately be required to file for insolvency.

Section C – Securities		
C.1	**Type and class of the securities being admitted to trading.**	The Ordinary Shares with a nominal value of €1 each. Application has been made to list all of the Ordinary Shares under the symbol "ALNOX" on Alternext under ISIN NL0012044762.
C.2	**Currency of the securities.**	The Ordinary Shares are denominated in euro.
C.3	**The number of shares issued and fully paid.** **Nominal value per share.**	At the date of this Information Document, the Company's issued share capital is comprised of 2,051,097 Ordinary Shares, of which 2,006,097 Ordinary Shares are outstanding and 45,000 Ordinary Shares are held by the Company as treasury shares. All those Ordinary Shares have a nominal value of €1 and have been fully paid-up.
C.4	**Description of the rights attached to the securities.**	Each Ordinary Share shall have the same rights, including in respect of voting and dividend rights. Each holder of Ordinary Shares may cast one vote for each Ordinary Share held. There are no restrictions on voting rights. The Ordinary Shares will be

		eligible for any dividends which the Company may declare on Ordinary Shares after completion of the Listing. No voting rights may be cast for Ordinary Shares held by the Company in its own share capital nor do those Ordinary Shares held as treasury shares have any dividend rights. Dutch law and the articles of association of the Company give holders of shares of the Company (the "**Shareholders**") pre-emptive rights to subscribe on a *pro rata* basis for any issue of new Ordinary Shares or, upon a grant of rights, to subscribe for Ordinary Shares. Shareholders have no pre-emptive rights upon (1) the issue of Ordinary Shares against a payment in kind (being a contribution other than in cash); (2) the issue of Ordinary Shares to the Company's employees or the employees of a member of the Group; and (3) the issue of Ordinary Shares to persons exercising a previously granted right to subscribe for Ordinary Shares. A resolution of the general meeting of shareholders of the Company (the "**General Meeting**") to restrict or exclude the pre-emptive rights or to designate the management board of the Company (the "**Management Board**") as the authorized body to do so, may only be adopted on the proposal of the Management Board with the prior approval of the supervisory board of the Company ("**Supervisory Board**"). A resolution of the General Meeting to exclude or restrict pre-emptive rights, or to authorize the Management Board to exclude or restrict pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than half of the issued share capital of the Company is present or represented at the General Meeting. In connection with the Corporate Reorganization, the General Meeting has adopted a resolution pursuant to which the Management Board has been designated as the corporate body authorized to, subject to approval of the Supervisory Board, resolve to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to restrict and/or exclude statutory pre-emptive rights of Shareholders in relation to the issuances of Ordinary Shares or the granting of rights to subscribe for such Ordinary Shares for a period of three years from the Listing Date (as defined below). Issuances of Ordinary Shares and grants of rights to subscribe for Ordinary Shares under this authorization can occur for general purposes, which includes, without limitation, mergers, demergers, acquisitions and other strategic transactions and alliances. Such designation of the Management Board under this resolution is limited to up to the total number of Ordinary Shares issued and outstanding immediately following the Listing Date. In addition, the General Meeting has adopted a resolution pursuant to which the Management Board has been designated as the corporate body authorized to, subject to the prior approval of the Supervisory Board, issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares under a stock option and incentive plan of the Company (to be adopted by the Management Board and approved by the Supervisory Board and the General Meeting and to become effective immediately prior to the completion of the Listing) and to restrict and/or exclude pre-emptive rights of Shareholders for such Ordinary Shares or rights for a period of five years from the Listing Date. Such designation of the Management Board is limited to up to 7% of the total number of Ordinary Shares issued and outstanding immediately following the Listing.
C.5	**Restrictions on the free transferability of the securities.**	Not applicable. There are no restrictions on the free transferability of the Ordinary Shares.
C.6	**Application for admission to trading on a market and identity of regulated markets**	Prior to the Listing there has not been a public market for the Ordinary Shares. Application has been made for the Listing of all the Ordinary Shares under the

	where the securities are to be traded.	symbol "ALNOX" on Alternext.
C.7	**Dividend policy.**	The Management Board, with the prior approval of the Supervisory Board, may determine which part of the Company's profits will be added to the reserves in consideration of the Company's reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the General Meeting. Distributions of dividends will be made pro rata to the nominal value of each Ordinary Share. The Company has not made any profits and has not paid any dividends since its incorporation. The Company intends to retain future earnings, if any, generated by the Company's operations to finance the Group's operation and business and it does not anticipate paying any dividends to Shareholders in the foreseeable future.

Section D – Risks		
D.1	**Key risks specific to the issuer and its industry.**	*The Group's business and industry are subject to certain risks, which could affect the Group's business, financial condition and results of operations. Described below, in no particular order, are the risk factors and significant circumstances considered to be material to the Group's development.* **Risks Relating to the Group's Business and Industry** 1. The Group heavily depends on the future success of its clinical stage lead product candidate, NOX-A12, on whose development 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. 2. 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. 3. 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. 4. 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. 5. Success in early clinical trials may not be indicative of results obtained in later trials. 6. 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 be forced to abandon its development efforts for a program or programs.

Risks Relating to Commercialization of Product Candidates

7. 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 difficulties and risks.
8. 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.
9. 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.
10. 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.
11. 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

12. 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.
13. 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.
14. 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.
15. 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, the EMA or another Competent Authority may require additional clinical trials, or evaluate subjects for an additional follow-up period.
16. 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 force it to stop or delay development of that product candidate, or may prevent or

		delay regulatory approval of that product candidate. 17. 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 more narrow indication than expected. 18. 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** 19. The Group's future success depends on the ability to retain qualified employees, consultants and advisors and to attract, retain and motivate qualified personnel. 20. The Group has been subject to restructurings and will 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. 21. 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. 22. 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. 23. 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. 24. 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** 25. The Group has incurred significant losses and anticipates that it will continue to incur significant losses for the foreseeable future. 26. The Group has never generated material revenues from product sales and may never be profitable. 27. The Group's loan agreements with Kreos contain operating covenants that may restrict its business and financing activities. 28. 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.

Risks Relating to Reliance on Third Parties

29. 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.
30. The Group expects 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.
31. 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.
32. The Group expects 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.
33. 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.
34. The Group's collaborations with outside scientists and consultants may be subject to restriction and change.

Risks Relating to the Group's Intellectual Property

35. 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.
36. The Group may not be able to protect and/or enforce its intellectual property rights throughout the world.
37. The patent term may be inadequate to protect the Group's competitive position on its products for an adequate amount of time.
38. 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.
39. 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.
40. 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.

		41. 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. 42. 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. 43. 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.
D.3	**Key risks specific to the securities.**	*Any investment in securities involves risks. Any such risks could also cause the trading price of the Ordinary Shares to decline significantly and investors could potentially lose all or part of their investment. Described below, in no particular order, are the risk factors and circumstances considered to be material to the* Listing *and the Ordinary Shares.* **Risks relating to the Listing and the Ordinary Shares** 44. The existing holders of shares in the Company (the "**Shareholders**") hold a significant interest in and will continue to exert substantial influence over the Company following the Listing and their interests may differ from or conflict with those of other Shareholders. 45. There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained. 46. Ordinary Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance. 47. The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including before or after the expiry of the lock-up period, or the perception that these sales could occur. 48. The issuance of additional Ordinary Shares may affect the market price of the Ordinary Shares and could dilute the interests of existing Shareholders. 49. The Company may not pay dividends for the foreseeable future. 50. Investors resident in countries other than the Netherlands may suffer dilution if they are unable to exercise pre-emptive rights in future offerings. 51. Investors with a reference currency other than euros will become subject to foreign exchange rate risk when investing in the Ordinary Shares. 52. The Shareholders may be subject to double withholding taxation with respect to dividends or other distributions made by the Company. 53. Any sale, purchase or exchange of Ordinary Shares may become subject to the common financial transaction tax (Financial Transaction Tax) stemming from a proposal for a Council Directive adopted by the EU Commission on 14 February 2013.

Section E – Issue		
E.1	**The total net proceeds.** **Estimate of the total expenses of the issuer, including estimated expenses charged to the investor by the issuer.**	Not applicable. There will be no offer to the public of securities for which an Information Document is required under Directive 2003/71/EC, as amended, including by Directive 2010/73/EU (the "**Prospectus Directive**"). Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive.
E2.a	**Reasons for the offering.** **Use of proceeds, estimated net amount of the proceeds.**	Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive. Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive.
E.3	**Terms and conditions of the offering.**	Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive.
E.4	**Interests material to the listing, including conflicting interests.**	In connection with the admission to listing and trading of the Ordinary Shares, Invest Securities S.A. (the "**Listing Agent**") has formed a contractual relationship with the Company.
E.5	**Name of the person or entity offering to sell the security.** **Lock-up agreements: the parties involved; and indication of the period of the lock up.**	Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive. **Management Lock-up** Each member of the Management Board, the Supervisory Board and senior management and certain former managers have entered into a lock-up agreement with the Company and the Listing Agent on 21 September 2016. Pursuant to the relevant lock-up agreement, each such member or manager has agreed that he or she will not for a period of 365 days from the Listing Date, except as set forth below: (i) directly or indirectly offer, sell, contract to sell, grant or sell of options over, purchase any option, transfer, lend, charge, pledge, grant any right or warrant to purchase or otherwise transfer or dispose of, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or any other shares in the capital of the Company; (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares or any other shares in the capital of the Company, whether any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) vote in favor of or any submission to the General Meeting of a proposal to effect any of the foregoing; or (iv) announce or otherwise publicize an intention to effect any such transaction. The foregoing restrictions shall not apply to (a) any Ordinary Shares issued in connection with any contributions of cash to be made at any time after the date hereof (i.e. the restrictions will not apply to the Ordinary Shares issued in connection with the contributions of cash in the amount of approximately €2.8 million made in September 2016), (b) any Ordinary Shares acquired after the Listing Date (including by an issuance of new Ordinary Shares), (c) an acceptance of a general offer for the Ordinary Shares or the provision of an irrevocable undertaking to accept such an offer, (d) any disposal as a result of a legal merger or demerger of the Company, (e) the exercise of options for Ordinary Shares under awards granted under the Company's existing stock

		option plan as described in this Information Document and (f) any disposal to personal representatives of an individual who dies during the lock-up period, provided that such personal representative shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations. Under the above-mentioned lock-up agreement, the Company shall use best endeavors to procure that certain former employees, who are beneficial owners of Ordinary Shares pursuant to an issuance of Ordinary Shares under an equity incentive plan, also accede to the lock-up. **Shareholder Lock-up** Each of the previous shareholders of NOXXON Pharma AG (excluding certain minority shareholders which following the share conversion as part of the Corporate Reorganization do not hold shares of the Company and one minority shareholder who, following the Corporate Reorganization, holds less than 1% of the shares in the Company), Kreos Jersey, which will be issued Ordinary Shares in connection with the Kreos Debt Conversion, and a former managing director of NOXXON Pharma Inc., who has been granted a warrant to purchase Ordinary Shares under his separation agreement, have entered into a lock-up agreement with the Listing Agent on various dates in September 2016. Pursuant to the lock-up agreement, each such Shareholder shall for a period of 365 days from the Listing Date (180 days in the case of Kreos Jersey) (the shareholder lock-up period) not: (i) directly or indirectly offer, sell, contract to sell, grant or sell of options over, purchase any option, transfer, lend, charge, pledge, grant any right or warrant to purchase or otherwise transfer or dispose of, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or any other shares in the capital of the Company; (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares or any other shares in the capital of the Company, whether any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) vote in favor of or any submission to the General Meeting of a proposal to effect any of the foregoing; or (iv) announce or otherwise publicize an intention to effect any such transaction. The foregoing restrictions shall not apply to (a) any Ordinary Shares issued in connection with any contributions of cash to be made at any time after the date hereof (i.e. the restrictions will not apply to the Ordinary Shares issued in connection with the contributions of cash in the amount of approx. €2.8 million made in September 2016), (b) any Ordinary Shares acquired on Alternext after the Listing Date (including by an issuance of new Ordinary Shares), (c) an acceptance of a general offer for the Ordinary Shares in the capital of the Company or the provision of an irrevocable undertaking to accept such an offer, (d) any disposal as a result of a legal merger or demerger of the Company, (e) any disposal to personal representatives of an individual who dies during the lock-up period, provided that such personal representative shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations and (f) any transfer of Ordinary Shares to the shareholder's corporate affiliates, provided that each such transferee shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations. Two Shareholders who have recently been issued Ordinary Shares against

		certain contributions in kind and hold approximately 0.51% and 0.14% of the share capital, respectively, are not subject to the above-described lock-up restrictions.
E.6	**Amount and percentage of immediate dilution resulting from the offering.**	Not applicable. There will be no offer to the public of securities for which an Information Document is required under the Prospectus Directive.
E.7	**Estimated expenses charged to the investor by the issuer.**	Not applicable. Neither the Company nor the Listing Agent will charge expenses to investors.

SECTION 1
RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Therefore, when deciding whether to invest in the Ordinary Shares, prospective investors should carefully consider the following risks, the business of the Company together with its consolidated subsidiaries, after the Corporate Reorganization (as defined below) which has recently become effective (the "**Group**"), and with regard to historical financial information as of and for the fiscal years ended 31 December 2015 and 2014, the "Group" refers to NOXXON Pharma AG together with its consolidated subsidiaries, unless otherwise indicated, the industry in which the Group operates and other information contained in this Information Document. The market price of the Ordinary Shares could fall if any of these risks were to materialize, in which case investors could lose some or all of their investment. The risk factors described below are not an exhaustive list or an explanation of all risks which investors should consider before investing in the Ordinary Shares. The following risks, alone or together with additional risks and uncertainties not currently known to the Group, or that the Group currently deems immaterial, could materially adversely affect the Group's business, financial condition, results of operations or prospects.*

The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to the Group's business, results of operations, financial position and prospects. The risks mentioned herein may materialize individually or cumulatively.

In addition to considering carefully the following risk factors and this entire Information Document, prospective investors should also consult, before making an investment decision with respect to the Ordinary Shares, their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Ordinary Shares. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Information Document and their personal circumstances.

A. Risks Relating to the Group's Business and Industry

1. ***The Group heavily depends on the future success of its clinical stage lead product candidate, NOX-A12, on whose development 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.***

The Group has invested a significant portion of its efforts and financial resources in the development of its lead product candidate, NOX-A12, on whose development the Group is currently focusing, for the treatment of advanced solid tumors, glioblastoma and multiple myeloma ("**MM**"), as well as NOX-E36 for the treatment of diabetic nephropathy. The ability to generate product revenues from product candidates and become profitable depends heavily on the successful development and commercialization of the Group's product candidates, which, in turn, depends on several factors, including, but not limited to, the following:

- successful completion of the planned and potential future trials of NOX-A12 for their respective indications;
- the ability to raise sufficient funding in a timely manner either from financial markets or industrial partners in order to complete future clinical trials for NOX-A12 and, in the context of a partnership, NOX-E36;
- the ability to demonstrate that NOX-A12, NOX-E36 for their respective indications are safe and effective at a sufficient level of statistical or clinical significance and otherwise the ability to obtain marketing and other regulatory approvals for the product candidates' respective indications from regulatory authorities;
- establishment of successful manufacturing arrangements with third-party manufacturers that are compliant with current good manufacturing practices ("**GMP**") and which will ensure the development

of a large-scale manufacturing process and adequate facilities or being able to conduct such manufacturing within the Group;

- establishment of successful sales and marketing arrangements for NOX-A12 and NOX-E36, if approved;
- the ability to maintain an acceptable safety and efficacy profile for each of NOX-A12 and NOX-E36 after marketing approval;
- the availability of coverage and reimbursement to patients from healthcare payors for NOX-A12 and NOX-E36, if approved; and
- the fact that the smaller the number of trials the Company executes, the more dependent the success of the Company will be on the outcome of those trials.

2. ***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.***

As part of its strategy, the Group may enter into partnerships or collaborations with respect to one or a number of its current or future product candidates. In addition, the Group plans to focus on oncology going forward and as such its non-oncology product candidates will require partnerships or collaborations with industrial or governmental institutions for further development of its clinical and non-clinical product candidates going forward in order to finance and manage further development. For example, the Group initially developed NOX-E36 in diabetic nephropathy and is currently searching for a partner to support further development of NOX-E36 in this indication. If the Group is unable to identify appropriate partners willing to finance and manage further development of these product candidates, or if such partnerships or collaborations are not successfully entered into, then the ability of the Company to advance these assets would be compromised. Such partnerships and collaborations may give rise to additional unforeseen risks, including the risks described in this section and risks of execution, integration and protection of the Group's intellectual property rights.

3. ***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.***

The Group plans to develop a pipeline of product candidates using the proprietary Spiegelmer technology platform in a variety of therapeutic areas. The product candidates incorporate a mirror-image oligonucleotide connected site-specifically to PEG. Although there are successfully approved and marketed products containing an oligonucleotide connected to PEG (e.g. Macugen®) or a protein coupled to PEG (e.g. Cimzia®) there have been some therapeutic agents developed by other companies containing PEG and/or oligonucleotides that have experienced safety issues, including serious immune reactions following administration, in some cases leading to fatalities. Whether side effects can be directly linked to PEG remains unclear but it cannot be excluded. Although the Group has not experienced any safety issues with the use of PEG in its product candidates as of the date of this Information Document, if the Group's product candidates were to have similar or other safety issues, the Group may have to terminate its clinical development programs, or if the product has received marketing approval, the Group may have to remove it from the market. In addition, the Food and Drug Administration ("**FDA**"), the European Medicine Agency ("**EMA**") and any other government body ("**Competent Authority**") have previously expressed concern about accumulation of PEG in certain tissues, and may require the Group to discontinue its clinical trial program or perform additional preclinical studies or clinical trials to address such concerns. In such an instance, the Group would incur increased costs and delays and may require more resources than available. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product candidate to market could impair the ability to generate product revenues and to become profitable. Furthermore, if any safety issues are observed with any of the product candidates, the potential of the Spiegelmer technology platform may be compromised, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

4. 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.

Identifying and qualifying patients to participate in clinical trials of the Group's product candidates is critical to the trials' success. The timing of clinical trials depends in part on the speed at which the Group can recruit patients to participate in trials of the product candidates. The Group has experienced delays in some of its clinical trials because of the difficulty to identify or enroll patients, and may experience similar delays in the future. If patients are unwilling to participate in clinical trials because of negative publicity from adverse events in the biotechnology or pharmaceutical industries or for other reasons, including competitive clinical trials for similar patient populations, the timeline for recruiting patients, conducting trials and obtaining regulatory approval of potential products may be delayed. These delays could result in increased costs, delays in advancing product development, delays in testing the effectiveness of technology or termination of the clinical trials altogether.

The Group may not be able to identify and enroll a sufficient number of patients, or those with required or desired characteristics to achieve diversity in a trial, to complete its clinical trials in a timely manner. Patient enrollment is affected by factors including but not limited to:

- severity of the disease under investigation;
- design of the trial protocol;
- size of the patient population;
- eligibility criteria for the trial in question;
- perceived risks and benefits of the product candidate under study;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

Because the lead product candidate NOX-A12 has an orphan drug designation in conjunction with radiotherapy for glioblastoma in the United States and glioma in Europe, the nature of the potential patient population is limited. Orphan drug designation entitles a product to regulatory exclusivity but entails more demanding eligibility criteria which limits the pool of available trial participants. Additionally, the process of finding and diagnosing patients may prove costly.

The Group plans to seek initial marketing approval in Europe and the United States. It may not be able to initiate or continue clinical trials if the Group cannot enroll a sufficient number of eligible patients to participate in the clinical trials required by the EMA, FDA or other Competent Authorities.

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

The Group currently has no products approved for sale and cannot guarantee that it will ever have marketable products. There is a high failure rate for drugs proceeding through clinical trials. Failure can occur at any stage of clinical development. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later stage clinical trials even after achieving promising results in earlier stage clinical trials. Data from the Group's preclinical trials and Phase 1 and Phase 2 clinical trials should not be relied upon as evidence that later or larger-scale clinical trials will succeed. The Phase 1 clinical trials the Group has completed to date have been designed to primarily assess safety in healthy subjects. In addition, the results the Group has obtained in the Phase 2 clinical trials may not predict results for any future studies and may not predict future therapeutic benefit of its product candidates. Data obtained from preclinical and clinical trials are subject to varying interpretations, which may delay, limit or prevent

regulatory approval and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

6. 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 be forced to abandon its development efforts for a program or programs.

The success of the Group's business depends primarily upon the ability to identify, develop and commercialize products based on its Spiegelmer technology platform. Although the Group has three product candidates currently in clinical development, research programs may fail to identify other potential product candidates for clinical development for a number of reasons. The Group's research methodology may be unsuccessful in identifying potential product candidates or potential product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval.

If any of these events occur, the Group may be forced to abandon its development efforts for a program or programs. Research programs to identify new product candidates require substantial technical, financial and human resources. The Group may focus its efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful and therefore may possibly lose the opportunity to develop a product candidate that could be more successful, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

B. Risks Relating to Commercialization of Product Candidates

7. 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 difficulties and risks.

The Group does not have a sales or marketing infrastructure and has no experience in the sale or marketing of pharmaceutical products. To achieve commercial success for any approved product, the Group must develop or acquire a sales and marketing organization, outsource these functions to third parties or enter into partnerships. In addition, the Group's current intention is to market its approved product candidates on a worldwide basis (subject to obtaining the necessary approvals and licenses). Engaging in international business involves a number of difficulties and risks including regulatory, economic and geopolitical risks.

The Group may decide to establish its own sales and marketing capabilities and promote its product candidates, including promoting them world-wide, if and when the respective regulatory approvals have been obtained. There are risks involved should the Group decide to establish its own sales and marketing capabilities and/or enter into arrangements with third parties to perform these services. Even if the Group establishes sales and marketing capabilities, it may fail to launch its products effectively or to market its products effectively given it has no experience in the sales and marketing of pharmaceutical products. In addition, recruiting and training a sales force is expensive and time consuming and could delay any product launch. In the event that any such launch is delayed or does not occur for any reason, the Group would have prematurely or unnecessarily incurred these commercialization expenses, and the Group's investment would be lost if it cannot retain or reposition its sales and marketing personnel. Factors that may inhibit the Group's efforts to commercialize its products on its own include, but are not limited to:

- the Group's inability to obtain adequate levels of reimbursement for its product candidates;
- the Group's inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put the Group at a competitive disadvantage relative to companies with more extensive product lines;

- unforeseen costs and expenses associated with creating an independent sales and marketing organization; and

- costs of marketing and promotion above those anticipated by the Group.

If the Group would enter into arrangements with third parties, including those located in another jurisdiction, to perform sales and marketing services, the Group's product revenues or the profitability of these product revenues to the Group could be lower than if the Group were to market and sell any products that it develops itself. Such collaborative arrangements with partners may place the commercialization of the Group's products outside of the Group's control and would make the Group subject to a number of risks including that the Group may not be able to control the amount or timing of resources that its collaborative partner devotes to the Group's products or that the Group's collaborator's willingness or ability to complete its obligations under the Group's arrangements may be adversely affected by business combinations or significant changes in such collaborator's business strategy.

In addition, the Group may not be successful in entering into arrangements with third parties to sell and market its products or may be unable to do so on terms that are favorable to the Group. Acceptable third parties may fail to devote the necessary resources and attention to sell and market the Group's products effectively.

If the Group does not establish sales and marketing capabilities successfully, either on its own or in collaboration with third parties, it may not be successful in commercializing its products, which in turn could materially adversely affect the Group's business, prospects, financial condition and results of operation.

8. 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.

The Group is engaged in pharmaceutical development, which is a rapidly changing field. The Group has competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions.

Many of the Group's potential competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. The Group's potential competitors may succeed in developing, acquiring or licensing on an exclusive basis, products that are more effective or less costly than any product candidate that the Group may develop, or achieve earlier patent protection, regulatory approval, product commercialization and market penetration. Additionally, technologies developed by others may render the Group's potential product candidates uneconomical or obsolete, and the Group may not be successful in marketing its product candidates against competitors.

The Group's product candidates may face competition from currently approved therapies and therapies under development by others. The Group's lead product candidate NOX-A12 may face competition from existing and potential therapeutic agents that aim to treat solid tumors in combination with immuno-oncology approaches like checkpoint inhibitors or to treat MM and glioblastoma, including Mozobil® (plerixafor) marketed by Sanofi-Genzyme, and also cancer vaccines. The Group's product candidate NOX-E36 may face competition from existing and potential therapeutic agents that treat diabetic nephropathy, including other therapeutic agents that target the CCL2/CCR2 pathway, including but not limited to those being developed by Chemocentryx, Inc., Bristol-Myers Squibb and Pfizer Inc. In cancer indications, NOX-E36, like NOX-12, may face competition from existing and potential therapeutic agents that aim to treat solid tumors in combination with immuno-oncology approaches like checkpoint inhibitors.

Finally, as a result of the expiration or successful challenge of the Group's patent rights, it could face more litigation with respect to the validity or scope of patents relating to other parties' products. In addition, the availability of other parties' products could limit the demand, and the price the Group is able to charge, for any products that it may develop and commercialize.

To the extent the Group's product candidates are aimed to treat rare diseases, competition as described above may be very significant in light of the limited size of the relevant market. The occurrence of any of these events could impair the ability to successfully commercialize product candidates and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

9. ***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.***

Orphan drug status confers market exclusivity upon the first product to receive marketing approval by the relevant market authorization authority for the market and entails the right to exclusively market the product for the specified disease, during a period of seven years in the United States and a maximum of ten years for the European Union. The period of exclusivity in the European Union may be reduced to six years if, at the end of the fifth year, the product no longer meets the criteria for orphan drug designation such as if, among other things, it is established that the product is sufficiently profitable not to justify market exclusivity.

To date, the Group has been granted orphan drug status for NOX-A12 for the treatment of glioblastoma in conjunction with radiotherapy in the United States and for the treatment of glioma in Europe and may apply for orphan drug status for any of its other product candidates.

Once granted, exceptions to market exclusivity through orphan drug status may be granted to other applicants if the Group is unable to supply sufficient quantities of the product, or if a potential product based on the same compound of a second applicant is clinically superior.

Changes to the current regulatory frameworks governing orphan drugs may impact existing and future market exclusivities provided as a result of orphan drug designation. A potential regulatory change could be, for example, the criteria to be considered in the assessment of similarity between product candidates. Even if the Group were to succeed in obtaining and maintaining market exclusivity through orphan drug status, the orphan drug regulations would not preclude competitors from developing or marketing different products for the same indications to which the Group's products are directed, or from independently developing versions of the Group's products for different indications.

If the Group fails to obtain or maintain market exclusivity for NOX-A12 or, if applicable, any of its other product candidates through orphan drug status, or if the commercial value of market exclusivity is diminished, its competitive position or financial and commercial prospects could be materially adversely affected.

10. ***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.***

Even if requisite regulatory approvals will be obtained, the commercial success of the Group's product candidates will depend in part on the medical community, physicians, patients, and third-party payors accepting its product candidates as medically useful, cost-effective, and safe. If the Group produces an approved therapeutic product, it will rely on physicians to prescribe and administer it as it has directed and for the indications described on the labeling. If these product candidates do not achieve an adequate level of acceptance, the Group may not generate significant product revenues and may not become profitable. The degree of market acceptance of these product candidates, if approved for commercial sale, will depend on a number of factors, many of which are beyond the Group's control, including, but not limited to:

- the wording of the product label;
- changes in the standard of care for the targeted indications for any product candidate;
- the potential efficacy and potential advantages over alternative treatments;
- the prevalence and severity of any side effects, including any limitations or warnings contained in a product's approved labeling;
- the prevalence and severity of any side effects resulting from the procedure by which product candidates are administered;

- relative convenience, ease of use and ease of administration;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support and timing of market introduction of competitive products;
- publicity concerning products or competing products and treatments;
- potential product liability claims;
- the extent to which products are approved for inclusion and reimbursed on formularies of hospitals and managed care organizations; and
- product designation in the label and/or under physician treatment guidelines and/or under reimbursement guidelines as a first-line therapy, or as a second-line, or third-line or last-line therapy.

The Group must establish markets for its products and build those markets through physician education and awareness programs. Publication in peer-reviewed medical journals of results from studies using the Group's product candidates will be an important consideration in the adoption of its products by physicians and in reimbursement decisions of third-party payors. The process of publication in leading medical journals is subject to a peer review process. Peer reviewers may not consider the results of studies of the Group's products sufficiently novel or worthy of publication. Failure to have the Group's studies published in peer reviewed journals may adversely affect adoption of its products.

Even if a product candidate displays a favorable efficacy and safety profile in preclinical studies and clinical trials, market acceptance of the product will not be known until after it is launched. The Group's efforts to educate the medical community and third-party payors on the benefits and risks of the product candidates may require significant resources and may never be successful. Such efforts to educate the marketplace may require more resources than are required by conventional technologies and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

Furthermore, it is not uncommon for physicians to prescribe medication for unapproved, or "off-label," uses or in a manner that is inconsistent with the manufacturer's directions. To the extent such off-label uses and departures from the Group's administration directions become pervasive and produce results such as reduced efficacy or other adverse effects, the reputation of the Group's products in the marketplace may suffer.

11. 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.

The availability of reimbursement by governmental and private payors is essential for most patients to be able to afford treatments, particularly expensive treatments. Sales of the Group's product candidates and its ability to generate revenues will depend substantially, in Europe, the United States and other jurisdictions, on the extent to which the costs of such product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. If reimbursement is not available, or is available only to limited levels, the Group may not be able to successfully commercialize its product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow the Group to establish or maintain pricing sufficient to realize a sufficient return on investment.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services ("**CMS**"), an agency within the U.S. Department of Health and Human Services, as CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare. Private payors tend to follow CMS to a substantial degree. It is difficult to predict what CMS will decide with respect to reimbursement for fundamentally novel products such as the Group's, as there is no body of established practices and

precedents for these new products. Reimbursement agencies in Europe may be more conservative than CMS. For example, a number of cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European countries.

The intended use of a drug product by a physician can also affect pricing. For example, CMS could initiate a National Coverage Determination administrative procedure, by which the agency determines which uses of a therapeutic product would and would not be reimbursable under Medicare. This determination process can be lengthy, thereby creating a long period during which the future reimbursement for a particular product may be uncertain.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and the Group believes the increasing emphasis on cost-containment initiatives in Europe, Canada, and other countries is likely to put pressure on the pricing and usage of any of its product candidates that receive approval for marketing. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medicines, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that the Group is able to charge for product candidates. Accordingly, in markets outside the United States, the reimbursement for the Group's products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenues and profits.

Moreover, increasing efforts by governmental and third-party payors, in the United States and abroad, to cap or reduce healthcare costs, resulting in legislation and reforms such as the Patient Protection and Affordable Care Act of 2010, may cause such organizations to limit both coverage and level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for the Group's product candidates. The Group expects to experience pricing pressures in connection with the sale of any of its product candidates, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

C. Risks Relating to the Regulatory Environment

12. 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 international biopharmaceutical and medical technology industry is highly regulated by Competent Authorities that impose substantial requirements covering nearly all aspects of the Group's activities notably on research and development, manufacturing, preclinical tests, clinical trials, labelling, marketing, sales, storage, record keeping, promotion and pricing of its research programs and product candidates. Such regulation is further subject to regular review by the Competent Authorities which may result in changes in applicable regulation. If the Group does not comply with one or more of these factors in a timely manner, or at all, it could experience significant delays as a result of the EMA in the European Union, the FDA in the United States or another Competent Authority recommending non-approval or restrictions on approval of a product candidate, leading to an inability to successfully commercialize any of its product candidates, which would materially harm its business. Also, the manufacturing facilities on which the Group relies may not continue to meet regulatory requirements. Any failure of any of the Group's product candidates in clinical studies or to receive regulatory approval could have a material adverse effect on the Group's business, results of operations and/or financial condition. If any of the Group's product candidates fails to obtain approval on the basis of any applicable condensed regulatory approval process, this will prevent such product candidate from obtaining approval in a shortened time frame, or at all, resulting in increased expenses which would materially harm the Group's business.

Compliance with standards laid down by local Competent Authorities is required in each country where the Group, or any of its partners or licensees, conducts said activities in whole or in part. The Competent Authorities notably include the EMA and the FDA. In order to market the Group's future products in regions such as the European Economic Area, United States of America, Asia Pacific, and many other foreign jurisdictions, the Group must obtain separate regulatory approvals. The approval procedures and time required to obtain approval vary among countries and can require additional clinical testing. Moreover, clinical studies conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA or EMA does not ensure approval by Competent Authorities in other

countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA or EMA.

13. 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 concentrated research and development efforts on its technology platform, and the Group's future success depends on the development and commercialization of Spiegelmers. The Group could experience development problems in the future related to its technology, which could cause significant delays or unanticipated costs, and the Group may not be able to solve such development problems. The Group may also experience delays in developing a sustainable, reproducible and scalable manufacturing process or transferring that process to commercial partners, if the Group decides to do so, which may prevent it from completing clinical trials or commercializing products on a timely or profitable basis, if at all.

In addition, the clinical trial requirements of the FDA and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate, vary substantially according to the type, complexity, novelty and intended use and market of the potential products. The regulatory approval process for novel product candidates such as the Group's can be more expensive and take longer than for other, better known or extensively studied pharmaceutical or other product candidates. In addition, approvals in one jurisdiction may not be indicative of what other regulatory agencies may require. Regulatory requirements governing pharmaceutical products have changed frequently and may continue to change in the future. Also, before a clinical trial can begin at an institution funded by the U.S. National Institutes of Health ("**NIH**") that institution's institutional review board ("**IRB**"), and its Institutional Biosafety Committee, will have to review the proposed clinical trial to assess the safety of the trial. Sponsors also are required to obtain both regulatory and IRB or ethics committee approval before they can commence a clinical trial in most other jurisdictions. In addition, adverse developments in clinical trials of pharmaceutical products conducted by others may cause the FDA or other regulatory bodies to change the requirements for approval of any of the Group's product candidates.

These regulatory agencies and review committees and the new requirements and guidelines they promulgate may lengthen the regulatory review process, require the Group to perform additional studies, increase development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these treatment candidates or lead to significant post-approval limitations or restrictions. As the Group advances its product candidates, it will be required to consult with these regulatory groups, and comply with applicable requirements and guidelines. If the Group fails to do so, it may be required to delay or discontinue development of product candidates. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product candidate to market could impair the ability to generate product revenues and to become profitable and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

14. The Group may encounter substantial delays in clinical trials or fail to demonstrate safety and efficacy to the satisfaction of the FDA, the EMA or another Competent Authority, which may impair the ability to commercialize product candidates.

The Group has conducted an early clinical program including phase 2a trials for all three product candidates NOX-A12 and NOX-E36 (see Section 11 (*Business—Product Candidates and Business Activities*)). The Group believes that these data show that all three candidates are generally well tolerated and that there is clear evidence for the expected pharmacodynamic effects as well as first signs of potential therapeutic benefit. However, before obtaining marketing approval from Competent Authorities for the sale of product candidates, the Group must conduct extensive additional clinical trials to demonstrate the safety and efficacy of the product candidates in humans. The Group cannot guarantee that any clinical trials will be conducted as planned.

A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include, but are not limited to:

- any requirement by the FDA for further preclinical testing prior to acceptance of an investigational new drug ("**IND**");
- delays in reaching a consensus with regulatory agencies on trial design;

- delays in reaching agreement on acceptable terms with prospective contract research organizations ("**CROs**") and clinical trial sites;

- delays in obtaining required IRB/ethics committee approval at each clinical trial site;

- delays in recruiting suitable patients to participate in clinical trials;

- imposition of a clinical hold by regulatory agencies, including after an inspection of clinical trial operations or trial sites;

- failure by CROs, clinical trial sites, investigators or other third parties to adhere to clinical trial requirements;

- failure to perform in accordance with the FDA's good clinical practices ("**GCP**"), or applicable regulatory requirements in other countries;

- delays in the testing, validation, manufacturing and delivery of product candidates to the clinical sites;

- delays in having patients complete participation in a trial or return for post-treatment follow-up;

- clinical trial sites or patients dropping out of a trial;

- occurrence of serious adverse events associated with the product candidate that are viewed to outweigh its potential benefits; or

- changes in regulatory requirements and guidance that require amending or submitting new clinical trial protocols.

Any inability to successfully complete preclinical and clinical development could result in additional costs, impair the ability to generate revenues from product sales, or hinder the ability to obtain marketing approval of product candidates from Competent Authorities that is as broad as intended or desired. In addition, if the Group makes manufacturing or formulation changes to product candidates, it may need to conduct additional studies to bridge modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which the Group may have the exclusive right to commercialize product candidates or allow competitors to bring products to market, which could impair the Group's ability to successfully commercialize product candidates and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

In addition, the ability to successfully initiate, enroll and complete a clinical trial in any foreign country is subject to numerous risks unique to conducting business in foreign countries, including:

- difficulty in establishing or managing relationships with contract research organizations, or CROs, and physicians;

- different standards for the conduct of clinical trials;

- inability to locate qualified local consultants, physicians and partners; and

- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatment.

If the Group has difficulty enrolling a sufficient number of patients to conduct clinical trials as planned, it may need to delay, limit or terminate ongoing or planned clinical trials.

In addition, patients enrolled in clinical trials may discontinue their participation at any time during the trial as a result of a number of factors, including withdrawing their consent or experiencing adverse clinical events, which may or may not be related to product candidates under evaluation. The discontinuation of patients in any one of the Group's trials may cause the Group to delay or abandon the clinical trial, or cause the results from that trial not to be positive or sufficient to support a filing for regulatory approval of the applicable product candidate, and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

15. ***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, the EMA or another Competent Authority may require additional clinical trials, or evaluate subjects for an additional follow-up period.***

It is possible that, even if the Group achieves favorable results in its clinical trials, the FDA may require the Group to conduct additional clinical trials, possibly involving a larger sample size or a different clinical trial design, particularly if the FDA does not find the results from completed clinical trials to be sufficiently persuasive to support a new drug application ("**NDA**"). The FDA may also require that the Group conducts a longer follow-up period of subjects treated with product candidates prior to accepting its NDA.

It is possible that the FDA, EMA or another Competent Authority may not consider the results of the Group's clinical trials to be sufficient for approval of product candidates for their target indications. For example, the population studied in the Group's clinical programs may not be sufficiently broad or representative to predict safety or efficacy in the full population for which it eventually aims to conduct Phase 3 clinical development, including in the United States. If the FDA, EMA or another Competent Authority requires additional studies for this or other reasons, the Group would incur increased costs and delays in the marketing approval process, which may require expending more resources than available. In addition, it is possible that the FDA and the EMA may have divergent opinions on the elements necessary for a successful NDA and Marketing Authorization Application, respectively, which may cause the Group to alter its development, regulatory or commercialization strategies and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

16. ***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 force it to stop or delay development of that product candidate, or may prevent or delay regulatory approval of that product candidate.***

Treatment with the Group's product candidates may cause side effects or adverse events. In addition, since the Group's product candidates are in some cases administered in combination with other therapies, patients or clinical trial participants may experience side effects or other adverse events that are unrelated to the Group's product candidates, but may still impact the success of its clinical trials. The inclusion of critically ill patients in the Group's clinical trials may result in deaths or other adverse events due to other therapies or medications that such patients may be using or the severity of the medical condition treated. Additionally, the Group's product candidates could potentially cause other adverse events that have not yet been predicted. If the results of the Group's clinical trials are inconclusive or negative, or if there are safety concerns or adverse events associated with the Group's product candidates, the Group may:

- fail to obtain, or be delayed in obtaining, marketing approval for its product candidates;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- need to change the way the product is administered;
- be required to perform additional clinical trials to support approval or be subject to additional post marketing testing requirements;
- have Competent Authorities withdraw their approval of the product or impose restrictions on its distribution in the form of a risk evaluation and mitigation strategy, or REMS, or modified REMS;
- be subject to the addition of labeling statements, such as warnings or contraindications;
- be subject to limitation on how it may promote the product;
- experience significant decrease of sales of the product
- be subject to litigation or product liability claims; or
- experience damage to its reputation.

Any of these events could prevent the Group from obtaining the required regulatory approvals of its product candidates and achieving or maintaining market acceptance of its product candidates and impair the ability to commercialize its product candidates and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

17. 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 more narrow indication than expected.

The Group cannot commercialize a product until the Competent Authorities have reviewed and approved the product candidate. Even if the product candidates demonstrate safety and efficacy in clinical trials, the Competent Authorities may not complete their review processes in a timely manner, or regulatory approval may not be obtained. At this time, the Group cannot guarantee or know the exact nature, precise timing and detailed costs of the efforts that will be necessary to complete the remainder of the development of its research programs and products candidates. Each Competent Authority may impose its own requirements, may discontinue an approval, may refuse to grant approval, or may require additional data before granting approval, notwithstanding that approval may have been granted by one or more other Competent Authorities. Competent Authorities may also approve a treatment candidate for fewer or more limited indications or patient sub-segments than requested or may grant approval subject to the performance of post-marketing studies. Competent Authority approval may be delayed, limited or denied for a number of reasons, most of which are beyond the Group's control. Such reasons could include, amongst others the production process or site not meeting the applicable requirements for the manufacture of regulated products, or the products not meeting applicable requirements for safety or efficacy during the clinical development stage or after marketing. No assurance can be given that clinical trials will be approved by Competent Authorities or that products will be approved for marketing by Competent Authorities in any pre-determined indication or intended use. Competent Authorities may disagree with the Group's interpretation of data submitted for their review. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of the Group's treatment candidates and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

The Group and any collaborative partners are, or may become subject to, numerous on-going other regulatory obligations, such as data protection, environmental, health and safety laws and restrictions on the experimental use of animals and/or human beings. The costs of compliance with such applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing authorization of its products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly increase the Group's or its collaborative partners' costs or delay the development and commercialization of its product candidates and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

18. 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.

Even if the Group obtains regulatory approval in a jurisdiction, Competent Authority may still impose significant restrictions on the indicated uses or marketing of the product candidates, impose ongoing requirements for potentially costly post-approval studies or post-market surveillance or subsequently withdraw approval. There can be no guarantee that such additional data or studies, if required, will corroborate earlier data. Post-approval manufacturing and marketing of the Group's products may show different safety and efficacy profiles to those demonstrated in the data on which approval to test or market said products was based. If the Group would conduct clinical tests of its products with other therapeutic products (combination therapy), the Group's products would be exposed to any risk identified in relation to such other therapeutic products. Such circumstances could lead to the withdrawal, restriction on use or suspension of approval, which could have a material adverse effect on the Group's business, financial condition, operating results or cash flows. Advertising and promotional materials must comply with Competent Authorities or other applicable rules and are subject to Competent Authorities review, in addition to other potentially applicable federal and state laws and legislation globally. In addition, Competent Authorities may not approve the labelling claims or advertisements that are necessary or desirable for the successful commercialization of the Group's products.

If the Group fails to comply with applicable regulatory requirements following approval of any of the products, a Competent Authority may for example:

- issue a warning letter asserting that the Group is in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any on-going clinical studies;
- refuse to approve a pending NDA or supplements to a NDA for other indications or new drug products;
- seize the product; or
- refuse to allow the Group to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require the Group to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may delay commercialization of the Group's products, increase costs and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

D. Risks Relating to the Group's Business Operations

19. The Group's future success depends on the ability to retain qualified employees, consultants and advisors and to attract, retain and motivate qualified personnel.

The Group is highly dependent on the principal members of its management team, including Aram Mangasarian, Ph.D and Dr. Matthias Baumann. The loss of one or more of these individuals or other employees, consultants or advisors may adversely impact the achievement of the Group's objectives. While the Group entered into employment or service agreements with each of the executive officers, any of them could leave at any time. The Group currently does not carry key-man insurance policies covering any of its executive officers. Recruiting and retaining other qualified employees, consultants and advisors for the Group's business, including scientific and technical personnel, will also be critical to its success. There is currently a shortage of skilled executives in the industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. The Group may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for individuals with similar skill sets. In addition, failure to succeed in preclinical studies or clinical trials may make it more challenging to recruit and retain qualified personnel. The inability to recruit or loss of the services of any executive, employee, consultant or advisor may impede the progress of research, development and commercialization objectives and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

20. The Group has been subject to restructurings and will 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 has been the subject of restructurings in the past and will be subject to restructurings in the future, some of which may be material. As of 15 September 2016, after an internal restructuring that occurred on 31 July 2016, the Group had 26 full-time active employees and 2 part-time employees. As the Group matures and undertakes the activities required to advance product candidates into later stage clinical development, to commercialize product candidates and to operate as a public company, it expects to further adapt its full-time employee base. The Company intends to focus in the near term on the key strategies and goals of its business (see Section 11 (*Business–Strategy*)), which would result in the Group reducing a significant number of its full-time employees, who are not directly related to these key strategies and goals of its business. By the end of the first quarter of 2017, the Group plans that its overall employee size would be approximately the equivalent of 10 to 12 full-time employees. The Group's management may need to divert a disproportionate amount of its attention away from day-to-day activities and devote a substantial amount of time to managing these adaptations. The Group may not be able to effectively manage a restructuring or an expansion of its operations, which may result in weaknesses in its infrastructure, operational mistakes, loss of business opportunities, loss of employees, reduced productivity among remaining employees or liabilities that may arise due to or in connection with restructurings. A growth could also require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If the Group's management is unable to effectively manage growth, expenses may increase more than expected, the ability to generate or grow revenues

could be compromised, and the Group may not be able to implement its business strategy. In addition, although the Group has attempted and intends to attempt addressing most of the relevant issues arising from restructurings, including for example tax, legal (including potential payments of employee compensation) and operational management issues, the Group may not have and in the future may not address all relevant issues related thereto or fail to address them sufficiently. The Group's future financial performance and its ability to commercialize product candidates and compete effectively will depend, in part, on its ability to effectively manage any future restructurings, growth and any related liabilities, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

21. 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 is exposed to the risk of fraud or other misconduct by its employees, principal investigators, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with the regulations of the FDA, EMA or other Competent Authorities' regulations, provide accurate information to the FDA, EMA or other Competent Authorities, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, including the Foreign Corrupt Practices Act, report financial information or data accurately or disclose unauthorized activities.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to the Group's reputation. In connection with the Listing, the Group will adopt a code of conduct applicable to all of its employees, officers and directors, but it is not always possible to identify and deter employee misconduct, and the precautions the Group takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Group from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against the Group, and the Group is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of significant fines or other sanctions, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

22. 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.

The use of the Group's product candidates in clinical trials and the sale of any products for which it obtains marketing approval exposes the Group to the risk of product liability claims. Product liability claims might be brought against the Group by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with its product candidates. There is a risk that the Group's product candidates may induce adverse events. If the Group cannot successfully defend against product liability claims, it could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of the Group's business reputation;
- increased regulatory scrutiny;
- withdrawal of clinical trial sites, trials or participants;
- product recalls or a change in the indications for which they may be used;
- significant litigation costs;

- distraction of management's attention from the Group's primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize the Group's product candidates;
- decreased demand for the Group's product candidates, if approved for commercial sale; and
- impairment of the Group's ability to obtain product liability insurance coverage.

If any of the Group's product candidates are approved for commercial sale, it will be highly dependent upon consumer perceptions and the safety and quality of its products. The Group could be adversely affected if it is subject to negative publicity. The Group could also be adversely affected if any of its products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of the Group's dependence upon consumer perceptions, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of its products or any similar products distributed by other companies could materially adversely affect the Group's business, prospects, financial condition and results of operation.

The Group holds several clinical trial insurances for ongoing clinical trials for the benefit of test persons taking part in clinical studies in accordance with legal and regulatory requirements. The Group believes its insurance coverage is sufficient in light of its current clinical trial programs; however, the Group may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect it against losses due to liability. As the Group further clinically develops its product candidates, and if it obtains marketing approval for any product candidates, the Group intends to expand its insurance coverage to include the sale of commercial products, but it may not be able to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on drugs or medical treatments that had unanticipated adverse effects. A successful product liability claim or series of claims brought against the Group could cause its share price to decline and, if judgments exceed the insurance coverage, could materially and adversely affect its financial position.

Patients with the diseases targeted by some of the Group's product candidates are often already in severe and advanced stages of disease and have both known and unknown significant pre-existing and potentially life-threatening health risks. During the course of treatment, patients may suffer adverse events, including death, for reasons that may be related to the Group's product candidates. Such events could subject the Group to costly litigation, require it to pay substantial amounts of money to injured patients, delay, negatively impact or end its opportunity to receive or maintain regulatory approval to market its products, or require the Group to suspend or abandon its commercialization efforts. Even in a circumstance in which the Group does not believe that an adverse event is related to its product candidate, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may harm the Group's reputation, delay its regulatory approval process, limit the type of regulatory approvals its product candidates receive or maintain, and compromise the market acceptance of any of its product candidates that receive regulatory approval. As a result of these factors, a product liability claim, even if successfully defended, could hurt the Group's business and impair its ability to generate revenues and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

23. 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.

The Group is subject to numerous environmental, chemical, hazardous substances, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. The Group's operations involve the use of hazardous and flammable materials, including chemicals. The Group's operations also produce hazardous waste products. The Group generally contracts with third parties for the disposal of these materials and wastes. The Group cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from the Group's use of hazardous materials, it could be held liable for any resulting damages, and any liability could exceed its resources. The Group also could incur significant costs associated with civil or criminal fines and penalties.

Although the Group maintains workers' compensation insurance to cover for costs and expenses, the Group may incur due to injuries to its employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. In addition, the Group may incur substantial

costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair the Group's research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

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

The Group's expenses in the immediate future are primarily denominated in euros and dollars. The Group's potential future revenues may be denominated in euros, U.S. dollars or British pounds and other currencies. As a result, the business and share price may be affected by fluctuations in foreign exchange rates between the euro, dollar and other currencies, which may also have a significant impact on the Group's reported results of operations and cash flows from period to period. Although currency exchange rate fluctuations have not had an impact on the Group's operations to date, as the Group further develops and commercializes its product candidates, its exposure to currency risks will increase. Currently, the Group does not have any exchange rate hedging arrangements in place. Therefore, changes in exchange rates between the currencies in which expenses and potential future revenues are denominated may affect its revenues, cost of goods sold, and operating margins, and could result in exchange losses in any given reporting period. Given the volatility of exchange rates, the Group can give no assurance that it will be able to effectively manage its currency transaction risks or that any volatility in currency exchange rates will not have an adverse effect on its results of operations or financial condition, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

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

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

The Company is a clinical-stage biopharmaceutical company and the Group has not yet generated any material revenues. The Group has incurred losses in each year since its inception in 1997, including net losses of €16.1 million for the fiscal year ended 31 December 2015 and €13.8 million for the fiscal year ended 31 December 2014.

The Group has devoted most of its financial resources to research and development, including clinical and preclinical development activities. To date, the Group has financed its operations primarily through the sale of equity securities, the issuance of convertible debt, grants from public institutions and state-owned organizations and secured debt. The amount of future net losses will depend, in part, on the rate of the Group's future expenditures and its ability to obtain future funding through equity or debt financings, strategic collaborations or additional grants. The Group has not completed pivotal clinical trials for any of its product candidates and it will be several years, if ever, before it has a product candidate ready for commercialization. Even if the Group obtains regulatory approval to market a product candidate, its future revenues will depend upon the size of any markets in which its product candidates have received approval, and the ability to achieve sufficient market acceptance, reimbursement from third-party payors and adequate market share for product candidates in those markets.

The Group expects to continue to incur significant expenses and increasing operating losses for the foreseeable future. The Group anticipates that its expenses will increase substantially as it:

- continues or accelerates research and preclinical and clinical development of product candidates;
- expands or modifies the scope of its current clinical trials for its product candidates;
- initiates additional preclinical, clinical or other studies for it product candidates;
- seeks regulatory and marketing approvals for any of its product candidates that successfully complete clinical trials;
- further develops the manufacturing process for its product candidates, including the optimization and scaling of its manufacturing process for commercial production;
- changes or adds additional manufacturers or suppliers;

- establishes a sales, marketing and distribution infrastructure to commercialize any products for which it may obtain marketing approval;
- seeks to identify and validate additional product candidates;
- acquires or in-licenses other product candidates and technologies;
- makes milestone or other payments under any in-license or other intellectual property-related agreements that it has entered into or may enter into in the future;
- maintains, protects and expands its intellectual property portfolio;
- attracts and retains skilled personnel;
- creates additional infrastructure to support the Company's operations as a public company; and
- experiences any delays or encounters issues with any of the above.

The net losses the Group incurs may fluctuate significantly from quarter-to-quarter and year-to-year, such that a period-to-period comparison of its results of operations may not be a good indication of its future performance. In any particular quarter or quarters, the Group's operating results could be below the expectations of securities analysts or investors, which could cause its share price to decline and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

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

The Group's ability to generate revenues and achieve profitability depends on its ability, alone or with strategic collaboration partners, to successfully complete the development of, obtain the regulatory approvals of, and commercialize its product candidates. To date, the Group has not generated any revenues, except for immaterial amounts of revenues through the sale of oligonucleotides for research purposes to its scientific collaborators and small amounts of research funding obtained from pharmaceutical companies. The Group has no product candidates approved for commercial sale and does not anticipate generating revenues from such product sales for the foreseeable future, if ever. The Group's ability to generate future revenues from product sales depends heavily on its success in:

- completing research and preclinical and clinical development of its product candidates;
- seeking and obtaining regulatory and marketing approvals for product candidates for which it completes clinical trials;
- developing a sustainable, scalable, reproducible and transferable manufacturing process for its product candidates;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide products and services adequate, in amount and quality, to support clinical development and the market demand for its product candidates, if approved;
- launching and commercializing any product candidates for which it obtains regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing and distribution infrastructure;
- obtaining market acceptance of any product candidates that receive regulatory approval as viable treatment options;
- addressing any competing technological and market developments;
- implementing additional internal systems and infrastructure, as needed;
- identifying and validating new product candidates;

- negotiating favorable terms in any collaboration, licensing or other arrangements into which it may enter;

- maintaining, protecting and expanding its portfolio of intellectual property rights, including patents, trade secrets and know-how; and

- attracting, hiring and retaining qualified personnel.

Even if one or more of the Group's product candidates is approved for commercial sale, the Group anticipates incurring significant costs associated with commercializing any approved product candidate. The Group's expenses could increase beyond expectations if it is required, by the FDA or the EMA or any other Competent Authority, to perform clinical and other studies in addition to those that it currently anticipates. Even if the Group is able to generate revenues from the sale of any approved products, it may not become profitable and may need to obtain additional funding to continue operations, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

27. The Group's loan agreements with KREOS CAPITAL IV (UK) Limited ("Kreos") contain operating covenants that may restrict its business and financing activities.

The Group is party to agreements relating to loan facilities with Kreos. Borrowings under these loan agreements are secured by substantially all of the Group's assets, including key intellectual property assets relating to its technology platform. The Group's loan agreements restrict its ability to, among other things:

- incur additional indebtedness, except for interest rate and/or currency hedging in the ordinary course of business;

- make payment to subordinated indebtedness;

- create liens on its assets, except for liens created by operation of law and/or in the ordinary course of business;

- enter into transactions with affiliates;

- purchase, sell or dispose of assets, including its intellectual property rights, other than in the ordinary course of business; or

- make distributions by way of dividend or otherwise.

The operating restrictions and covenants in the loan agreements with Kreos governing the Group's line of credit, as well as any future financing agreements that it may enter into, may restrict the Group's ability to finance its operations, engage in business activities or expand or fully pursue its business strategies. The Group's ability to comply with these covenants may be affected by events beyond its control, and the Group may not be able to meet those covenants. A breach of any of these covenants could result in a default under the loan agreements with Kreos, which could cause all of the outstanding indebtedness under the facilities to become immediately due and payable.

If the Group is unable to generate sufficient cash available to repay its debt obligations when they become due and payable, either when they mature or in the event of a default, it may not be able to obtain additional debt or equity financing on favorable terms, if at all, which may negatively impact its ability to continue as a going concern and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

28. 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.

The Group intends to advance its lead product candidate NOX-A12 through clinical development and one or more of its other product candidates in its pipeline through preclinical and clinical development. The Group may also advance its product candidate NOX-E36 through clinical development in collaboration with a partner company. The

Company may not secure enough financing to complete the planned clinical trials for NOX-A12 so that the next phase trials as discussed in "*Business"* can be initiated. Developing pharmaceutical products is expensive, and the Group will in the future need to obtain funding.

Any additional fundraising efforts may divert the Group's management from their day-to-day activities, which may compromise the ability to develop and commercialize its product candidates. In addition, the Group cannot guarantee that future financing, including entering into collaboration agreements, will be available in sufficient amounts or on terms acceptable to it, if at all. The incurrence of indebtedness would result in increased fixed payment obligations and the Group may be required to agree to certain restrictive covenants, such as limitations on its ability to incur additional debt, make capital expenditures or declare dividends, limitations on the Group's ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact the ability to conduct its business.

The Group could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable and it may be required to relinquish rights to future revenue streams or to some of the Group's technologies or product candidates that it would otherwise prefer to develop and market itself or otherwise grant licenses or agree to terms unfavorable to the Group. Similarly, the government funding and investment that the Group receives from time to time from investors financed by government sources may be, and often is, subject to strict conditions, including with respect to the financial viability of the project or the recipient of the grant, and dependent on maintaining a particular shareholder structure or operations in a particular location or jurisdiction. Such funding or investment may also impose certain obligations to publish research and development results or assign rights of use to third parties and limit the Group's rights to the intellectual property or work result or require it to make use of it within a certain period of time. Violations of the conditions under which the grants or investments have been, or will be, awarded may lead to a suspension of all or parts of the grants or a revocation of the grants or investments, plus payment of interest and possibly penalty payments.

The Company's ability to continue as a going concern is dependent on its ability to generate a profit and/or raise additional funds from outside sources, including obtaining additional funding from the sale of its securities, increasing revenues or obtaining loans and grants from various financial institutions where possible, to continue its research and development programs and meet its obligations. The Group's continued net operating losses increase the difficulty in meeting such goals and no assurance can be given that such methods will prove successful.

If the Group is unable to obtain funding on a timely basis, including through postponements or otherwise, it may be required to significantly curtail, delay or discontinue one or more of its research or development programs or the commercialization of any product candidates, and the Group may be unable to expand its operations or otherwise capitalize on its business opportunities, as desired, which could materially adversely affect the Group's business, prospects, financial condition and results of operation and may place doubt that the Group will be able to continue as a going concern.

F. Risks Relating to Reliance on Third Parties

29. 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 has limited experience in filing and prosecuting the applications necessary to gain regulatory approvals for product candidates. Moreover, the product candidates that are likely to result from the Group's development programs are based on new technologies that have not been extensively tested in humans. The regulatory requirements governing these types of product candidates may be less well-defined or more rigorous than for conventional products. The Group intends to rely on independent consultants for purposes of its regulatory compliance and product development and approvals in by the EMA, FDA and other Competent Authorities. In addition, because the Spiegelmer technology platform allows it to generate and develop product candidates in multiple therapeutic areas, the Group has less experience within each individual therapeutic area than companies that focus their research and development on one disease or condition. Consequently, the Group may be more reliant on its consultants in the regulatory process than comparable companies. Any failure by consultants to properly advise the Group regarding, or properly perform tasks related to, regulatory compliance requirements could compromise its ability to develop and seek regulatory approval of its product candidates, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

30. The Group expects 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.

The Group does not expect to independently conduct all aspects of its product manufacturing, protocol development, research and preclinical and clinical testing. The Group currently relies, and expects to continue to rely, on third parties with respect to these items. This reliance on third parties increases the risk that the Group will not have sufficient quantities of its product candidates or products or such quantities at an acceptable cost or acceptable quality, which could delay, prevent or impair the Group's development or commercialization efforts.

There is a limited number of third-party service providers that specialize or have the expertise required to achieve the Group's business objectives. If the Group needs to enter into alternative arrangements, it could delay its product development activities. The Group's reliance on these third parties for research and development activities will reduce its control over these activities but will not relieve the Group of its responsibility to ensure compliance with all required regulations and study protocols. For example, for product candidates that the Group develops and commercializes on its own, it will remain responsible for ensuring that each of its IND enabling studies and clinical trials are conducted in accordance with the study plan and protocols.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct the Group's studies in accordance with regulatory requirements or its stated study plans and protocols, the Group will not be able to complete, or may be delayed in completing, the preclinical studies and clinical trials required to support future IND submissions (or foreign equivalents) and approval of its product candidates.

Reliance on third-party manufacturers entails risks to which the Group would not be subject if it manufactured the product candidates itself, including:

- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- reduced control as a result of using third-party manufacturers for all aspects of manufacturing activities;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to the Group; and
- disruptions to the operations of the Group's third-party manufacturers or suppliers caused by conditions unrelated to its business or operations, including the bankruptcy of the manufacturer or supplier.

Any of these events could lead to clinical trial delays or failure to obtain regulatory approval, or impact the Group's ability to successfully commercialize future products and could materially adversely affect the Group's business, prospects, financial condition and results of operation. Some of these events could be the basis for FDA, or other Competent Authority, action, including injunction, recall, seizure or total or partial suspension of production.

31. 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 synthesizes Spiegelmers in research grade quality for discovery and early preclinical study purposes. The Group has historically and in the future plans to continue to enter into contractual arrangements with qualified third-party manufacturers to manufacture its product candidates and products for clinical and commercial supplies. However, the Group is responsible for obtaining the components used in manufacturing its product candidates and currently has a relationship with a single supplier for the supply of PEG for use in the manufacture of its product candidates. The Group's use of this single-source supplier exposes it to several risks, including disruptions in supply, cessation of operations, price increases, late deliveries and an inability to meet customer demand. The Group may not be able to enter into alternative supply arrangements in a timely manner or on commercially reasonable terms, or at all. A delay in the development of the Group's product candidates, or having to enter into a new agreement with a different supplier on less favorable terms than it has with its current supplier, could materially adversely affect the Group's business, prospects, financial condition and results of operation.

32. The Group expects 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 expects to rely on CROs and clinical trial sites to ensure its clinical trials are conducted properly and on time. While the Group will have agreements governing their activities, it will have limited influence over their actual performance. The Group controls only some aspects of its CROs' activities. Nevertheless, the Group will be responsible for ensuring that each of its clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific requirements and standards, and its reliance on the CROs does not relieve the Group of its regulatory responsibilities.

The Group and its CROs are required to comply with the FDA's GCPs for conducting, recording and reporting the results of IND-enabling studies and clinical trials to assure that the data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. The FDA enforces these GCPs through periodic inspections of study sponsors, principal investigators and clinical trial sites. If the Group or its CROs fail to comply with applicable GCPs, the clinical data generated in its future clinical trials may be deemed unreliable and the FDA may require the Group to perform additional clinical trials before approving any marketing applications. Upon inspection, the FDA may determine that the Group's clinical trials did not comply with GCPs. Other Competent Authorities may have similar requirements and apply similar standards. In addition, the Group's future clinical trials will require a sufficient number of test subjects to evaluate the safety and effectiveness of its product candidates. Recruitment may be challenging in the event of rare diseases and may require the performance of trials in a significant number of sites which may be harder to monitor. Accordingly, if the Group's CROs fail to comply with these regulations or fail to recruit a sufficient number of patients, the Group may be required to repeat such clinical trials, which would delay the regulatory approval process.

The Group's CROs are not employees of the Group, and the Group is therefore unable to directly monitor whether or not they devote sufficient time and resources to its clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including parties developing potentially competitive products, for whom they may also be conducting clinical trials or other drug development activities that could harm the Group's competitive position. If the Group's CROs do not successfully carry out their contractual duties or obligations or fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to the Group's clinical protocols or regulatory requirements, or for any other reason, the Group's clinical trials may be extended, delayed or terminated, and the Group may not be able to obtain regulatory approval for, or successfully commercialize, its product candidates. As a result, the commercial prospects for the Group's product candidates would be harmed, its costs could increase and the ability to generate revenues could be delayed.

The Group also expects to rely on other third parties to store and distribute its product candidates for any clinical trials that it may conduct. Any performance failure on the part of the Group's distributors could delay clinical development or marketing approval of its product candidates or commercialization of its products, if approved, producing additional losses and depriving the Group of potential product revenues and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

33. 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 has not yet secured manufacturing capabilities for commercial quantities of its product candidates or established facilities in the desired locations to support commercialization of its product candidates. Although the Group has entered into agreements with certain of its manufacturers to assist in the scaling up of the manufacturing process of Spiegelmers in support of its clinical trial programs, the Group may be unable to negotiate binding agreements with the manufacturers to support its commercialization activities on commercially reasonable terms.

The Group may encounter technical or scientific issues related to manufacturing or development that it may be unable to resolve in a timely manner or with available funds. Although the Group currently has process development and small-scale manufacturing capabilities for research and development and preclinical supplies internally and for clinical supplies through third parties, it does not have the capacity to manufacture its product candidates on a commercial scale. In addition, the Group's product candidates based on its Spiegelmer technology platform are novel, and no manufacturer currently has the experience or ability to produce its product candidates at commercial levels. Consequently, the

commercial manufacturing process may be more costly or unpredictable than the Group currently expects. If the Group is unable to engage manufacturing partners to produce its product candidates on a larger scale on reasonable terms, its commercialization efforts will be harmed.

Even if the Group timely develops a manufacturing process and successfully transfers it to the third-party manufacturers of its product candidates, if such third-party manufacturers are unable to produce the necessary quantities of its product candidates, or in compliance with current GMP or with pertinent regulatory requirements, and within the Group's planned time frame and cost parameters, the development and sales of product candidates, if approved, may be impaired.

In addition, any significant disruption in the Group's supplier relationships could harm the business. The Group sources key materials from third parties, either directly through agreements with suppliers or indirectly through its manufacturers who have agreements with suppliers. There are a small number of suppliers for certain key materials that are used to manufacture the Group's product candidates. Such suppliers may not sell these key materials to the Group's manufacturers at the times it needs them or on commercially reasonable terms. The Group does not have any control over the process or timing of the acquisition of these key materials by its manufacturers. Moreover, the Group currently does not have any agreements for the commercial production of these key materials, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

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

The Group works with medical experts, chemists, biologists and other scientists at academic and other institutions, and consultants who assist the Group in its research, development and regulatory efforts, some of whom are key scientific advisors to the Group. In addition, these scientists and consultants have provided, and the Group expects that they will continue to provide, valuable advice regarding the Group's programs and regulatory approval processes. These scientists and consultants are not employees of the Group and may have other commitments that would limit their future availability to the Group. If a conflict of interest arises between their work for the Group and their work for another entity, the Group may lose their services. The Group's agreements with them may be subject to subsequent restrictions or limitations imposed by applicable laws or by the respective employer institutions of the outside scientists and consultants. In addition, the Group is limited in its ability to prevent them from establishing competing businesses or developing competing products. For example, if a key scientist acting as a principal investigator in any of the Group's clinical trials identifies a potential product or compound that is more scientifically interesting to his or her professional interests, his or her availability to remain involved in the Group's clinical trials could be restricted or eliminated, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

G. Risks Relating to the Group's Intellectual Property

35. 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's success depends, in large part, upon its ability to obtain and maintain patent protection for its product candidates. If the Group does not adequately protect its intellectual property, competitors may be able to negate any competitive advantage that the Group may have, which could harm the Group's business. To protect the Group's proprietary position, it files patent applications in Europe, the United States and various other jurisdictions related to its technology platform and product candidates that are important to the business. In addition the Group has licensed in patents and patent applications from third parties.

If the patent applications the Group holds or has in-licensed with respect to its technology platform or product candidates fail to issue, or if the coverage claimed in patent applications is reduced before patents are issued, or if the breadth or strength of the Group's patent protection is challenged or threatened, or if the Group's patent portfolio fails to provide meaningful exclusivity for e.g. the Group's technology platform or product candidates, the Group would be vulnerable to competition by third parties with identical or similar technologies which could dissuade companies from collaborating with it to develop its current and future product candidates and threaten the Group's ability to commercialize future products.

Although the Group has filed patent applications covering its technology platform and product candidates the Group cannot offer any assurances about which applications, if any, will issue as patents, the breadth of any such issued patent claims or whether any issued claims will be found invalid and unenforceable, or will be challenged or threatened

by third parties. There is no assurance that all of the potentially relevant prior art relating to the Group's patents and patent applications has been found, which could invalidate a patent or prevent a patent from issuing from a pending patent application. Moreover, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, the Group's patents or pending patent applications may be challenged in the courts or patent offices in Europe, the United States and other jurisdictions. An adverse determination in any such challenge may result in loss of exclusivity or in the Group's patent claims being narrowed, invalidated or held unenforceable, which could limit its ability to stop others from using or commercializing identical or similar technology and products.

Furthermore, even if the Group's patent applications issue as patents, they may not issue in a form that will provide the Group with meaningful patent protection for its product candidates. The Group's competitors may be able to circumvent its patents by developing similar or alternative products in a non-infringing manner. The Group's competitors may also seek approval to market their own products similar or otherwise competitive with the Group's product candidates. Alternatively, the Group's competitors may seek to market generic versions of an approved product by submitting applications to authorities in relevant jurisdictions in which they claim that the patents owned or licensed by the Group are invalid, unenforceable or not infringed. In these circumstances, the Group may need to defend or assert its patents, including by filing lawsuits alleging infringement of its patent rights. In such proceedings, a court or other agency may find the Group's patents invalid, unenforceable, or not infringed. Even if the Group has valid and enforceable patents, the patents may not provide adequate protection against competing products.

Moreover, the enforcement of patents, know-how and other intellectual property is costly, time consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the infringement or misappropriation of its patented inventions, know-how and other intellectual property rights and those of its licensors, and failure to do so could significantly impair the ability of the Group to effectively compete and have a material adverse effect on its business, prospects, financial condition and results of operations.

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

Filing, prosecuting and defending patents on all of the Group's product candidates throughout the world would be prohibitively expensive to the Group and to its licensors. Competitors may use the Group's technologies in jurisdictions where the Group or its licensors have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where the Group has patent protection but where enforcement is not as well developed as in the European Union or the United States. These products may compete with the Group's products in jurisdictions where the Group or its licensors do not have any issued patents and the Group's patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for the Group to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce the Group's patent rights in foreign jurisdictions could result in substantial cost and divert the Group's efforts and attention from other aspects of its business. The inability of the Group to protect and/or enforce its intellectual property rights throughout the world could have a material adverse effect on its business, prospects, financial condition and results of operations.

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

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Certain of the Group's own and in-licensed patents, mainly patents related to the technology platform, are expected to expire before or shortly after product candidates are approved for sale. For example, the patents that the Group owns or has in-licensed from third parties with claims relating to methods of producing Spiegelmers are expected to expire approximately in 2017, which are before the Group expects its product candidates to be approved in the United States or the European Union. Furthermore, the Group's European patent relating to the technology of PEGylated Spiegelmers, is another patent concerning the technology platform which is expected to expire approximately in 2022. Even though the Group expects that the expiration of these patents will not directly affect its product candidates NOX-A12 and NOX-E36 due to their separate and independent patent protection, the expiry of any such own or in-licensed patent may encourage potential competitors as they would be free to use the technology to which the relevant patent relates (unless where such use necessarily implies the use of other technology which at the relevant time is prohibited by a patent still in force). Although the Group has patents or patent applications covering its product candidates which are expected to expire no

earlier than 2027 (without taking into account any potential term extensions to the patents) and further protection of the Group's competitive position arises from the fact that competitors will not necessarily have experience with using the technology even when the relevant patent has expired, or if the patents are successfully challenged, the Group may be open to competition from generic medications and other competitors may try to copy and/or reverse engineer the Company's product candidates and/or technology platform. This risk is material in light of the length of the development process of the Group's products and lifespan of its current patent portfolio.

The Group expects to seek extensions of patent terms in the European Union, the United States and, if available, in other countries where it is prosecuting patents. In the European Union, an extension of protection (with the form of a so-called supplementary protection certificate) may be applied for after a valid market authorization is obtained if the relevant pharmaceutical product is specifically covered by a basic patent in force. The extension of the term of protection varies with the maximum extension period being five years. In the United States, the Drug Price competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication. Furthermore, the patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date and only one patent applicable to an approved product is eligible for the extension. However, such an extension may not be available for several of the patents owned or in-licensed by the Group. Moreover, the Competent Authorities deciding on such extension may not agree with the Group's assessment of whether such extensions are available, and may refuse to grant extensions to its patents, or may grant a smaller extension than requested. If this occurs, the Group's competitors may be able to take advantage of the Group's investment in the development and clinical trials by referencing its clinical and preclinical data and launch their product earlier than might otherwise be the case. If any of the patents used by the Group expire and the Group is unable to extend the patent term, any such event could materially adversely affect the Group's business, prospects, financial condition and results of operation.

38. 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.

The Group's commercial success depends upon its ability, and the ability of any third party with which it may partner, to develop, manufacture, market and/or sell its product candidates and use its patent-protected technologies without infringing the patents or other intellectual property rights of third parties. There is considerable amount of litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries. As the biopharmaceutical industry expands and more patents are issued, the Group faces greater risk that there may be patents issued to third parties that relate to its product candidates and technology of which the Group is not aware or that it must challenge to continue its operations as currently contemplated. The Group or its licensors may become involved in proceedings, including oppositions, interferences, derivation proceedings, *inter partes* reviews, patent nullification proceedings, revocation actions, re–examinations or similar proceedings, challenging the Group's patent rights or the patent rights of others, and the outcome of any such proceedings are uncertain. An adverse determination in any such proceeding could reduce the scope of, or invalidate, important patent rights, allow third parties to commercialize the Group's technology or products and compete directly with the Group, without payment to the Group, or result in the Group's inability to manufacture or commercialize products without infringing third-party patent rights. Litigation or other proceedings may fail and, even if successful, may result in substantial costs and distract the Group's management and other employees.

The Group's product candidates may infringe or may be alleged to infringe existing patents or patents that may be granted in the future. Because patent applications in Europe, the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, the Group cannot be certain that others have not filed patents that may cover its technologies, its product candidates or the use of its product candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Group's technologies, its product candidates or the use of its product candidates. As a result, the Group may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its product candidates and technology.

If the Group is sued for patent infringement, the Group would need to demonstrate that its product candidates or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Group may not be able to do this. If the Group is found to infringe a third party's patent, the Group could be required to obtain a license from such third party to continue developing and marketing its product candidates and technology or the Group may elect to enter into such a license in order to settle litigation or in order to resolve disputes prior to litigation. However, the Group may not be able to obtain any required license on commercially reasonable terms or at all. Even if the Group is able to obtain a license, it could be non-exclusive, thereby giving its competitors access to the same

technologies licensed to the Group, and could require the Group to make substantial royalty payments. The Group could also be forced, including by court order, to cease commercializing the infringing technology or product candidate. A finding of infringement could prevent the Group from commercializing its product candidates or force the Group to cease some of its business operations, which could materially harm its business. The Group may also be required to pay damages, costs and other financial remedies to the patent owner. Claims that the Group has misappropriated the confidential information or trade secrets of third parties could have a similarly negative impact on its business. Any such claims are likely to be expensive to defend, and some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Group can because they have substantially greater resources. In addition, the Group could be found liable for monetary damages, including treble damages in the United States (if the Group is found to have willfully infringed a patent) and attorney's fees. Moreover, even if the Group is successful in defending any infringement proceedings, it may incur substantial costs and divert management's time and attention in doing so, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation in some jurisdictions, there is a risk that some of the Group's confidential information could be compromised by disclosure during this type of litigation.

39. 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.

The Group is party to a number of license agreements and commercial agreements containing intellectual property licenses that are important to its business, and the Group expects to enter into additional licenses in the future. If the Group fails to comply with its obligations under these agreements, then the licensor may have the right to terminate the license or commercial agreement. In the event that any of the Group's important technology licenses were to be terminated by the licensor, the Group may have to delay or cease further development of the relevant program or manufacture or sale of the relevant product or be required to spend significant time and resources to modify the program or product so as not to use the rights under the terminated license or commercial agreement.

Licensing of intellectual property has been of critical importance to the Group's business, however, disputes may arise regarding an intellectual property license, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which the Group's technology, products and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patents and other rights under any collaboration relationships the Group might enter into in the future;
- the payments due by the Group under the license agreement, which may be higher than anticipated by the Group;
- the Group's diligence obligations under the license agreement and what activities satisfy those diligence obligations; and
- the ownership of inventions, improvements and know-how resulting from the joint creation or use of intellectual property by the Group and its licensors and partners.

If disputes over intellectual property that the Group has licensed prevent or impair its ability to maintain its current licensing arrangements on acceptable terms, the Group may be unable to successfully develop and commercialize the affected product candidates. Moreover, some of the Group's existing license agreements are sublicenses from third parties which are not the original licensor of the intellectual property at issue. Under these agreements, the Group must rely on its licensor to comply with its obligations under the primary license agreements under which such third party obtained rights in the applicable intellectual property, where the Group may have no relationship with the original licensor of such rights. If the licensors fail to comply with their obligations under these upstream license agreements, the

original third-party licensor may have the right to terminate the original license, which may terminate the sublicense. If this were to occur, the Group would no longer have rights to the applicable intellectual property and, in the case of a sublicense, if the Group was not able to secure its own direct license with the owner of the relevant rights, which it may not be able to do at a reasonable cost or on reasonable terms, it may adversely affect the Group's ability to continue to successfully develop and commercialize the product candidates incorporating the relevant intellectual property.

Furthermore, the Group may need to obtain licenses from third parties to advance its research or allow commercialization of its product candidates, as the Group has done so from time to time. However, the Group may be unable to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, the Group may be required to expend significant time and resources to develop or license replacement technology. If the Group is unable to do so, it may be unable to develop or commercialize the affected product candidates. Any such event could have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

40. 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 relies on trade secret protection to protect its interests in its trade secrets, know-how or other proprietary information and processes for which patents are difficult to obtain or enforce or that the Group elects not to patent, all of which constitute confidential information. The Group may not be able to protect its confidential information adequately. Because the Group relies on third parties to manufacture its product candidates, and because the Group collaborates with various organizations and academic institutions on the advancement of its technology, the Group must, at times, share trade secrets with them. The Group has a policy of including confidentiality provisions in its agreements with employees, consultants, contract personnel, advisers and third-party partners. However, no assurance can be given that the Group has entered into appropriate agreements with all of its employees, consultants, contract personnel, advisers, third-party partners or other parties that have had access to its confidential information. Also, no assurance can be given that such agreements will provide for a meaningful protection of confidential information in the event of any unauthorized use or disclosure of information. Although the Group expects its employees, consultants, advisors and any third parties who have access to its confidential information to enter into confidentiality agreements, the Group cannot give any assurances that, either accidentally or through willful misconduct, the agreements will not be breached, that its confidential information will not be disclosed or that competitors will not otherwise gain access to its confidential information or independently develop substantially equivalent information and techniques. Further, the Group also maintains physical security of its premises and physical and electronic security of its information technology systems. However, it is possible that confidential information could be obtained by third parties as a result of breaches of physical or electronic security systems of the Group, its consultants, advisers, third-party partners or other parties that have had access to its confidential information. Any disclosure of confidential data into the public domain or to third parties could allow the Group's competitors to learn confidential information and use it in competition against the Group. In addition, others may independently discover the Group's confidential information. Any action to enforce the Group's rights against any misappropriation or unauthorized use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable. Any misappropriation or unauthorized disclosure of the Group's confidential information could impair its competitive position and may have a material adverse effect on its business, prospects, financial condition and results of operation.

41. 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.

Certain of the Group's employees, including members of senior management, were previously employed at universities, medical institutions or other biotechnology or pharmaceutical companies, including competitors or potential competitors of the Group. Although the Group tries to ensure that its employees, consultants and independent contractors do not use the proprietary information or know-how of others in their work for the Group, it may be subject to claims that the Group or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of its employee's former employers or other third parties. The Group may be subject to claims that former employees, collaborators or other third parties have an ownership interest in its patents or other intellectual property. The Group may be subject to ownership disputes in the future arising from, for example, conflicting obligations of consultants or others who are involved in developing the Group's technology, products or processes. Litigation may be necessary to defend against these claims. If the Group fails in defending any such claims, in addition to paying monetary damages or other financial remedies, it may lose valuable

intellectual property rights or personnel. Even if the Group is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

42. 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.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid by the Group and/or its licensors to the relevant patent agencies in several stages over the lifetime of the licensed patents and/or applications. The relevant patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. The Group has contracted various service providers, including law firms, to assist it in monitoring compliance with these obligations and the Group relies on their proper and timely advice in order to maintain and protect its patent portfolio. Nevertheless, in the event of a partial or complete loss of patent rights in a jurisdiction, the Group's competitors might be able to use its technologies and product candidates as well as those technologies licensed to the Group and this circumstance could materially adversely affect the Group's business, prospects, financial condition and results of operation.

43. 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.

All of the Group's employees work in Germany and are subject to German employment law. Ideas, developments, discoveries and inventions made by such employees are subject to the provisions of the German Act on Employees' Inventions (*Gesetz über Arbeitnehmererfindungen*), which regulates the ownership of, and compensation for, inventions made by employees. The Group faces the risk that disputes may occur between the Group and its employees or ex-employees pertaining to the sufficiency of compensation paid by the Group, allocation of rights to inventions under this act or alleged non-adherence to the provisions of this act, any of which may be costly to resolve and take up management's time and efforts whether the Group prevails or fails in such dispute. In addition, under the German Act on Employees' Inventions, certain employees retain rights to patents they invented or co-invented prior to 2009. While the Group believes that all of its German employee inventors have subsequently assigned to it their interest in patents they invented or co-invented, there is a risk that the compensation the Group provided to them may be deemed to be insufficient, and the Group may be required under German law to increase the compensation due to such employees for the use of the patents. If the Group is required to pay additional compensation or face other disputes under the German Act on Employees' Inventions, its results of operations could be adversely affected, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

H. Risks Relating to the Listing and the Ordinary Shares

44. The existing holders of shares in the Company (the "Shareholders") hold a significant interest in and will continue to exert substantial influence over the Company following the Listing and their interests may differ from or conflict with those of other Shareholders.

Immediately following the Listing, the Shareholders, which recently acquired Ordinary Shares by way of the exchange of substantially all of their equity interests in NOXXON Pharma AG for newly issued Ordinary Shares in the Company and some of which received further Ordinary Shares against cash in the course of a private placement in the amount of approximately €2.8 million (the **"Cash Placement**"), will continue to own beneficially approximately 81.38% of the issued Ordinary Share capital of the Company. As a result, these Shareholders possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors, amendments of organizational documents, approval of any merger, sale of assets and approval of significant corporate transactions. The interests of these Shareholders may not always be aligned with those of the Company or the other Shareholders.

45. There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to the Listing, there has been no public trading market for the Ordinary Shares. No assurance can be given that an active market for the Ordinary Shares will develop or, if developed, can be sustained. If an active market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

46. Ordinary Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

The market price of the Ordinary Shares is currently unknown and may be volatile and subject to wide fluctuations. The market price of the Ordinary Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these risk factors, as well as period to period variations in operating results or changes in revenues or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavorable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes.

In addition, the stock market has recently experienced significant volatility, particularly with respect to pharmaceutical, biotechnology, and other life sciences company stocks. The volatility of pharmaceutical, biotechnology and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock. Any or all of these factors could result in material fluctuations in the price of Ordinary Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

47. The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including before or after the expiry of the lock-up period, or the perception that these sales could occur.

Sales by the Shareholders of a substantial number of Ordinary Shares in the public markets following the Listing, or the perception that such sales might occur, could cause the market price of the Ordinary Shares to decline. Furthermore, subject to the below, there is no commitment on the part of any of the existing Shareholders to remain a shareholder or to retain a minimum interest in the Company following the Listing. Each of the previous shareholders of NOXXON Pharma AG (excluding certain minority shareholders which following the Corporate Reorganization do not hold shares of the Company and one minority shareholder who, following the Corporate Reorganization, holds less than 1% of the shares in the Company), as well as Kreos Jersey, who recently acquired Ordinary Shares, have entered into a lock-up agreement with the Listing Agent on various dates in September 2016. Pursuant to the lock-up agreement, each such Shareholder has agreed to restrictions on its ability to sell and transfer Ordinary Shares for a period of 365 days (in the case of Kreos, 180 days) from the Listing Date (the shareholder lock-up period), provided that such restrictions will not apply to the Ordinary Shares issued in connection with the Cash Placement nor to any Ordinary Shares that may be issued after the Listing. Two shareholders who have recently been issued Ordinary Shares against certain contributions in kind and hold approximately 0.51% and 0.14% of the share capital, respectively, are not parties to such lock-up agreement. In addition to such lock-up agreement entered into by most of the existing Shareholders, each member of the management board of the Company (the "**Management Board**"), the supervisory board of the Company (the "**Supervisory Board**") and senior management and certain former managers have entered into several lock-up agreements with the Company and the Listing Agent on 21 September 2016. Pursuant to the relevant lock-up agreement, each such member or manager has agreed restrictions on his or her ability to sell and transfer Ordinary Shares for a period of 365 days from the Listing Date, subject to certain exceptions. However, in particular the fact that the above restrictions will not apply to the Ordinary Shares issued under the Cash Placement nor to the two above-mentioned Shareholders could result in a sale of a substantial number of Ordinary Shares in the public market even before expiry of the applicable lock-up period. Further, as the above restrictions are, as described, based on lock-up agreements entered into between the relevant restricted party and the Listing Agent, there is the possibility that they fall away by way of the restricted party and the Listing Agent repealing the relevant lock-up agreement. In addition, there could be a perception in the market that such sales could occur due to the expiry of the applicable lock-up period or its waiver. Any of these circumstances may adversely affect the market price of the Ordinary Shares. In addition, such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

As a result, no investment decision should be made on the basis that any of the existing Shareholders will retain any interest in the Company following the expiration of the lock-up period.

Moreover, the majority of the previous shareholders of NOXXON Pharma AG, other than DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG, are venture capital funds. Venture capital funds typically have a limited duration after which they aim to sell their participations, depending on their objects. An exit, over time, by these Shareholders could therefore be expected. If such a sale of Ordinary Shares by any of these existing Shareholders would take place in a market with lower liquidity, the market price of the Ordinary Shares could be substantially influenced which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

48. The issuance of additional Ordinary Shares may affect the market price of the Ordinary Shares and could dilute the interests of existing Shareholders.

The Group will seek to raise financing to fund future acquisitions and other growth opportunities. The Company may, for these and other purposes, issue additional equity or convertible equity securities.

As of the Listing Date, the Management Board, subject to approval from the Supervisory Board, is expected to have the authority to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares for a period of three years following the Listing Date and to limit or exclude the pre-emptive rights pertaining to such Ordinary Shares. As a result, Shareholders may suffer dilution in their percentage ownership or the market price of the Ordinary Shares may be adversely affected.

In addition, it is expected that the general meeting of shareholders of the Company (the "**General Meeting**") will designate the Management Board as the corporate body authorized to, subject to the prior approval of the Supervisory Board, issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares under a stock option and incentive plan of the Company (to be adopted by the Management Board and approved by the Supervisory Board and the General Meeting and to become effective immediately prior to the completion of the Listing) and to restrict and/or exclude pre-emptive rights of Shareholders for such Ordinary Shares or rights for a period of five years from the Listing Date. Such designation of the Management Board is expected to be limited to up to 7% of the total number of Ordinary Shares issued and outstanding immediately following listing. Currently, the Group plans to register the increased number of shares available for issuance under the equity incentive plans each year. If the Management Board elects to increase the number of Ordinary Shares available for future grant by the maximum amount each year, Shareholders may experience additional dilution, which could cause the share price to fall and could materially adversely affect the Group's business, prospects, financial condition and results of operation.

49. The Company may not pay dividends for the foreseeable future.

The Company may not pay dividends for the foreseeable future. Payment of future dividends to Shareholders will be subject to a decision of the General Meeting and subject to legal restrictions contained in Dutch corporate law and the Articles. Under Dutch law and the Articles, the Company may make distributions to its Shareholders and other persons entitled to distributable profits only up to the amount of the part of the Company's equity which exceeds the nominal value of the issued share capital of the Company, plus the reserves that are required to be maintained by Dutch law. Furthermore, financial restrictions and other limitations may be contained in future credit agreements, which could prohibit the Company from paying dividends.

50. Investors resident in countries other than the Netherlands may suffer dilution if they are unable to exercise pre-emptive rights in future offerings.

In the event of an increase of the Company's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are restricted or excluded either by a resolution of the General Meeting at the proposal of the Management Board, or by a resolution of the Management Board (if the Management Board has been designated by a General Meeting or the Articles for this purpose). However, certain Shareholders outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with. In particular, the Company is under no obligation to file a registration statement with respect to any such pre-emptive rights or underlying securities. Shareholders in jurisdictions outside the Netherlands who are not able or not permitted to exercise their pre-emptive rights in the event of a future pre-emptive rights offering may suffer dilution of their shareholdings.

51. Investors with a reference currency other than euros will become subject to foreign exchange rate risk when investing in the Ordinary Shares.

The Ordinary Shares are, and any dividends to be announced in respect of the Ordinary Shares will be denominated in euro. An investment in the Ordinary Shares by an investor whose principal currency is not the euro

exposes the investor to currency exchange rate risk that may impact the value of the investment in the Ordinary Shares or any dividends.

52. The Shareholders may be subject to double withholding taxation with respect to dividends or other distributions made by the Company.

Any dividends or other distributions the Company makes to the Shareholders will, in principle, be subject to withholding tax in Germany, where the Company has its principal operations and headquarters, and in the Netherlands, where the Company will be incorporated upon the completion of the Listing. As a result, the Shareholders may be subject to withholding tax in respect of dividends or other distributions made by the Company in both Germany and the Netherlands. The revised double taxation treaty between Germany and the Netherlands ("**DTT-GER/NL**") entered into force on 1 January 2016 and removes the Dutch withholding tax, irrespective of the nature and location of the Shareholder (unless the Shareholder is a tax resident of the Netherlands). As such, there will be no Dutch withholding tax on distributions the Company makes to the Shareholders (unless the Shareholder is a tax resident of the Netherlands). Other conditions however may apply and Shareholders should consult their advisors regarding the tax consequences of dividends or other distributions made by the Company.

53. Any sale, purchase or exchange of Ordinary Shares may become subject to the Financial Transaction Tax (as defined below).

On 14 February 2013, the European Commission published a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax (the "**Financial Transaction Tax**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

Pursuant to the Draft Directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction, or where the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Ordinary Shares will be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the above-mentioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Ordinary Shares. The issuance of new Ordinary Shares should not be subject to the Financial Transaction Tax.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. A committee of the EU Parliament published a draft report on 19 March 2013, suggesting amendments to the Draft Directive. If the amendments were included in the eventual Directive, the Financial Transaction Tax would have an even broader reach. Moreover, once the Draft Directive has been adopted (the "**Directive**"), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the Ordinary Shares.

SECTION 2
IMPORTANT INFORMATION

General

The content of this Information Document is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, Invest Securities S.A. (the "**Listing Agent**" and "**Invest Securities**") or any of their respective affiliates or representatives that any recipient of this Information Document should invest in the Ordinary Shares.

The information in this Information Document is as of the date printed on the front of the cover, unless expressly stated otherwise. Without prejudice to the Company's obligation to publish supplements to this Information Document when legally required, the delivery of this Information Document at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the Group's business or affairs since the date hereof or that the information contained in this Information Document is correct as of any time since its date. If a significant new factor or a material mistake or inaccuracy relating to the information included in this Information Document which is capable of affecting the assessment of the Ordinary Shares arises or is noted prior to the Listing Date, a supplement to this Information Document will be published.

Responsibility Statement

The Company accepts responsibility for the information contained in this Information Document. Having taken all reasonable care to ensure that such is the case, the Company attests that the information contained in this Information Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Neither the Listing Agent nor any of its affiliates or respective directors, officers or employees or any other person makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness or verification of the information in this Information Document, and nothing in this Information Document or incorporated herein by reference is, or shall be relied upon as, a promise or representation by the Listing Agent or any of its affiliates or respective directors, officers or employees or any other person, whether as to the past or the future. Accordingly, the Listing Agent disclaims, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Information Document.

Presentation of Financial Information

Financial Information

Pursuant to the terms of the Corporate Reorganization that became effective on 23 September 2016, substantially all of the equity interests in NOXXON Pharma AG have been exchanged for newly issued equity interests in the Company, with NOXXON Pharma AG having become an almost wholly-owned subsidiary of the Company (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*) for further information). The Company was incorporated on 16 January 2015 for the purpose of the Listing and since the date of incorporation, has conducted no operations. Accordingly, there is no historical financial information for the Company. Because the Company is only a holding company (upon completion of the Corporate Reorganization), the Company is of the view that the consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 (the "**Fiscal Year 2015**" and the "**Fiscal Year 2014**", respectively, and together, the "**Fiscal Years 2015 and 2014**") provide the information required to be presented so that prospective investors may make an informed investment decision to purchase shares in the Company.

This Information Document includes the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014, which have been audited by Ernst & Young GmbH Wirschaftsprüfungsgesellschaft, independent auditors ("**E&Y**"), and the related independent auditor's report. The unqualified independent auditor's report on the consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 contains the following emphasis of matter paragraph, which has been included due to and referring to (i) the financing and resulting going concern risks stated by the management board of NOXXON Pharma AG in the note "*Going Concern*" under "*2.1. Basis of preparation*" in the notes of the consolidated financial statements as of and for the fiscal years ended 31 December 2015 and 2014 and (ii) the going concern assumptions underlying these consolidated financial statements that are set out in such note and consider the expectations

of the management board of NOXXON Pharma AG at the preparation date of such consolidated financial statements (18 February 2016):

"We draw attention to Note 2.1 "*Going Concern*" in the Notes to the consolidated Financial Statements 2015 and 2014. In accordance with the Group's cash projections the minimum cash requirements to fund the Group's operations through the end of February 2017 is €9.8 million. Management is pursuing various avenues, including seeking additional investors and conducting a collaboration agreement for the development of NOX-A12. The future financing on which the going concern assumption is based, considers management's expectation to conduct a collaboration agreement in March 2016 with expected upfront payments of €8.0 million. Furthermore the current investors committed to invest up to further €2.0 million. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to complete the collaboration agreement or other financing alternatives before May 2016 and further, that the Group might not raise additional funding after February 2017. Our opinion is not qualified in respect of this matter."

The audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). The aforementioned audited consolidated financial statements of NOXXON Pharma AG and the related auditor's report are included in this Information Document beginning on page F-1.

Where financial information in this Information Document is labeled "audited", this means that it has been extracted from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The label "unaudited" is used in this Information Document to indicate financial information that was not taken from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 but has been extracted or derived from the internal accounting records of NOXXON Pharma AG or is calculated from the above-mentioned sources.

Currency Presentation

Unless otherwise indicated, all references in this Information Document to "€", "euro", "Eur", "EUR" or "cents" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended. All references to "$", "US$" or "U.S. dollars" are to the lawful currency of the United States.

Rounding

Certain data in this Information Document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Information Document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market, Economic and Industry Data

This Information Document contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Such information has been extracted from reliable third-party sources such as professional organizations, consultants and analysts and information otherwise obtained from third party sources. Such information has been accurately reproduced, and, as far as the Company is aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Certain other statistical or market-related data has been estimated by management based on reliable third-party sources, where possible, including those referred to above or based on data generated in-house by the Group. Although management believes its estimates regarding markets, market sizes, market shares, market positions and other industry data to be reasonable, these estimates have not been verified by any independent sources, and the Company cannot assure prospective investors as to the accuracy of these estimates or that a third party using different methods to assemble, analyze or compute market data would obtain the same results. Management's estimates are subject to risks and uncertainties and are subject to change based on various factors. The Company does not intend, and does not assume any obligation, to update the industry or market data set forth herein.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Information

Document that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 (*Risk Factors*) and elsewhere in this Information Document.

Incorporated by Reference

The Articles (official Dutch version and an English translation thereof) are incorporated in this Information Document by reference and, as such, form part of this Information Document.

Copies of these documents can be obtained in electronic form from the Company's website (*www.noxxon.com*). Prospective investors should only rely on the information that is provided in this Information Document or incorporated by reference into this Information Document.

No other documents or information, including the contents of the Company's website (*www.noxxon.com*) or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Information Document.

Definitions and Glossary

Certain terms used in this Information Document, including all capitalized terms and certain technical and other items, are defined and explained in Section 19 (*Selected Definitions and Glossary*).

SECTION 3
FORWARD-LOOKING STATEMENTS

Certain statements in this Information Document constitute forward-looking statements. Forward-looking statements appear in a number of places in this Information Document, including, without limitation, under Section 9 (*Operating and Financial Review*) and Section 11 (*Business*). Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim," "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "would," "could," "should," "continue," or the negative thereof, other variations thereon or similar expressions. Other forward-looking statements can be identified by the context in which the statements are made.

Although management believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements are based on management's current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results, performance, achievements or developments to differ materially from any future results, performance, achievements or developments expressed or implied from the forward-looking statements. Some of the factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those discussed in Section 1 (*Risk Factors*).

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition, cash flows or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. Investors are urged to read the Sections of this Information Document entitled Section 1 (*Risk Factors*), Section 9 (*Operating and Financial Review*) and Section 11 (*Business*) for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates.

Such forward-looking statements contained in this Information Document speak only as of the date of this Information Document and are expressly qualified in their entirety by the cautionary statements included in this Information Document. Without prejudice to its obligations under Dutch law in relation to disclosure and on-going information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SECTION 4
REASONS FOR THE LISTING

The Company is conducting the Listing to facilitate future access to the public capital markets to obtain additional capital to support the Group's operations and development of its clinical pipeline of product candidates.

SECTION 5
DIVIDEND POLICY

General

Pursuant to Dutch law and the Articles, the distribution of profits will take place following the adoption of the Company's annual accounts, from which the Company will determine whether such distribution is permitted. The Company may make distributions to the Shareholders, whether from profits or from its freely distributable reserves, only insofar as its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or pursuant to the Articles.

The Management Board, with the prior approval of the Supervisory Board, may determine which part of the Company's profits will be added to the reserves in consideration of the Company's reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the General Meeting. Distributions of dividends will be made pro rata to the nominal value of each Ordinary Share.

Subject to Dutch law and the Articles, the Management Board, with the prior approval of the Supervisory Board, may resolve to distribute an interim dividend if it determines such interim dividend to be justified by the Company's profits. For this purpose, the Management Board must prepare an interim statement of assets and liabilities. Such interim statement 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. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) the Company's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

Upon a proposal of the Management Board, with the prior approval of the Supervisory Board, the General Meeting may resolve that the Company makes distributions to Shareholders from one or more of its freely distributable reserves, other than by way of profit distribution, subject to the due observance of the Company's policy on reserves and dividends. Any such distributions will be made pro rata to the nominal value of each Ordinary Share.

Entitlement to Dividends

All Ordinary Shares are equally entitled to dividends and other distributions, if and when declared.

Dividend Policy and History

The Company has never declared or paid any cash dividends on its Ordinary Shares.

The Company intends to retain future earnings, if any, generated by the Company's operations to finance the Group's operation and business and it does not anticipate paying any dividends to Shareholders in the foreseeable future.

The Company's dividend policy will be reviewed from time to time and distribution of any dividends will be upon a proposal thereto by the Management Board, subject to compliance with applicable law and any contractual provisions that restrict or limit the Company's ability to pay dividends, including under agreements for indebtedness that it may incur, and after taking into account many factors, including the Group's financial condition, results of operations, legal requirements, capital requirements, business prospects and other factors that the Management Board deems relevant.

Dividend Ranking

All Ordinary Shares, rank equally in all respects and will be eligible for any dividend distribution that may be declared on the Ordinary Shares in the future.

Manner and Time of Dividend Payments

Payment of any dividend on the Ordinary Shares in cash will be made in euro. Dividends on the Ordinary Shares will be paid to the Shareholders through Euroclear France, the French centralized securities custody and administration system ("**Euroclear France**"), and credited automatically to the Shareholders' accounts without the need for the Shareholder to present documentation proving ownership of the Ordinary Shares. In relation to dividend distributions,

there are no restrictions under Dutch law in respect of holders of Ordinary Shares who are non-residents of the Netherlands. However, see Section 17 (*Taxation*) for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

Uncollected Dividends

An entitlement to any dividend distribution shall be barred five years after the date on which those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company and is allocated to its general reserves.

Taxation of Dividends

Dividends are generally subject to Dutch withholding tax in the Netherlands and German withholding tax in Germany. See Section 17 (*Taxation*) for a discussion of certain aspects of taxation of dividends and refund procedures. For French taxation matters, also see Section 17 (*Taxation*).

SECTION 6
CAPITALIZATION, INDEBTEDNESS AND WORKING CAPITAL

This section sets forth the Group's consolidated capitalization and indebtedness as of 31 December 2015. The historical financial information has been extracted or derived from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 as well as from the internal accounting records of NOXXON Pharma AG and is presented on (i) a historical consolidated basis and (ii) an adjusted basis to reflect the Events Subsequent to 31 December 2015 (as defined below) and the Corporate Reorganization (as defined and described in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*)) and (iii) an adjusted basis to reflect the Events Subsequent to 31 December 2015 (as defined below), the Corporate Reorganization and the Private Placement.

The tables should be read in conjunction with, and are qualified by reference to, Section 8 (*Selected Consolidated Financial Information*), Section 9 (*Operating and Financial Review*), Section 11 *(Business—Financing Agreements*) and Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions*).

Capitalization

The table below sets out the Group's capitalization as of 31 December 2015:

- on a historical consolidated basis;
- on an adjusted basis to give effect to the Events Subsequent to 31 December 2015 (as defined below) and the Corporate Reorganization:
    - the issuance of four tranches of series B preferred shares in April 2016 and June 2016 in the amounts of approximately €1.05 million, approximately €299 thousand, approximately €651 thousand and approximately €1.3 million, each pursuant to the Addendum to the Investment Agreement and the issuance of one tranche of series B preferred shares in September 2016 in the amount of approximately € 1.4 million pursuant to the Second Addendum to the Investment Agreement (as defined in Section 11 (*Business—Financing Agreements—Additional Financing Agreements*)), as described in more detail in Section 11 (*Business—Financing Agreements—Additional Financing Agreements*) (the "**Events Subsequent to 31 December 2015**"), as a result of which the subscribed capital of NOXXON Pharma AG increased from €493 thousand as of 31 December 2015 by €32 thousand to €525 thousand as of the date of this Information Document and additional paid-in capital of NOXXON Pharma AG increased from €111,138 thousand as of 31 December 2015 by €4,687 thousand to €115,825 thousand as of the date of this Information Document as a result of the aforementioned transaction;
    - the exchange of substantially all of the outstanding equity interests in NOXXON Pharma AG for Ordinary Shares (the Corporate Reorganization), as described in more detail in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*); and
- on an adjusted basis to give effect to the Events Subsequent to 31 December 2015, the Corporate Reorganization and the Private Placement, which comprises the following:
    - an issuance of 132,079 Ordinary Shares against contributions in cash in the amount of approximately €2,819 thousand (the Cash Placement), as described in more detail in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement—Cash Placement*);
    - the contribution of a partial amount of €7,000 thousand of the outstanding loans by Kreos to the Company against the issuance of 356,502 Ordinary Shares (the Kreos Debt Conversion), as described in more detail in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement—Kreos Debt Conversion*);
    - the contribution of a partial amount of €200 thousand against the issuance of 10,186 Ordinary Shares and the contribution of a partial amount of €57 thousand against the issuance of 2,878

Ordinary Shares (the "**Further Contributions**"), as described in more detail in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement—Further Contributions*).

	NOXXON Pharma AG	Company	Company
		Adjusted for Events Subsequent to 31 December 2015, and the Corporate Reorganization[(1)]	Adjusted for Events Subsequent to 31 December 2015, the Corporate Reorganization and the Private Placement[(2)]
	(in € thousands) (audited, unless otherwise indicated)	(in € thousands) (unaudited)	(in € thousands) (unaudited)
Total current debt[(3)]	**2,591**	**2,591**	**-**
Guaranteed	-	-	-
Secured[(4)] (unaudited)	2,591	2,591	-
Unguaranteed/unsecured	-	-	-
Total non-current debt (excluding current portion of long-term debt)[(5)]	**6,289**	**6,289**	**2,198**
Guaranteed	-	-	-
Secured[(4)] (unaudited)	6,289	6,289	2,198
Unguaranteed/unsecured	-	-	-
Shareholders' equity	**(7,032)**	**(2,313)**	**7,445**
Subscribed capital	493	1,549	2,051
Additional paid-in capital	111,138	114,571	124,776
Accumulated deficit	(118,388)	(118,388)	(119,337)
Treasury shares	(275)	(45)	(45)

(1) In accordance with the measures described in this section, Section 9 (*Operating and Financial Review–Events After the Consolidated Statement of Financial Position Date as of 31 December 2015*), Section 11 (*Business—Financing Agreements*), and Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions*). In the course of the Events Subsequent to 31 December 2015, the subscribed capital of NOXXON Pharma AG increased by €32 thousand to €525 thousand and the additional paid-in capital increased by €4,687 thousand as well as the cash and cash equivalents increased by €4,719 thousand. In the course of the Corporate Reorganization, 1,504,452 Ordinary Shares with a par value of €1.00 per share were issued. The adjustment of the total shareholders' equity of €4,719 thousand reflects the Events Subsequent to 31 December 2015 (€4,719 thousand) and the Corporate Reorganization (€0 thousand).

(2) In accordance with the measures described in this section, Section 9 (*Operating and Financial Review–Events After the Consolidated Statement of Financial Position Date as of 31 December 2015*), Section 11 (*Business—Financing Agreements*), and Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions*). In the course of the Cash Placement, 132,079 Ordinary Shares were issued against contributions in cash in a total amount of €2,819 thousand. In the course of the Kreos Debt Conversion, Kreos contributed to the Company €7,000 thousand of its existing total loan receivables of €9,607 against the issuance of 356,502 Ordinary Shares with a par value of €1.00 per share. Upon the Kreos Debt Conversion, the carrying amounts of €8,878 thousand of the liabilities resulting from the venture loans (comprising current debt of €2,591 thousand and non-current debt of €6,287 thousand) are derecognized and at the same time the fair value of the unconverted parts of the venture loans of €2,198 thousand is recognized and allocated to non-current debt. The difference of the derecognized carrying amounts of the liabilities from the venture loans and the recognized fair value of the unconverted parts of the venture loans of €(927) thousand is shown in accumulated deficit. Further Contributions were the contributions of partial amounts of €257 thousand against the issuance of 13,064 Ordinary Shares. The difference of the derecognized carrying amounts of the liabilities and the recognized fair value of the issued Ordinary Shares of €(22) thousand is shown in accumulated deficit. The adjustment of the total shareholders' equity of €9,758 thousand reflects the Cash Placement (€2,819 thousand), the Kreos Debt Conversion (€6,682 thousand) and the Further Contributions (€257 thousand).

(3) Referred to as current financial liabilities in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014.

(4) The venture loan agreements are secured by substantially all of the Group's assets, including key intellectual property assets relating to its technology platform.

(5) Referred to as non-current financial liabilities in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014.

There have been no material changes in the capitalization of NOXXON Pharma AG since 31 December 2015, other than as reflected in the capitalization table and for an increase in the accumulated deficit as a result of research and development and general and administrative expenses in connection with the ongoing operating activities of NOXXON Pharma AG.

The table above excludes:

- Ordinary Shares issuable upon the exercise of warrants issuable in connection with the Corporate Reorganization;
- Ordinary Shares issuable upon the exercise of warrants as will be outstanding upon the Corporate Reorganization pursuant to which warrants exercisable for shares of NOXXON Pharma AG will be exchanged for stock options and warrants exercisable for the Company, respectively; and
- Ordinary Shares reserved for future issuance under the equity incentive plans following the Listing.

Indebtedness

The table below sets out the Group's indebtedness as of 31 December 2015:

- on a historical consolidated basis;
- on an adjusted basis to give effect to the Events Subsequent to 31 December 2015 and the Corporate Reorganization, each as described above under "—*Capitalization*"; and
- on an adjusted basis to give effect to the Events Subsequent to 31 December 2015, the Corporate Reorganization and the Private Placement, each as described above under "—*Capitalization*".

	NOXXON Pharma AG	Company	Company
		Adjusted for Events Subsequent to 31 December 2015, and the Corporate Reorganization[1]	Adjusted for Events Subsequent to 31 December 2015, the Corporate Reorganization and the Private Placement[2]
	(in € thousands) (audited, unless otherwise indicated)	(in € thousands) (unaudited)	(in € thousands) (unaudited)
A. Cash[3]	4,093	8,812	11,631
B. Cash equivalents	-	-	-
C. Trading Securities	-	-	-
D. Liquidity (A)+(B)+(C)	**4,093**	**8,812**	**11,631**
E. Current Financial Receivable[4]	**159**	**159**	**159**
F. Current bank debt	-	-	-
G. Current position of non-current debt[5]	(2,591)	(2,591)	-
H. Other current financial debt	-	-	-
I. Current Financial Debt (F)+(G)+(H)	**(2,591)**	**(2,591)**	**-**
J. Net current Financial Indebtedness (I)+(E)+(D) (unaudited)	**1,661**	**6,380**	**11,790**
K. Non-current bank loans	-	-	-
L. Bond issued	-	-	-
M. Other non-current loans[6]	(6,289)	(6,289)	(2,198)
N. Non-Current Financial Indebtedness (K)+(L)+(M)	**(6,289)**	**(6,289)**	**(2,198)**
O. Net Financial Indebtedness (J)+(N) (unaudited)	**(4,628)**	**91**	**9,592**

(1) In accordance with the measures described in this section, Section 9 (*Operating and Financial Review–Events After the Consolidated Statement of Financial Position Date as of 31 December 2015*), Section 11 (*Business—Financing Agreements*), and Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions*). In the course of the Events Subsequent to 31 December 2015, the subscribed capital of NOXXON Pharma AG increased by €32 thousand to €525 thousand and the additional paid-in capital increased by €4,687 thousand as well as the cash and cash equivalents increased by €4,719 thousand. In the course of the Corporate Reorganization, 1,504,452 Ordinary Shares with a par value of €1.00 per share were issued.

(2) In accordance with the measures described in this section, Section 9 (*Operating and Financial Review–Events After the Consolidated Statement of Financial Position Date as of 31 December 2015*), Section 11 (*Business—Financing Agreements*), and Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions*). In the course of the Cash Placement, 132,079 Ordinary Shares were issued against contributions in cash in a total amount of €2,819 thousand. In the course of the Kreos Debt Conversion, Kreos contributed to the Company €7,000 thousand of its existing total loan receivables of €9,607 against the issuance of 356,502 Ordinary Shares with a par value of €1.00 per share. Upon the Kreos Debt Conversion, the carrying amounts of €8,878 thousand of the liabilities resulting from the venture loans (comprising current debt of €2,591 thousand and non-current debt of €6,287 thousand) are derecognized and at the same time the fair value of the unconverted parts of the venture loans of €2,198 thousand is recognized and allocated to non-current debt. Further Contributions were the contributions of partial amounts of €257 thousand against the issuance of 13,064 Ordinary Shares.

(3) Referred to as cash and cash equivalents in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014.

(4) Referred to as current financial assets in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014.

(5) Referred to as current financial liabilities in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The venture loan agreements are secured by substantially all of the Group's assets, including key intellectual property assets relating to its technology platform.

(6) Referred to as non-current financial liabilities in the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The venture loan agreements are secured by substantially all of the Group's assets, including key intellectual property assets relating to its technology platform.

There have been no material changes in the indebtedness of NOXXON Pharma AG since 31 December 2015, other than as reflected in the indebtedness table and for a decrease in cash and cash equivalents as a result of the ongoing operating activities of NOXXON Pharma AG.

Indirect and contingent indebtedness

The Group has no indirect and contingent indebtedness to be described.

Statement on Working Capital

The Group's current cash resources do not provide it with sufficient working capital for the twelve months following the date of this Information Document. Based on its present requirements resulting from the Group's updated business plan focusing on clinical development of its lead product candidate NOX-A12 for the treatment of advanced solid tumors, the Group will require additional cash resources of approximately €2.5 million to provide the Group with sufficient working capital for the twelve months following the date of this Information Document. In particular, after having recently completed a private placement consisting of equity of approximately €2.8 million (see Section 11 (*Business—Financing Agreements—Additional Financing Agreements*)), the Company believes that it has obtained sufficient working capital, including cash and commitments from existing investors to finance the Group, to continue its current operations through April 2017.

As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception and 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 the development of its administrative organization. As a result, the Group will continue to require additional working capital beyond the twelve months following the date of this Information Document.

To meet these future working capital requirements, after the listing the Group will pursue various financing alternatives, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition 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. Additional financing will also trigger conversion of the remaining Kreos debt into equity. If the Group is unable to raise additional financing, then Kreos may request the conversion of the loan balance into equity or ask for repayment of the loan as described in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Kreos Debt Conversion*).

The Group may also seek to obtain further cash resources by entering into collaborative research, development and/or commercialization agreements with other companies in the near term, in particular with respect to the product candidates NOX-A12 and NOX-E36. The Company would in particular consider such agreements on the Group's lead product candidate, NOX-A12, where it believes that such agreements would provide further support of its development plan, for example by granting rights to markets outside of Europe and the United States in exchange for payments and development and regulatory support in those markets. Such agreements would allow the Group to advance its programs towards approval in more markets at one time, and would also reduce the need for additional equity financing to the extent they bring in revenues. If it is unable to generate such additional working capital in a sufficient amount, the Group may be unable to continue as a going concern and its business, financial condition and/or results of operations would be materially and adversely affected and the Company and other companies in the Group may ultimately be required to file for insolvency.

There is material uncertainty that the Group will be able to continue as a going concern as the Group may fail to obtain financing in the near term or to raise additional funding after April 2017. Although the Group would be using its best efforts to undertake such alternative measures, it can provide no assurance that such actions will be sufficient to provide it with the working capital needed for the twelve months following the date of this Information Document. If it is unable to generate such working capital in a sufficient amount, there is material uncertainty as to whether the Group will be able to continue as a going concern and its business, financial condition and/or results of operations would be materially and adversely affected and the Company and other companies in the Group may ultimately be required to file for insolvency. See Section 1 (*Risk Factors—28. 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*).

SECTION 7
DILUTION

Shareholdings Prior to the Completion of the Listing of the Ordinary Shares

Simultaneously with the Corporate Reorganization, various contributions in cash and in kind (the "**Private Placement**") (as further described in Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions—Private Placement*)) were made.

The table below shows the dilutive effect which the Private Placement had on the Shareholders that acquired Ordinary Shares as a result of the Corporate Reorganization. The total number of Ordinary Shares below does not include the 45,000 Ordinary Shares held by the Company as treasury shares.

	Shareholdings upon completion of the Corporate Reorganization		**Shareholdings upon completion of the Private Placement**	
Shareholders	**Number of Ordinary Shares**	**%**	**Number of Ordinary Shares**	**%**
DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG	243,882	16.2	247,146	12.3
Entities affiliated with TVM Capital GmbH	312,588	20.8	320,223	16.0
SOFINNOVA CAPITAL V FCPR	285,516	19.0	316,203	15.8
Entities affiliated with Edmond de Rothschild Investment Partners SCA	200,002	13.3	210,478	10.5
Entities affiliated with Seventure Partners	53,138	3.5	78,201	3.9
NGN BioMed Opportunity II, L.P.	162,766	10.8	200,246	10.0
Entities affiliated with IBG Beteiligungsgesellschaft Sachsen-Anhalt mbH	49,764	3.3	49,764	2.5
Dr. Thomas van Aubel as a fiduciary of certain individuals holding Ordinary Shares pursuant to an equity incentive program	74,162	4.9	74,162	3.7
Others holding Ordinary Shares upon the Corporate Reorganization	122,634	8.2	127,787	6.4
KREOS CAPITAL IV (Expert Fund) Limited	-	-	356,502	17.8
Other participants in the Private Placement	-	-	16,952	0.8
Total	**1,504,452**	**100.0**	**2,006,097**	**100.0**

SECTION 8
SELECTED CONSOLIDATED FINANCIAL INFORMATION

Prospective investors should read this Section 8 (Selected Consolidated Financial Information) in conjunction with Section 9 (Operating and Financial Review) and Section 20 (Historical Financial Information) and additional financial information contained elsewhere in this Information Document. Prospective investors should read the entire Information Document and not just rely on the information contained in this section.

The financial information set forth below is extracted or derived from, and should be read in conjunction with, the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014, including the related notes thereto, included elsewhere in this Information Document. The audited consolidated financial statements of NOXXON Pharma AG have been prepared in accordance with IFRS.

Where financial information in this Information Document is labeled "audited", this means that it has been extracted from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The label "unaudited" is used in this Information Document to indicate financial information that was not taken from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 but has been extracted or derived from the internal accounting records of NOXXON Pharma AG or is calculated from the above-mentioned sources.

Selected Consolidated Statement of Comprehensive Loss Information

	For the fiscal year ended 31 December	
	2015	**2014**
	(in € thousands, unless otherwise indicated) (audited)	
Revenues	43	25
Other operating income	74	80
Research and development expenses	(7,587)	(10,154)
General and administrative expenses	(7,319)	(3,107)
Foreign exchange losses	(41)	(10)
Loss from operations	**(14,830)**	**(13,166)**
Finance income	0	3
Finance cost	(1,294)	(632)
Loss before income tax	**(16,124)**	**(13,795)**
Income tax	22	(3)
Net loss – all attributable to equity holders of NOXXON Pharma AG	**(16,102)**	**(13,798)**
Loss per share (in €) (basic and diluted)	**(42.43)**	**(47.22)**

Consolidated Statements of Financial Position

	As of 31 December	
	2015	2014
	(in € thousands) (audited)	
ASSETS		
Intangible assets	47	88
Equipment	603	772
Financial assets	0	159
Deferred tax assets	27	4
Total non-current assets	**677**	**1,023**
Inventories	13	38
Income tax receivable	1	1
Trade accounts receivable	3	0
Other assets	1,095	501
Financial assets	159	0
Cash and cash equivalents	4,093	1,527
Total current assets	**5,364**	**2,067**
Total assets	**6,041**	**3,090**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	493	341
Additional paid-in capital	111,138	95,977
Accumulated deficit	(118,388)	(102,286)
Treasury shares	(275)	(275)
Total equity	**(7,032)**	**(6,243)**
Liabilities		
Government grants	1	4
Financial liabilities	6,289	4,152
Total non-current liabilities	**6,290**	**4,156**
Government grants	3	33
Financial liabilities	2,591	2,167
Income tax payable	0	7
Trade accounts payable	3,174	2,485
Other liabilities	1,015	485
Total current liabilities	**6,783**	**5,177**
Total equity and liabilities	**6,041**	**3,090**

Selected Consolidated Cash-Flow Statement Information

	For the fiscal year ended 31 December	
	2015	2014
	(in € thousands) (audited)	
Net cash used in operating activities	(13,482)	(12,459)
Net cash used in investing activities	(8)	(41)
Net cash provided by financing activities	16,056	8,916
Net change in cash and cash equivalents	**2,566**	**(3,584)**
Cash at the beginning of the fiscal year	**1,527**	**5,111**
Cash at the end of the fiscal year	**4,093**	**1,527**

SECTION 9
OPERATING AND FINANCIAL REVIEW

Prospective Investors should read this Section 9 (Operating and Financial Review) in conjunction with Section 2 (Important Information—Presentation of Financial Information), Section 8 (Selected Consolidated Financial Information), Section 11 (Business), Section 20 (Historical Financial Information) and additional financial information contained elsewhere in this Information Document. Prospective investors should read the entire Information Document and not just rely on the information contained in this section.

The financial information set forth below is extracted or derived from, and should be read in conjunction with, the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014, including the related notes thereto, included elsewhere in this Information Document. The audited consolidated financial statements of NOXXON Pharma AG have been prepared in accordance with IFRS.

Where financial information in this Information Document is labeled "audited", this means that it has been extracted from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014. The label "unaudited" is used in this Information Document to indicate financial information that was not taken from the audited consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 but has been extracted or derived from the internal accounting records of NOXXON Pharma AG or is calculated from the above-mentioned sources.

Some of the information contained in the following discussion contains forward-looking statements that are based on assumptions and estimates and are subject to unknown risks and uncertainties. Prospective investors should read Section 3 (Forward-Looking Statements) for a discussion of the risks and uncertainties related to these statements. The Group's or NOXXON Pharma AG's actual results and the timing of events could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Information Document, particularly in Section 1 (Risk Factors) and Section 10 (Industry Overview).

Overview

The Group is a clinical stage biopharmaceutical group that has generated a proprietary product pipeline and plans to primarily focus on further development in cancer treatment. All its product candidates are based on a new class of drug called "Spiegelmers", which are identified and synthesized through a proprietary discovery platform which the Group believes offers specific advantages over other drug classes. In various Phase 1 and 2 clinical trials involving nearly 3,000 administrations to over 300 human subjects, Spiegelmer drugs have so far shown to be biologically active and generally well tolerated, meaning without relevant side effects and with safety profiles that support further development. In recent years, the Group has transitioned its activities from drug product candidate discovery to product candidate development, more recently focusing on its cancer programs. Currently, the Group has retained all worldwide rights to its products, although it has entered and may continue to enter into partnering discussions and collaborations on all assets.

The Group believes the future of cancer treatment will rely on so-called "combination therapies", meaning 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 product candidates 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*).

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 environment so that they can be killed more easily or effectively. The Group's pipeline consists of one lead clinical stage product candidate and an additional product candidate 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 in cancer acts as a

communication bridge between tumor cells and their environment (*Source: Guo et al., 2015*). 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 CAR-T approaches. 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 plans to develop NOX-A12 for three therapeutic settings in three distinct ways:

- In advanced solid tumors, such as colorectal and pancreatic cancer, in combination with immune checkpoint inhibitors, to destroy tumor immune privilege to unleash the full potential of tumor immunotherapy;
- In brain cancer, in combination with radiotherapy, to block recruitment of bone marrow-derived "repair" cells into the tumor to prevent re-growth; and
- In blood cancers, such as MM, in combination with the latest available treatments, to target the protective niches for blood cancer cells to make them more vulnerable to therapy.

The Group's first priority is to initiate a Phase 2b/3-enabling Phase 1/2 trial in patients with solid tumors that do not respond to checkpoint inhibitor monotherapy: microsatellite stable (MSS) colorectal and pancreatic cancer in order to investigate the potential of NOX-A12 to facilitate the increase of the number of key immune system cells to infiltrate the tumor which is believed to be important and enabling for the function of immuno-oncology strategies (*Source: Feig et al., 2013; Fearon, 2014*). The Group believes that with supportive data from this study, the Group's next step would be a potentially pivotal trial with advanced solid tumors in combination with an existing immune checkpoint inhibitor therapy.

Another trial that the Group is considering to execute if sufficient financing is available a Phase 2b/3-enabling Phase 1/2 trial in front-line, inoperable brain cancer (glioblastoma) patients in combination with radiotherapy. If the results from this study are positive, the Group plans to seek advice from competent authorities under its orphan drug designation in the United States and Europe to identify the most efficient manner to complete development in this indication.

Another trial that the Group is considering to execute if sufficient financing is available a Phase 3-enabling Phase 2 trial in MM patients with relevant combination compounds (e.g. carfilzomib, pomalidomide, daratumumab) in last-line relapsed and refractory patients to prepare for a subsequent pivotal study. Last-line relapsed and refractory patients represent patients with cancer that has returned following previous treatments while at the same time becoming resistant to previous treatments rendering such treatments ineffective. According to discussions with regulatory agencies in Europe and the United States, the Group believes that the data from this trial, provided that they are positive, are sufficient to progress NOX-A12 into a potentially pivotal Phase 3 trial. The Group expects that the outcome of this trial would support the next development step in MM treatment which is currently planned to be a potentially pivotal Phase 3 study whose design has already been discussed with the FDA and European competent authorities. In 2014, the Group successfully completed the on-treatment component of two Phase 2a trials of NOX-A12 in combination with standard of care, one in MM and another in a second type of blood cancer, chronic lymphocytic leukemia, with both showing promising signs of improved efficacy and good tolerability.

Another potential product candidate: NOX-E36 (emapticap pegol)

The Group has an additional potential product candidate in clinical development. NOX-E36 (*emapticap pegol*) has completed a Phase 2a trial in diabetic nephropathy patients with what the Group believes are promising results, further indicating that development is warranted and would be sufficient to progress NOX-E36 into Phase 2b studies. 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.

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.

Revenues

As of the date of this Information Document, the Group has not generated any revenues, except for immaterial amounts of revenues from the sale of oligonucleotides (chemical compounds) used for research purposes to its scientific collaborators. The Group's sales of oligonucleotides for research purposes have occurred from time to time as requests

are made by certain of its scientific collaborators for access to such compounds. Such sales are not material and are not part of the Group's strategic focus. For the period from 1 January 2014 through 31 December 2015, the Group has generated €68 thousand of revenues from the sale of oligonucleotides used for research purposes.

The Group does not expect to generate any revenues from any product candidates that it develops until the Group obtains regulatory approval and commercializes its products or enters into collaborative agreements with third parties.

Other operating income

The Group has received, and may continue to 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. For the period from 1 January 2014 through 31 December 2015, the Group has realized €98 thousand of other operating income from such government grants related to assets.

The research and development grant agreements include a budget that specifies the amount and nature of expenses allowed during the entire grant term. Grants relating to a research and development expense item are recognized as other operating income over the period necessary to match each grant to its related costs. Where the grant relates to an asset, the nominal amount of the grant is recorded as deferred income and is released in the profit or loss on a straight-line basis over the expected remaining useful life of the related asset. If the Group fails to use the funding in accordance with the terms of the respective grant, it may be obligated to repay the grant. Accordingly, the Group only recognizes grant income when it is reasonably assured that the grant will be received and all conditions will be complied with. At the date of this Information Document, there have been unfulfilled conditions and other contingencies related to such government grants for research and development. In July 2015, management decided to focus the business activities on oncology, particularly on the NOX-A12 clinical program. As a result of this restructuring and the related reduction in headcount that occurred at the end of July 2015, in March 2016 the Group was not able to meet certain requirements in accordance with an investment grant awarded by the Investitionsbank Berlin in 2008. The Group has provided for the resulting potential repayment obligation in relation to this grant. At the date of this Information Document, there have been no further unfulfilled conditions and other contingencies related to government grants for assets.

Research and development expenses

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

- salaries for research and development staff and related expenses, including management benefits and expenses for share-based compensation;
- costs for production of drug substances by contract manufacturers;
- service fees and other costs related to the performance of clinical trials and preclinical testing;
- costs of related facilities, materials and equipment;
- costs associated with obtaining and maintaining patents and other intellectual property;
- amortization and depreciation of intangible assets and equipment 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. Clinical trial and other development costs incurred by third parties are expensed as the contracted work is performed. The Group accrues for costs incurred as the services are being provided by monitoring the status of the clinical trial or project and the invoices received from its external service providers. The Group adjusts its accrual as actual costs become known.

The Group's 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 its consolidated financial statements.

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 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, auditing and accounting services, remuneration for the supervisory board, restructuring costs, benefits settled in cash and equity and travel expenses.

The Group anticipates that its general and administrative expenses will increase following the completion of the Listing due to many factors, the most significant of which include costs associated with maintaining compliance with listing rules and compliance requirements as a result of becoming a publicly traded company, including increased legal and accounting services, stock registration and printing fees, addition of new headcount to support compliance and communication needs, and increased insurance premiums.

Foreign exchange losses

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

Finance income

Finance income is comprised of interest income generated from interest earned on the Group's cash and cash equivalents invested in bank deposits and short-term money market funds.

Finance cost

Finance cost consists of interest incurred, applying the effective interest rate method, by the Group on its venture loans. All venture loans originally had a maturity of 36 months starting from the draw-down date. On 17 February 2016, the maturity was extended to 1 November 2018. Regarding the subsequently amended repayment terms and the Kreos Debt Conversion, please see Section 11 (*Business—Material Agreements—Financing Agreements—Venture Loan Agreements and Other Agreements with Kreos*).

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	
	2015	2014
	(in € thousands, unless otherwise indicated) (audited)	
Revenues	43	25
Other operating income	74	80
Research and development expenses	(7,587)	(10,154)
General and administrative expenses	(7,319)	(3,107)
Foreign exchange losses	(41)	(10)
Loss from operations	**(14,830)**	**(13,166)**
Finance income	0	3
Finance cost	(1,294)	(632)
Loss before income tax	**(16,124)**	**(13,795)**
Income tax	22	(3)
Net loss – all attributable to equity holders of NOXXON Pharma AG	**(16,102)**	**(13,798)**
Loss per share (in €) (basic and diluted)	**(42.43)**	**(47.22)**

Comparison of the Fiscal Years Ended 31 December 2015 and 2014

Revenues

Revenues increased 72% from €25 thousand in the Fiscal Year 2014 to €43 thousand in the Fiscal Year 2015. This increase resulted from higher purchases of oligonucleotides by the Group's scientific collaborators.

Other operating income

Other operating income decreased 8% from €80 thousand in the Fiscal Year 2014 to €74 thousand in the Fiscal Year 2015. This decrease was due to a decrease of government grants related to assets recognized in profit or loss, which was partly offset by an increase of €12 thousand in other operating income from foreign exchange differences in the Fiscal Year 2015.

Research and development expenses

Research and development expenses decreased 25% from €10,154 thousand in the Fiscal Year 2014 to €7,587 thousand in the Fiscal Year 2015. This decrease is primarily due to lower expenses related to the preclinical pipeline and platform as a result of the internal restructuring to focus on oncology that occurred in July 2015 and lower clinical expenses for the product candidate NOX-E36, because the clinical trial was substantially completed by the end of the Fiscal Year 2014. Subsequently in the Fiscal Year 2015, further expenses were incurred for NOX-E36 that were directly related to the completion of the clinical trial, regulatory matters, medical consulting and business development activities.

The following table sets forth the Group's research and development expenses by projects for the periods indicated:

	For the fiscal year ended 31 December	
	2015	2014
	(in € thousands) (unaudited)	
NOX-A12	2,781	2,780
NOX-E36	921	2,781
Preclinical pipeline and platform	1,704	2,613
Total research and development expenses	**5,406**	**8,174**

General and administrative expenses

General and administrative expenses increased from €3,107 thousand in the Fiscal Year 2014 to €7,319 thousand in the Fiscal Year 2015. This increase in general and administrative expenses is primarily due to an increase of €3,071 thousand in legal and consulting fees mainly related to the preparation of financing transactions, €510 thousand in restructuring expenses in the Fiscal Year 2015 as a result of the internal restructuring in July 2015 and the related reduction in headcount, €521 thousand in settlement benefits in the Fiscal Year 2015 and an increase of €260 thousand in travel and advertising expenses.

Foreign exchange losses

Foreign exchange losses increased from €10 thousand in the Fiscal Year 2014 to €41 thousand in the Fiscal Year 2015 due to a higher volume of purchases denominated in currencies other than euro in the Fiscal Year 2015.

Finance income

Finance income decreased from €3 thousand in the Fiscal Year 2014 to €0 thousand in the Fiscal Year 2015. This decrease was due to the Group placing less available liquidity funds in short term deposits compared to Fiscal Year 2014.

Finance cost

Finance cost increased from €632 thousand in the Fiscal Year 2014 to €1,294 thousand in the Fiscal Year 2015. This increase is due to the interest incurred, applying the effective interest rate method, on two venture loans with Kreos entered into on 10 March 2014 and on 20 March 2015. The first venture loan is for a nominal amount of €7.0 million, of which the first tranche of €4.0 million was drawn on 24 March 2014 and the second tranche of €3.0 million was drawn on 30 June 2014. The second venture loan is for a nominal amount of €3.0 million which was drawn on 23 March 2015. As a result, after deduction of advance payments of €0.3 million, nominal amounts of €6.7 million were outstanding at the end of Fiscal Year 2014 and, following a modification of the repayment terms on 9 October 2015, after deduction of advance payments of €0.4 million, nominal amounts of €9.0 million were outstanding at the end of Fiscal Year 2015, resulting in increased finance cost in the Fiscal Year 2015.

Loss before income tax

As a result of the above factors, the Group's loss before income tax increased by 17% from €13,795 thousand in the Fiscal Year 2014 to €16,124 thousand in the Fiscal Year 2015.

Income Tax

Income tax changed from an expense of €3 thousand in the Fiscal Year 2014 to an income of €22 thousand in the Fiscal Year 2015. This increase resulted mainly from the reversal of temporary differences and the resulting increase of deferred tax assets.

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	
	2015	2014
	(in € thousands) (audited)	
ASSETS		
Intangible assets	47	88
Equipment	603	772
Financial assets	0	159
Deferred tax assets	27	4
Total non-current assets	**677**	**1,023**
Inventories	13	38
Income tax receivable	1	1
Trade accounts receivable	3	0
Other assets	1,095	501
Financial assets	159	0
Cash and cash equivalents	4,093	1,527
Total current assets	**5,364**	**2,067**
Total assets	**6,041**	**3,090**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	493	341
Additional paid-in capital	111,138	95,977
Accumulated deficit	(118,388)	(102,286)
Treasury shares	(275)	(275)
Total equity	**(7,032)**	**(6,243)**
Liabilities		
Government grants	1	4
Financial liabilities	6,289	4,152
Total non-current liabilities	**6,290**	**4,156**
Government grants	3	33
Financial liabilities	2,591	2,167
Income tax payable	0	7
Trade accounts payable	3,174	2,485
Other liabilities	1,015	485
Total current liabilities	**6,783**	**5,177**
Total equity and liabilities	**6,041**	**3,090**

Assets

The Group's total non-current assets include intangible assets, laboratory and office equipment and deferred tax assets. The decrease in total non-current assets from 31 December 2014 to 31 December 2015 was the result of scheduled amortization and depreciation exceeding additions to intangible assets and equipment and reclassification of financial assets of €159 thousand from non-current to current assets based on their maturities. As a result, total non-current assets decreased from €1,023 thousand as of 31 December 2014 to €677 thousand as of 31 December 2015.

The Group's total current assets consist of its cash and cash equivalents, financial assets, other assets, trade accounts receivable, income tax receivable and inventories. Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less, net of outstanding bank overdrafts. Financial assets consist of the invested interest bearing rental deposits related to the Group's operating lease agreements. Other assets correspond to (i) prepaid expenses consisting of prepaid annual fees for license, insurance and service contracts, which are deferred over the term of the respective agreements and (ii) the Group's claims against local tax authorities for value added tax on supplies and services received. The movements in total current assets from 31 December 2014 to 31 December 2015 primarily relate to an increase in cash and cash equivalents by €2,566 thousand as a result of increases of the subscribed capital and an increase of other assets by €594 thousand in relation to deferred costs of an anticipated equity transaction and increased value added tax claims, as well as a reclassification of financial assets of €159 thousand from non-current to current assets based on their maturities. As of 31 December 2015, the Group's cash and cash equivalents amounted to €4,093 thousand.

Equity

The Group's total equity includes its subscribed capital, additional paid-in capital, accumulated deficit and treasury shares. The decrease in equity from 31 December 2014 to 31 December 2015 was due to net loss incurred in the amount of €16,102 thousand in the Fiscal Year 2015, which was not entirely compensated by the increase of €15,161 thousand in additional paid-in capital as of 31 December 2015 compared to 31 December 2014. The total equity as of 31 December 2015 amounted to a negative equity of €7,032 thousand and consisted of subscribed capital of €493 thousand, additional paid-in capital of €111,138 thousand, an accumulated deficit of €118,388 thousand and treasury shares amounting to €275 thousand. The Group's own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. The decrease in equity as a result of the net loss incurred was offset mainly by the issuance of series B preferred shares in the amount of €9,328 thousand in the Fiscal Year 2015 and the issuance of convertible bonds in the amount of €5,701 thousand in the Fiscal Year 2015. These convertible bonds were presented as equity upon recognition as part of additional paid-in capital because of the Group's unconditional right to request the holders of the convertible bonds to convert into equity. For additional discussion of the Group's equity see also the consolidated financial statements in Section 20 (*Historical Financial Information*).

Liabilities

The Group's total non-current liabilities relate primarily to financial liabilities. The Group's total current liabilities relate primarily to financial liabilities, trade accounts payable and other liabilities. Non-current financial liabilities comprise the amounts that are due for repayment commencing 12 months after the respective statement of financial position date. The amounts that are due for repayment within 12 months after the respective statement of financial position date are presented as current financial liabilities. The financial liabilities are measured subsequent to initial recognition at amortized cost using the effective interest method.

Non-current financial liabilities increased from €4,152 thousand as of 31 December 2014 to €6,289 thousand as of 31 December 2015 and current financial liabilities increased from €2,167 thousand as of 31 December 2014 to €2,591 thousand as of 31 December 2015 as a result of the issuance of a further venture loan in the nominal amount of €3.0 million in Fiscal Year 2015 considering transaction costs of €78 thousand, an equity component of €92 thousand for the conversion right, repayments for both venture loans drawn in the Fiscal Year 2014 and in Fiscal Year 2015 of €671 thousand as well as accrued less paid interest according to the effective interest rate method for both venture loans of €693 thousand. The modification of the repayment terms of both venture loans on 9 October 2015 did not result in a substantial modification of the terms and conditions and therefore both venture loans are continued to be accounted for applying the effective interest rate method.

Total non-current and current government grants decreased from €37 thousand as of 31 December 2014 to €4 thousand as of 31 December 2015 as a result of the release of received government grants related to assets to profit or loss corresponding to the depreciation of the subsidised assets. Trade accounts payable increased from €2,485 thousand as of 31 December 2014 to €3,174 thousand as of 31 December 2015 due to increased legal and consulting expenses of external advisors related to the preparation of financing transactions. The increase of other liabilities from €485 thousand as of 31 December 2014 by €530 thousand to €1,015 thousand as of 31 December 2015 results primarily from restructuring expenses related to termination benefits, grants and accrued settlement benefits.

Events After the Consolidated Statement of Financial Position Date as of 31 December 2015

For a description of the two Kreos venture loan agreements and the Kreos Debt Conversion (as defined below), see Section 11 (*Business—Financing Agreements—Venture Loan Agreements and Other Agreements with Kreos*).

For a description of the up to €2.0 million commitment of certain existing shareholders to provide the Group additional cash resources to help meet the Group's ongoing obligations until February 2017, see Section 11 (*Business—Financing Agreements—Additional Financing Agreements*).

For a description of the addendum to the Investment Agreement dated 14 March 2016, in relation to envisioned further contributions by certain shareholders of additional capital in further tranches by way of the issuance of series B preferred shares and the share issuances effected on such basis in April 2016 and June 2016, as well as for a description of the second addendum to the Investment Agreement dated 17 August 2016 by way of the issuance of series B preferred shares and the share issuance effected on such basis in September 2016, see Section 11 (*Business—Financing Agreements—Additional Financing Agreements*).

For a description of the approximately €2.8 million equity commitment of certain existing shareholders to provide the Group additional cash resources which would help meet the Group's ongoing obligations until April 2017, see Section 11 (*Business—Financing Agreements—Additional Financing Agreements*).

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. Since the Group's inception and through 31 December 2015, the Group has raised a total of €144.1 million from the issuance of common shares and preferred shares (including the conversion of all convertible bonds issued up to 31 December 2015) and €13.4 million from government grants. In addition, in 2014 Kreos provided €7.0 million in funding pursuant to a venture loan based on the loan agreement entered into on 10 March 2014. In March 2015, Kreos provided a further €3.0 million in funding pursuant to an additional venture loan based on the loan agreement entered into on 20 March 2015.

Following the Listing, 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 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	
	2015	**2014**
	(in € thousands) (audited)	
Net cash used in operating activities	(13,482)	(12,459)
Net cash used in investing activities	(8)	(41)
Net cash provided by financing activities	16,056	8,916
Net change in cash and cash equivalents	**2,566**	**(3,584)**
Cash at the beginning of the fiscal year	**1,527**	**5,111**
Cash at the end of the fiscal year	**4,093**	**1,527**

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 cost, employee stock based compensation 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 €12,459 thousand in the Fiscal Year 2014 to €13,482 thousand in the Fiscal Year 2015 was mainly a result of the higher net loss due to increased general and administrative expenses incurred for the preparation of financing transactions in the Fiscal Year 2015. This increase of cash used resulting from the higher net loss was partly offset by an increase of trade accounts payable and other liabilities.

Net cash used in investing activities

Net cash used in investing activities reflects, among other things, cash paid for the purchase of and proceeds from the disposal of intangible assets and equipment, cash paid and received from investments in current financial assets and interest received.

The decrease in net cash used in investing activities from €41 thousand in the Fiscal Year 2014 to €8 thousand in the Fiscal Year 2015 is due to a decrease in purchases of intangible assets and equipment by €39 thousand due to lower capital expenditures and no cash received from investment grants and interest received in the Fiscal Year 2015 compared to the Fiscal Year 2014.

Net cash provided by financing activities

Net cash provided by financing activities reflects proceeds from the issuance of shares and convertible bonds, proceeds from borrowings and the repayment of borrowings as well as the respective related transaction costs and interest payments.

The increase in net cash provided by financing activities from €8,916 thousand in the Fiscal Year 2014 to €16,056 thousand in the Fiscal Year 2015 was mainly due to proceeds from the issuance of series B preferred shares in the amount of €9,328 thousand in the Fiscal Year 2015 compared to none in the Fiscal Year 2014 and an increase of €2,668 thousand in proceeds from the issuance of convertible bonds from €3,033 thousand in the Fiscal Year 2014 to €5,701 thousand in the Fiscal Year 2015. These increases were only partly offset by a decrease of €4,000 thousand in proceeds from borrowings from €7,000 thousand in the Fiscal Year 2014 to €3,000 thousand in the Fiscal Year 2015 as well as increases in repayments of borrowings and interest paid of €735 thousand in the Fiscal Year 2015.

Capital expenditures

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

	For the fiscal year ended December 31,	
	2015	**2014**
	(in € thousands) (audited, unless otherwise indicated)	
Purchase of intangible assets	0	(5)
Purchase of equipment	(8)	(42)
Cash received from investment grants	0	4
Net capital expenditures (unaudited)	**(8)**	**(43)**

The principal capital expenditures in the relevant period were primarily related to, and future capital expenditures are expected to primarily relate to, investments for laboratory equipment, office equipment and information technology. There have been no significant capital expenditures since 31 December 2015 to the date of this Information Document.

Commitments and Contingencies

As of 31 December 2015, the Group does not have any commitments and contingencies other than purchase commitments, operating leases and license agreement commitments which are summarized in the table of contractual obligations and commercial commitments below:

	Total	**< 1 year**	**1 to 3 years**	**3 to 5 years**	**> 5 years**
	(in € thousands) (unaudited, unless otherwise indicated)				
Purchase commitments[(1)]	1,344[(3)]	1,344	-	-	-
Operating lease agreements[(2)]	501[(3)]	495[(3)]	6	-	-
License agreements	46	46	-	-	-
Total contractual obligations	**1,891**	**1,885**	**6**	**-**	-

(1) Agreements with third parties for services and inventories amounting to €1,344 thousand.
(2) Future minimum payments under non-cancellable operating leases with initial terms exceeding one year as of 31 December 2015.
(3) Audited.

Purchase commitments

The Group entered into several research, development and service agreements with third parties for services and inventories, as well as maintenance agreements for laboratory equipment in the ordinary course of business.

Operating lease agreements

The Group leases certain laboratory and office space, equipment and company cars under various non-cancellable operating leases with third parties. The lease agreements expire at various dates through 2018. Rent expense under these operating leases totalled €734 thousand and €725 thousand for the Fiscal Years 2015 and 2014, respectively.

License agreements

Under the terms of the license agreements to which the Group is party, there are no remaining material milestone payments, though the Group is obligated to pay on-going maintenance costs. See Section 11 (*Business—License Agreements*) for a more detailed description of the Group's license agreements.

In 1997 and 1998, the Group entered into licensing and royalty agreements that allow the use of intellectual property related to the Group's Spiegelmer technology platform in its products and processes. The 1997 agreement was subsequently terminated when the relevant intellectual property was assigned to the Company. The Group is required to pay a license maintenance fee during the lifetime of the patent family and to bear the on-going patent maintenance costs. As of 31 December 2015, the Group expects to settle all future obligations, including maintenance costs, relating to the patent family with estimated future payments not exceeding €100 thousand.

In February 2001, the Group licensed intellectual property from an external party related to the patent "Identification of Enantiomeric Ligands." The Group obtained rights to enantiomeric peptides and oligonucleotides for the use in therapeutic and non-therapeutic products. In September 2001, this license agreement was amended to include an exclusive right for the use of enantiomeric oligonucleotides. Under the terms of this agreement, the Group paid annual patent maintenance fees. The patent expired in May 2015.

In December 2001, the Group obtained an exclusive sublicense to the SELEX patent portfolio from a U.S. corporation for research and development and commercialization of all products containing and processes that utilize Spiegelmer technology, including, but not limited to, therapeutics and fine chemicals for use in affinity media, excluding rights for in vivo and *in vitro* diagnostics and radiopharmaceuticals (see Section 11 (*Business—License Agreements-License Agreement with Archemix*). Under this license agreement, the Group pays on-going annual patent maintenance fees.

Other than license agreements, the Group is required to pay to its employees a compensation for patent applications filed by the Group which result from inventions made by employees. Pursuant to the German Act on Employee Inventions (*Arbeitnehmererfindungsgesetz*), employees who make inventions during the term of their employment may claim appropriate remuneration from their employer.

No royalties were paid during the Fiscal Years 2015 and 2014.

Contingencies

There are no current claims or litigation against the Group, which may have a material effect on the financial position of 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.

Quantitative and Qualitative Disclosure About Market Risk

As a result of its operating and financing activities, the Group is exposed to market risks that may affect its financial position and results of operations. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will potentially cause economic losses to the Group.

Senior management is responsible for implementing and evaluating policies which govern the Group's funding, investments and any use of derivative financial instruments. Management monitors risk exposure on an ongoing basis.

Credit risk

Financial instruments that potentially expose the Group to credit risk consist primarily of cash and cash equivalents, fixed-term deposits with banks and money market funds. 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 receivable 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

The Group 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. The Group 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, thus the Group's exposure to currency risk is immaterial.

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) as well as financial liabilities (e.g. loans, 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.

Critical Accounting Policies

The Group prepares its consolidated financial statements in accordance with IFRS. The preparation of its 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 respective reporting date. The Group bases these estimates and associated assumptions on historical experience and various other factors that the management believes to be reasonable under the circumstances, the results of which form the basis of making 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.

The Group has identified the following critical accounting policies that require management to make significant estimates and judgments in the preparation of the Group's consolidated financial statements. The Group considers an accounting policy to be critical if it requires management to make an accounting estimate based on assumptions about matters that are highly uncertain at the time the estimate is made and/or if the reasonable use of different estimates in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the financial presentation. When reviewing the Group's consolidated financial statements, prospective investors should consider the effect of estimates on its critical accounting policies, the judgments and other uncertainties affecting application of these policies and the sensitivity of the Group's reported financial results to changes in conditions and assumptions. The Group's actual results may differ materially from these estimates.

Classification of Convertible Bonds as Equity

In the Fiscal Years 2015 and 2014, the Group issued convertible bonds pursuant to the addendum to the Bridge Financing Agreement 2013 (Bridge Financing Agreement 2014/I), the Bridge Financing Agreement 2014/II and the addendum to the Bridge Financing Agreement 2014/II (as defined in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*)) with an amount of €5,701 thousand and €3,031 thousand, respectively. These convertible bonds were classified as equity instruments from the date of issuance based on the conversion obligation at the discretion of the Group and that the Group is not obligated to deliver cash to the bond holders. All outstanding convertible bonds issued up to 31 December 2014 were converted into series B preferred shares of NOXXON Pharma AG by 31 December 2014. All convertible bonds that were outstanding and issued in the Fiscal Year 2015 were converted into series B preferred shares of NOXXON Pharma AG by 31 December 2015.

Share-based Payments

The Group has put in place a number of share-based payment plans (participation models). These plans are classified as equity-settled.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate assumptions related to inputs to the valuation model, including the expected life of the awards, volatility and dividend yield. Additionally, management's judgment of the probability of certain future events (such as an exit event, as defined in the agreements) is also taken into consideration, which led to a reduction of the grant date fair value as calculated by the valuation model. Vesting conditions were then taken into account by adjusting the number of equity instruments included in the measurement so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted under share participation models is based on the number of equity instruments that eventually vest. For this purpose, the Group uses the best available estimate of the number of equity instruments expected to vest and revises that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted pursuant to the stock option plan of 2002 (the "**Stock Option Plan 2002**") were measured using similar assumptions as used for the share participation models. The options granted are fully vested as of 31 December 2015 and 2014.

In the Fiscal Year 2015, the Company granted some equity-settled termination benefits. The cost of such termination benefits is measured by reference to the fair value of the equity instruments at the date at which they are granted and recognized in profit and loss immediately. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Determining Market Interest Rate for a Compound Instrument

The Kreos loan agreements with detachable share purchase warrants entered into in March 2014 and March 2015 were classified as compound financial instruments. The fair value of the financial liability component of these instruments, comprising the principal amount of the loan and the related interest, was determined by calculating the present value of these cash flows at the prevailing market interest rate for similar instruments without an equity conversion. The prevailing market interest rate for the loan agreement entered into in the Fiscal Year 2015 was 14.2% and for the loan agreement entered into in the Fiscal Year 2014 was 14.7%. Due to the risk structure of NOXXON Pharma AG, the market interest rate was determined from the perspective of a holder of equity instruments of NOXXON Pharma AG. Given the risk of default of NOXXON Pharma AG, a lender must economically request to receive the same return that a shareholder would request. Accordingly, the weighted average cost of equity was calculated based on observable market and peer group parameters as of 10 March 2014 and 20 March 2015, respectively, the effective dates of the loan agreements.

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.

SECTION 10
INDUSTRY OVERVIEW

1. Introduction

The majority of approved drugs in the pharmaceutical industry consist of small chemical molecules, which are created and produced by chemical synthesis. Additionally, in the last few decades, biological products have become an important drug class. Biological products can be isolated from natural sources or created and manufactured through biotechnological methods and include vaccines and therapeutic proteins, such as monoclonal antibodies. Biological therapies have a number of beneficial characteristics versus small chemical molecules, including being able to address individual targets with high affinity and specificity. The benefits of biological therapies generally lead to improved efficacy and a better safety profile for patients and thus, have become blockbuster therapies in several indications, including the treatment of certain cancers, due to their beneficial characteristics.

The Group focuses on the discovery and development of a new proprietary class of drugs called "Spiegelmers" which combine the benefits of biological drugs and small chemical molecules, namely the affinity and specificity of biologicals, with the ease of chemical synthesis of small molecules. Spiegelmers are chemically synthesized and, like antibodies, act by binding and neutralizing their targets, which are usually small extracellular proteins, by virtue of their distinct shape and physical and chemical properties.

The Group has chosen to focus its efforts on developing the Group's product candidates for cancer treatment, where the Group believes the specific properties of Spiegelmers have particular applicability and can provide enhanced activity relative to existing cancer treatments.

2. Development of the Cancer Therapy Market

2.1 The Evolution of Cancer Therapies

While drug-based approaches for cancer therapies stem back to the early 1900s, surgery and radiotherapy dominated the field of cancer therapy into the 1960s (*Source: DeVita & Chu, 2008*). Although surgery and radiation therapy can be effective for patients with localized disease, it became clear that cure rates after increased radical local treatments had plateaued at about 33% and new data showed that combination chemotherapy, a drug-based approach, could cure patients with various advanced cancers (*Source: DeVita & Chu, 2008*). The latter observation opened up the opportunity to apply drugs in conjunction with surgery and/or radiation treatments (*Source: DeVita & Chu, 2008*).

In the 1960s and early 1970s, drug based cancer therapies, referred to as chemotherapies or cytotoxic drugs were developed (*Source: DeVita & Chu, 2008*). These drugs kill rapidly multiplying cancer cells through non-specific mechanisms. Examples of such mechanisms are disrupting cell metabolism or causing damage to cellular components required for tumor survival and rapid growth. While these drugs have been effective in the treatment of some cancers, chemotherapies or cytotoxic drug therapies act in an indiscriminate manner, killing healthy cells along with cancerous cells, resulting in serious side effects. As a result, many cytotoxic drugs have a narrow "therapeutic window", or dose range, above which the toxicity causes unacceptable or even fatal levels of damage and below which the drugs are not effective in killing cancer cells. These approaches remain important pillars of treatment and are still part of the standard of care in many cancers, including diseases for which the Group is developing new therapies: certain types of blood cancer, including MM, brain cancer and other solid cancers.

In the 1980s and 1990s, the next approach to cancer therapy was to develop drugs, referred to as targeted therapeutics (*Source: DeVita & Chu, 2008*). Such drugs target specific biological molecules that play a role in cancer cell growth and the spread of cancer. These targeted approaches have proven to be beneficial by either increasing effectiveness of the treatment and/or reducing the side effects. Targeted therapies, including monoclonal antibodies such as Herceptin®, Rituxan®, Erbitux® and Avastin® as well as small molecules such as Nexavar® and Tarceva®, have resulted in improvements in overall survival for many cancer patients.

Recent developments in cancer therapy include immunotherapy. Immunotherapy is a form of cancer treatment that uses a patient's own immune system to destroy cancer cells. As such, immunotherapy is an attractive concept and is one of the most actively pursued areas of research by biotechnology and pharmaceutical companies today (*Source: Booth, 2015*). Interest in immunotherapy is largely driven by recent compelling efficacy data in cancers with historically bleak outcomes and by the potential to achieve a cure or functional cure (where symptoms are well managed and under control but the disease is not completely eradicated) for some patients. The Group believes that immunotherapy, when

used in the appropriate combination treatment regimens, has the potential to become the primary cancer treatment for return of a cancer after treatment (recurrent tumors) or cancer types that are resistant to current therapies.

The intention behind immunotherapy is to harness or further enhance the power of the body's own immune system to fight tumor cells. There are different immunotherapy approaches, including:

- CAR-T approaches,
- immune checkpoint inhibitors,
- immunomodulators,
- T-cell and NK-cell engagers (e.g. bispecific antibodies), and
- cancer vaccines.

Immune checkpoint inhibitors have been described as a radical and disruptive change in cancer therapy due to the fact that the goal of checkpoint therapy is not to directly kill or damage cancer cells, or even to activate the immune system to attack particular targets on tumor cells, but rather to remove inhibitory pathways that block effective antitumor T-cell responses (*Source: Sharma & Allison, 2015*). This approach has been described, using an analogy to automobiles, as "removing the brakes from the immune system".

The general excitement for immunotherapy to fight cancer relates to achievements in proof-of-concept and results showing significant durable responses in multiple types of cancer, meaning relatively high percentages of patients, approximately 20%, that are still alive after multiple years (*Source: Sharma & Allison, 2015*). Consequently, market potential for such approaches are deemed highly attractive, for example CAR-T approaches have an estimated global market size of $10 billion (*Source: Ledford, 2015*) and immune checkpoint inhibitors have an estimated peak global market size of $35 billion (*Source: Garde, 2015*). Ipilimumab (Yervoy®), and more recently nivolumab (Opdivo®) and pembrolizumab (Keytruda®), were the first cancer immune checkpoint inhibitors to enter the market. Immune checkpoint inhibitors are currently being tested in a wide range of tumors.

However, while showing promising results for unprecedented number of patients, the fact remains that currently only a relatively small percentage of patients with certain cancers, such as melanoma, obtain long-term benefits from immune checkpoint inhibitors (*Source: Sharma & Allison, 2015*). There are large groups of patients with these cancer types, for which immune checkpoint inhibitors are already approved, who do not achieve long-term benefits from immune checkpoint inhibitors. In addition, it seems that for some cancer types, such as pancreatic and colorectal cancer, immune checkpoint inhibitors alone cannot achieve meaningful response rates (*Source: Brahmer et al., 2012; Sunshine & Taube, 2015*). Recently, more dominant and fundamental inhibitory reactions in the tumor microenvironment ("**TME**") have been discovered which may explain why some patients rarely exhibit positive responses to therapy from immune checkpoint inhibitors (*Source: Joyce & Fearon, 2015*).

2.2 Cancer Therapy Market Continues to Grow and Moves More Towards Combination Therapies

Based on the recent report from the IMS Institute for Healthcare Informatics, the total global spending on cancer and supportive care medicines reached the $100 billion threshold globally in 2014 (*Source: Kleinrock, 2015*). Although survival rates and the prognosis for patients with cancer are continuing to improve as a result of advanced treatments and earlier diagnoses, "cancer" consists of hundreds of diseases, not just one, and remains stubbornly resistant to therapies that use a single mechanism of action. As a result, the industry has moved to a combination approach in cancer treatment. Indeed, a recent analysis concluded that over the next five years, the industry can expect to see acceleration in the number of combination regimens being launched for the treatment of cancer (*Source: Kleinrock, 2015*). Mohammed Dar, vice president of clinical oncology development at AstraZeneca's Gaithersburg, Maryland–based MedImmune subsidiary was recently quoted as saying "We're learning that cancer is able to hijack multiple escape mechanisms to avoid destruction by the immune system. That's why from the very beginning the focus of our strategy in immuno-oncology has been to develop novel combinations" of new or existing therapies to cut off tumors' escape routes (*Source: Morrison, 2015*).

3. The Group's Positioning in the Cancer Therapy Market

The Group's product candidates for cancer treatment target the TME and the Group believes its lead product candidate, NOX-A12, offers advantages in the treatment of advanced solid tumors, brain cancer (glioblastoma) and MM.

3.1 The Role of the TME as an Increasingly Relevant Target in Cancer Therapy

The Group's lead product candidate targets the TME, the cellular environment in which the tumor exists, including blood vessels, signaling molecules, surrounding cancer cells and immune cells. Increasing evidence indicates

that the TME plays a critical role in all aspects of cancer biology, such as a cancer's growth, angiogenesis, metastasis and progression, and is therefore increasingly targeted by biopharmaceutical companies in developing new cancer therapies. Such biopharmaceutical companies include GSK, Eli Lilly, and X4 Pharmaceuticals.

The Group's lead product candidate, NOX-A12, targets a chemokine (a signaling molecule) called CXCL12. In cancer, CXCL12 and its receptors CXCR4 and CXCR7 are important for communication between the tumor and the TME. To the Group's knowledge, there are no drugs or drug candidates that target CXCL12 directly, nor drugs or drug candidates in clinical development that target the second receptor CXCR7 or both receptors. The Group is currently aware of the following significant clinical-stage competitors which target the receptor CXCR4:

Compound	Company	Type of Molecule	Target	Selected Active Indications *(Sources: Clinicaltrials.gov and respective company websites)*
Mozobil® (plerixafor)	Sanofi-Genzyme	Small molecule	CXCR4	Stem cell mobilization: approved MM: Phase 1/2 Glioblastoma: Phase 1/2 Advanced solid tumors: Phase 1
BL-8040	BioLineRx	Peptide	CXCR4	AML: Phase 2 Metastatic pancreatic cancer*: Phase 2 T-Acute Lymphoblastic Leukemia: Phase 2 CML: Phase 1/2 Stem cell mobilization: Phase 2
burixafor	TaiGen	Small molecule	CXCR4	AML: Phase 1/2 Stem cell mobilization: Phase 2 AMD: Phase 1 Metastatic prostate cancer: Phase 1
LY-2510924	Lilly	Peptide	CXCR4	Metastatic clear cell renal cell carcinoma: Phase 2 Extensive stage small cell lung carcinoma: Phase 2 AML: Phase 1 Advanced solid tumors*: Phase 1
Pol-6326	Polyphor	Peptide	CXCR4	Stem cell mobilization: Phase 2 Myocardial infarction: Phase 2 Metastatic breast cancer: Phase 1
ulocuplumab	BMS	Monoclonal antibody	CXCR4	MM: Phase 1 AML: Phase 1/2 SCLC, pancreatic cancer*: Phase 1/2
X4P-001	X4 Pharmaceuticals	Small molecule	CXCR4	Refractory clear cell renal cell carcinoma: Phase ½ Resectable melanoma*: Phase 1

*plus PD-1 / PD-L1 inhibitor

The Group believes that NOX-A12 presents a significantly more potent pharmacology and better efficacy in clinical trials than its competitors, since it destroys the concentration gradient of CXCL12 that migrating cells can follow and also blocks signaling of CXCL12 through both CXCR4 and CXCR7. To date, this belief has been supported by laboratory results and by comparing response rates in clinical trials. For example, in a test comparing the ability of different compounds to inhibit the migration of cells in response to the presence of CXCL12, NOX-A12 showed to be 1,000 times more potent than the marketed CXCR4 targeting drug, Mozobil® (plerixafor). Similarly, adding NOX-A12 to a backbone myeloma therapy of Velcade® (bortezomib) plus dexamethasone resulted in an overall response rate that was higher than that reported from different trials examining combinations of the small molecule Mozobil® (plerixafor) or the anti-CXCR4 antibody ulocuplumab with this same backbone therapy respectively.

The Group also believes that the current absence of product candidates in the industry pipeline directly targeting CXCL12 may be due to the difficulties that small molecules or antibodies may have in effectively neutralizing CXCL12, and more generally chemokine ligands, over a long period of time. As such, the Group believes that it will be in a

position to potentially create best-in-class product candidates for this important class of targets in the TME. In particular, the Spiegelmer technology platform is well adapted to create product candidates that target the TME.

3.2 Immuno-oncology Therapies Represent a Breakthrough in Treatment of Advanced Solid Tumors But Are Limited by the TME

As explained above in "—*The Evolution of Cancer Therapies*", immunotherapy has been an important advancement in the treatment of solid tumors. In particular, the immune checkpoint inhibitors have allowed patients with certain types of advanced metastatic tumors the chance for long-term control of their cancer. This positive outcome is, however, only the case for a minority of these patients and the appropriate combination therapy partners need to be identified to improve the percentage of patients benefiting from long-term responses.

The first approved immunotherapy drugs were immune system activators such as interferon-alpha and recombinant IL-2, approved for cancer therapy in 1986 and 1992, respectively. These treatments had limited efficacy and/or demonstrated significant toxicity. In contrast, more recent antibody-based immunotherapy treatments remove inhibitory pathways that block effective anti-tumor T-cell responses (*Source: Sharma & Allison, 2015*), leading to an improved balance of efficacy and safety. The monoclonal antibody Ipilimumab (Yervoy® by Bristol-Myers Squibb) targeting CTLA4 was the first immune checkpoint inhibitor approved by the FDA in 2011. Two immune checkpoint inhibitors acting on a different target, PD-1, were subsequently approved: nivolumab (Opdivo® from Medarex/Bristol-Myers Squibb and Ono) and pembrolizumab (Keytruda® by Merck). This confirmed the approach of harnessing T-cells for the treatment of cancer. A recent review article in Science noted that immune checkpoint therapy has now joined the ranks of surgery, radiation, chemotherapy, and targeted therapy as a pillar of cancer therapy (*Source: Sharma & Allison, 2015*).

The approved drugs in this class, such as nivolumab, can elicit durable clinical responses and, in 20% of patients, long-term remissions where patients exhibit no clinical signs of cancer for many years (*Source: Fearon, 2014*). In a recent article, experts in this field have concluded that the way forward for this class of novel compounds lies in the ability to understand what controls human immune responses in the TME (*Source: Joyce & Fearon, 2015*). They conclude that this will provide valuable information regarding additional pathways that will need to be targeted through combination therapies to provide survival benefit for greater numbers of patients.

These same authors note that infiltration of T-cells into the TME is a critical hurdle that must be overcome for an effective antitumor immune response to occur. Assessment by other investigators of T-cell infiltration in a wide range of solid tumors has shown that T-cell infiltration correlates with favorable patient outcomes, including increased overall survival, thereby underlining the importance of T-cell infiltration (*Source: Donnem et al., 2015; Fridman et al., 2012; Galon et al., 2014; Ino et al., 2013; Loi et al., 2013*). The Group's product candidate NOX-A12 targets CXCL12, which has been shown to be a key factor limiting the efficacy of immune checkpoint inhibitors in models of pancreatic and liver cancer (*Source: Feig et al., 2013; Chen et al., 2015*). In addition, there are many potential therapies that are being considered or tested in combination with immune checkpoint inhibitors, including radiation and chemotherapy as well as targeted monoclonal antibody-based therapies (*Source: Sharma & Allison, 2015*). NOX-A12 is one such potential therapy that in combination with immune checkpoint inhibitors could enable a patient's immune system to control the cancer to increase progression-free survival and overall survival.

The table below outlines the total number of new cases in a range of solid tumors in 2015. The Group estimates annual eligible patient population for NOX-A12 in colorectal cancer to be approximately 96,000 patients in the United States and Europe (Germany, France, Italy, Spain and United Kingdom):

Cancer	Estimated patient numbers US & EU-5 2015 (thousands)		Peak sales for selected drugs approved in indication (estimated future values or historical)
	New cases	Deaths	
Colorectal	360	148	Erbitux®/Cetuximab $1.0 billion (projected 2020)
Pancreas	94	92	Gemzar®/Gemcitabine $1.7 billion (2008)
Melanoma	125	20	Keytruda®/Pembrolizumab $4.5 billion (projected 2020)
Kidney	115	37	Nexavar®/Sorafenib $0.9 billion (projected 2018)
Lung	409	333	Opdivo®/Nivolumab $7.4 billion (projected 2020)

Sources: GloboCan 2012 data (accessed August 2015), DrugAnalyst - http://consensus.druganalyst.com (accessed August 2015) and company annual reports.

3.2.1 Potential Competitors in Immunotherapy for Solid Tumors

Many potential combinations with immunotherapy products have been proposed as ways to improve their activity; these include inhibition of other chemokines such as CCL2/MCP-1, inhibition of cytokines, substances that are secreted by certain cells of the immune system, such as IL-10 and inhibition of other factors such as indoleamine-2,3 dioxygenase ("**IDO**") (*Source: Joyce & Fearon, 2015*). In addition, it has been discussed that current approaches such as chemotherapy and radiotherapy may also increase immunogenicity of tumors and thereby improve the efficacy of immune checkpoint inhibitors (*Source: Sharma & Allison, 2015*). Finally, immune-stimulatory strategies have been proposed as potential combination therapies including cancer vaccine approaches amongst others (*Source: Sharma & Allison, 2015*). The Group believes that many of these products will benefit from combination with NOX-A12. To best highlight the full potential of its product candidates, the Group believes that clinical trial designs that provide for rapid risk reduction will be important. An example of risk reducing clinical trial design is the planned Phase 1/2 trial in two solid tumors, where following a first proof of mechanism part with treatment with NOX-A12 alone, the Group would also evaluate NOX-A12 in combination with an immune checkpoint inhibitor to collect first data on safety and efficacy of such a combination.

3.3 CXCL12 in the TME Helps Repair Cancer Cells in Brain Tumors (Glioblastoma) after Damage by Cancer Therapy

Glioblastoma is a particularly aggressive type of brain cancer in which tumor cells invade surrounding tissue, rendering surgical treatment and chemotherapy less effective (*Source: Mrugala, 2013*). The annual number of new cases of glioblastoma is estimated at 24,000 in the United States and the five major European countries (Germany, France, Italy, Spain and United Kingdom) with the median five-year survival rate for patients with glioblastoma of less than 10% (*Source: American Brain Tumor Association, accessed August 2015; GloboCan 2012 data; and Ostrom, 2013*).

Current therapies for glioblastoma primarily consist of surgery, radiation and Temodar®/temozolomide, a DNA-alkylating product, which are together able to control tumor growth in only approximately 20% of patients. Aside from such treatments, there is no standard treatment for glioblastoma. Recruitment by CXCL12 of bone marrow-derived "repair" cells to brain tumors following damage by cancer therapy appears to be a key mechanism in the recovery of these tumors and resistance to therapy (*Source: Liu et al., 2014 & Castro & Aghi, 2014*). As such, inhibiting these

communication signals from the damaged tumor will likely be an important component of any successful therapy of glioblastoma. The Group believes that its product candidate NOX-A12 can prevent the recruitment of bone marrow-derived "repair" cells and allow more complete killing of cancer cells when coupled with standard therapies such as irradiation, chemotherapy and anti-angiogenesis products, such as bevacizumab, marketed as Avastin® by Genentech/Roche.

3.3.1 Potential Competitors in the Treatment of Brain Cancer

Although a wide variety of drugs as well as radiotherapy and surgery are being used to treat brain cancer, the outlook for patients with brain cancer is poor with a median five-year survival rate of less than 10% (*Source: American Brain Tumor Association, accessed August 2015*). In inoperable patients, no significant progress has been made since the combination of radiotherapy and Temodar®/temozolomide was reported in 2005 (*Source: Chauffert et al., 2014*). It has been shown that the second receptor of CXCL12, CXCR7, which, to the Group's knowledge is not targeted by any clinical-stage therapeutics, is important in control of glioblastoma (*Source: Walters et al., 2014*). The Group believes that combination therapies with NOX-A12 will have superior efficacy compared to those with drugs or drug candidates that only address CXCR4. Vaccine approaches have shown some promise and the Group believes that the efficacy of these drugs or drug candidates may also be improved in combination with NOX-A12 due to their reliance on an immune response to eliminate or control the tumor.

3.4 Treatment of MM and the Opportunities for Drugs Targeting the TME Which Plays a Key Role in MM

MM is the second most common blood cancer with an estimated number of 19,600 new cases each year and a total five-year prevalence of 46,000 patients in the United States and 24,400 new cases each year and a total five-year prevalence of 56,800 patients in the five major countries in Europe (Germany, France, Italy, Spain and United Kingdom) (*Source: GloboCan data, accessed August 2015*). This blood cancer is characterized by the over-production and accumulation of monoclonal plasma cells, a type of white blood cell normally responsible for producing antibodies in the bone marrow. It is now understood that in the disease process of MM, the mechanisms responsible for the interaction between cancer cells and their microenvironment are as important as the genetic changes involved in the development of the cancer cells themselves. Such genetic changes play an important role in bone destruction, tumor cell growth, survival, migration and drug resistance (*Source: San Miguel, 2014*).

3.4.1 Potential Competitors in the Treatment of MM

Two classes of drugs, immunomodulatory drugs, such as Celgene's Revlimid®, Pomalyst® and Thalomide®, and proteasome inhibitors, such as Millennium/Takeda's Velcade®, Amgen's Kyprolis® and several candidates in development, have largely displaced older drugs as the mainstay of treatment of MM and are often used in combination with one another. As a result of the availability of these improved therapies, the five-year survival rate of MM patients has increased from 30 to 45% in the period from 1990 to 2007 (*Source: SEER Cancer Statistics Review, 2015*). The majority of patients with MM will relapse and eventually become drug-resistant, or refractory, to treatments (*Source: Dimopoulos et al., 2015*). The Group estimates that at any given time, 20-25% (or 21,000) of MM patients in the United States and Europe (Germany, France, Italy, Spain and United Kingdom) (*Source: Company estimate based on GloboCan data*) are relapsed and/or refractory patients, many of whom have received at least two prior therapies. The Group envisions that the initial development of NOX-A12 will target these relapsed and/or refractory patients. The Group believes that NOX-A12 can potentially be combined with all late-stage therapies and in the end move up towards earlier stage therapy.

Kyprolis® was approved in the United States in 2012 based on clinical data in highly pre-treated relapsed and refractory MM patients showing a median progression-free survival of 3.7 months. The Group believes that this population represents an attractive market for development of therapies such as NOX-A12 due to the sizable market opportunity as well as a potential expedited path to clinical approval because of the high unmet medical need and the relatively short clinical observation periods required to show efficacy.

A wide variety of new drugs are being evaluated alone and in combination in relapsed and refractory patients, including new proteasome inhibitors (such as *oprozomib* and *marizomib*), monoclonal antibodies and histone deacetylase inhibitors such as *vorinostat* and *panobinostat*. In November 2015, the proteasome inhibitor ixazomib and monoclonal antibodies elotuzumab and daratumumab received FDA approval. To the Group's knowledge, none of the currently approved drugs nor the experimental drugs named above specifically target the TME. As such the Group believes that its approach to treatment of MM in combination with one or more of these established or novel compounds will result in significant improvements in therapy available for patients.

4. The Group's Platform Technology

All of the Group's product candidates were identified and synthesized using the innovative, proprietary Spiegelmer technology platform. Using this platform, the Group has discovered Spiegelmers to address unmet medical needs in certain indications (see Section 11 (*Business—The Platform Technology and Manufacturing of Product Candidates*)).

Spiegelmers are a variant of a drug class called oligonucleotide aptamers. Whereas aptamers are mainly built from the building blocks that occur naturally in RNA and DNA (D-stereoisomers), Spiegelmers are oligonucleotides that are built on a backbone of mirror-image RNA or DNA (L-stereoisomers). By leveraging this "mirror-image chemistry", Spiegelmers aim to solve two key problems that have limited the development of aptamers made with building blocks from natural D-stereoisomers: Spiegelmers have enhanced biological stability and are immunologically passive. Because they are mirror images, Spiegelmers are not recognized as RNA or DNA by enzymes found throughout the body called nucleases, and as such are not as easily degraded in the blood. For similar reasons, the components of the immune system that normally react to foreign RNA or DNA do not recognize Spiegelmers and as such do not activate the immune system in response to their administration.

Spiegelmers are site-specifically connected to PEG. PEG is a molecule that is very commonly used in drug manufacturing in order to prolong a drug's half-life in the blood stream. Spiegelmers are injectable compounds that can be administered intravenously or subcutaneously.

The Group believes that the key competitive factors that will affect the development and commercial success of its product candidates are efficacy, safety and tolerability profile, mechanism of action, control and predictability, convenience of dosing and price and reimbursement. For its three product candidates in clinical development, NOX-A12 and NOX-E36, the Group has chosen to target small, soluble extra-cellular proteins, such as chemokines, since this class of proteins is the best fit with the current version of the Spiegelmer selection technology. While chemokines are not effectively targeted by small molecules and peptides, Spiegelmers can wrap around these small, soluble extra-cellular proteins thereby blocking them from interacting with their surroundings (*Source: Oberthür et al., 2015*). Since the half-life of Spiegelmers in the blood is 1-2 days, the targets of Spiegelmers are also cleared relatively rapidly from the blood, as opposed to antibodies which may not as effectively clear chemokines. At -20ºC or 4ºC, the shelf-life of Spiegelmers is four years. Thus, the Group believes that its Spiegelmers can provide enhanced activity compared to existing competitors derived from monoclonal antibody or small molecules for these types of targets, particularly chemokines.

In addition, the Group has established a clear intellectual property position. Compound-specific intellectual property for the clinical stage assets is expected to extend in/to all major markets – depending on the individual product candidate – until at least approximately 2027, without taking any potential patent term extension that may be available in these markets into account.

SECTION 11
BUSINESS

Investors should read this Section 11 (Business) in conjunction with the information contained elsewhere in this Information Document, including the financial and other information appearing in Section 9 (Operating and Financial Review). Financial information in this section has been extracted from Section 20 (Historical Financial Information).

1. Overview

The Group is a clinical stage biopharmaceutical group that has generated a proprietary product pipeline and plans to primarily focus on further development in cancer treatment. All its product candidates are based on a new class of drug called "Spiegelmers", which are identified and synthesized through a proprietary discovery platform which the Group believes offers specific advantages over other drug classes. In various Phase 1 and 2 clinical trials involving nearly 3,000 administrations to over 300 human subjects, Spiegelmer drugs have so far shown to be biologically active and generally well tolerated, meaning without relevant side effects and with safety profiles that support further development. In recent years, the Group has transitioned its activities from drug product candidate discovery to product candidate development, more recently focusing on its cancer programs. Currently, the Group has retained all worldwide rights to its products, although it has entered and may continue to enter into partnering discussions and collaborations on all assets.

The Group believes the future of cancer treatment will rely on so-called "combination therapies", meaning 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 product candidates 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*).

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 environment so that they can be killed more easily or effectively. The Group's pipeline consists of one lead clinical stage product candidate and an additional product candidate 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 in cancer acts as a communication bridge between tumor cells and their environment (*Source: Guo et al., 2015*). 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 CAR-T approaches. 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 developed plans to develop NOX-A12 for three therapeutic settings in three distinct ways, based on the financing available:

- In advanced solid tumors, such as colorectal and pancreatic cancer, in combination with immune checkpoint inhibitors, to destroy tumor immune privilege to unleash the full potential of tumor immunotherapy;
- In brain cancer, in combination with radiotherapy, to block recruitment of bone marrow-derived "repair" cells into the tumor to prevent re-growth; and
- In blood cancers, such as MM, in combination with the latest available treatments, to target the protective niches for blood cancer cells to make them more vulnerable to therapy.

The Group's first priority is to initiate a Phase 2b/3-enabling Phase 1/2 trial in patients with solid tumors that do not respond to checkpoint inhibitor monotherapy: microsatellite stable (MSS) colorectal and pancreatic cancer in order to

investigate the potential of NOX-A12 to facilitate the increase of the number of key immune system cells to infiltrate the tumor which is believed to be important and enabling for the function of immuno-oncology strategies (*Source: Feig et al., 2013; Fearon, 2014*). The Group believes that with supportive data from this study, the Group's next step would be a potentially pivotal trial with advanced solid tumors in combination with an existing immune checkpoint inhibitor therapy.

Another trial that the Group is considering to execute if sufficient financing is available a Phase 2b/3-enabling Phase 1/2 trial in front-line, inoperable brain cancer (glioblastoma) patients in combination with radiotherapy. If the results from this study are positive, the Group plans to seek advice from competent authorities under its orphan drug designation in the United States and Europe to identify the most efficient manner to complete development in this indication.

Another trial that the Group is considering to execute if sufficient financing is available a Phase 3-enabling Phase 2 trial in MM patients with relevant combination compounds (e.g. carfilzomib, pomalidomide, daratumumab) in last-line relapsed and refractory patients to prepare for a subsequent pivotal study. Last-line relapsed and refractory patients represent patients with cancer that has returned following previous treatments while at the same time becoming resistant to previous treatments rendering such treatments ineffective. According to discussions with regulatory agencies in Europe and the United States, the Group believes that the data from this trial, provided that they are positive, are sufficient to progress NOX-A12 into a potentially pivotal Phase 3 trial. The Group expects that the outcome of this trial would support the next development step in MM treatment which is currently planned to be a potentially pivotal Phase 3 study whose design has already been discussed with the FDA and European competent authorities. In 2014, the Group successfully completed the on-treatment component of two Phase 2a trials of NOX-A12 in combination with standard of care, one in MM and another in a second type of blood cancer, chronic lymphocytic leukemia, with both showing promising signs of improved efficacy and good tolerability.

Another potential product candidate: NOX-E36 (emapticap pegol)

The Group has an additional potential product candidate in clinical development. NOX-E36 (*emapticap pegol*) has completed a Phase 2a trial in diabetic nephropathy patients with what the Group believes are promising results, further indicating that development is warranted and would be sufficient to progress NOX-E36 into Phase 2b studies. 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.

2. Competitive Strengths

The Group believes the following are its key strengths:

The ability to potently target a key class of currently unaddressed TME targets with product candidates identified and synthesized through its proprietary Spiegelmer platform technology.

The Group has 18 years of experience with its proprietary Spiegelmer platform technology that allows the generation of product candidates with potent activity on currently unaddressed cancer targets. This platform technology is differentiated from competing platforms in the manner of targeting extracellular proteins, in particular one key class of TME targets, chemokines. In addition, due to the many years of experience with the Spiegelmer technology, the Group accumulated a deep understanding of the technology process and therapeutic applications in which it can most effectively be deployed.

The Group has identified three distinct ways to modulate the TME with its lead product candidate NOX-A12.

To date, the Group's lead product candidate NOX-A12 has been shown to modulate the TME in three distinct ways, potentially bringing significant medical benefit to cancer patients:

- Destroy tumor immune privilege by breaking down the biochemical wall that keeps killer T-cells, also called cytotoxic T-cells, out of solid tumors to unleash the full potential of tumor immunotherapy;
- Block recruitment of bone marrow-derived "repair" cells to solid tumors damaged by initial therapy to prevent their re-growth; and
- Target protective niches by expelling tumor cells from protective tumor cell niches in hematological malignancies to significantly improve the efficacy of anti-tumor therapies.

These mechanisms of action can be leveraged to treatments in different therapeutic settings, demonstrating broad potential in both hematological and solid cancers.

The Group's lead product candidate, NOX-A12, has the potential to deliver near-term clinical results in immuno-oncology

The Group believes that its lead product, NOX-A12, has potential to transform cancer types that are resistant to checkpoint inhibitor therapy into checkpoint inhibitor sensitive tumors. The Group's product candidate NOX-A12 targets CXCL12, which has been shown to be a key factor limiting the efficacy of immune checkpoint inhibitors in models of pancreatic and liver cancer (*Source: Feig et al., 2013; Chen et al., 2015*). The Group's own research has shown that in an in vitro cell culture model, NOX-A12 alone increased T-cell infiltration and activation and boosted checkpoint inhibitor mediated activation of immune cells. These beneficial effects of NOX-A12 were further corroborated in an animal model of colon cancer where NOX-A12 in combination with a checkpoint inhibitor significantly improved tumor control in comparison with checkpoint inhibitor alone. This data provides a rationale for the combination of NOX-A12 with checkpoint inhibitors as well as other T-cell-based therapies in patients with solid cancers.

The Group's lead product candidate, NOX-A12, has a clear route to market.

The Group believes that its lead product, NOX-A12, has a clear route to market. The Group believes that it has shown strong results in preclinical and clinical studies, including two Phase 2a trials in MM and a second hematological cancer. After consultations with regulatory authorities in Europe and the United States, the Group is currently preparing a Phase 3-enabling Phase 2 trial. The Group considers positive data from this study would be sufficient to progress NOX-A12 to the next development step, a potentially pivotal Phase 3 trial in the treatment of MM. The design of this study has already been discussed with European authorities and the FDA.

The Group has a broad IP portfolio.

The Group has established and pursues a clear and firm strategy to ensure a comprehensive and robust protection of its intellectual property, both by filing for patent protection for its inventions in the major relevant jurisdictions as well as by in-licensing specific material intellectual property rights from third parties. Based on this approach, the Group has built up a strong and broad portfolio of proprietary intellectual property rights in various jurisdictions across the globe surrounding its product candidates, particularly NOX-A12 and NOX-E36, as well as its Spiegelmer technology platform.

Experienced senior management team and supportive, reputable shareholders.

In addition to its 18 years of experience with its Spiegelmer platform technology, the Group is led by an experienced senior management team with broad experiences in drug development. The Group is further supported by its shareholders, which is a group of reputable investors, consisting of, for example, TVM Capital, Sofinnova Partners, Edmond de Rothschild Investment Partners, DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG and NGN Capital.

3. Strategy

The Group's goal is to become a leading biopharmaceutical group focused on cancer therapy by developing and commercializing its proprietary class of drugs called Spiegelmers, which are a chemically synthesized, immunologically passive alternative to antibodies. 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.

The Group believes that it can leverage NOX-A12's mechanism of action to continue the development of NOX-A12 in three therapeutic settings:

- A Phase 2b/3-enabling Phase 1/2 clinical trial evaluating NOX-A12 first alone and second in combination with a checkpoint inhibitor to test the ability of NOX-A12 to increase infiltration of killer T-cells, also called cytotoxic T-cells, in two types of solid tumors: colorectal and pancreatic cancer. Data from this study would be considered sufficient to inform a decision to initiate a potentially pivotal trial with an immune checkpoint inhibitor.
- If sufficient financing is available, a Phase 2b/3-enabling Phase 1/2 clinical trial evaluating NOX-A12 in combination with radiotherapy in patients with newly-diagnosed inoperable brain cancer (glioblastoma) to assess efficacy, safety, tolerability and pharmacodynamics. If the results are positive, further development

would be warranted and the data from this trial will be used to define the path to approval with regulatory authorities in the United States and Europe.

- If sufficient financing is available, a Phase 3-enabling Phase 2 clinical trial evaluating NOX-A12 in combination with an established treatment in last line relapsed and refractory MM patients to test different combinations of NOX-A12 with relevant potential partner drugs to compare safety, tolerability, pharmacodynamics and indications of efficacy. Positive data from this study would be considered by the Group to be sufficient to progress NOX-A12 into a potentially pivotal Phase 3 trial that could lead to approval.

Continue to leverage the Group's other potential product candidate at the cutting edge of cancer treatment.

The Group intends to continue to focus on cancer treatments and it will continue to evaluate its other existing clinical-stage TME targeting product candidate, NOX-E36, to determine whether and when to enter it into cancer treatment trials. The Group does not intend in the short- to medium-term to invest in pre-clinical assets or in generating new Spiegelmers using the technology platform but rather to focus on its strategy as outlined in this section. Accordingly, the Group has decided to spin out certain pre-clinical assets and Spiegelmer discovery technologies and may consider out-licensing other non-core assets.

Partner its product candidates.

The Group intends to selectively enter into licensing and collaboration arrangements to supplement internal development capabilities and advance its product pipeline. As the product candidates advance, the Group will evaluate opportunities to form collaborative alliances to expand capabilities and potentially accelerate the development and commercialization of products. The Group engages in conversations with third parties to evaluate such potential collaborations.

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

The Group has not yet established a sales, marketing or product distribution infrastructure, as its lead product candidate is still in clinical development. Prior to receiving marketing approvals, the Group would make an evaluation of the feasibility to build a focused sales and marketing organization in the European Union or the United States to sell its products if and when marketing approval is granted. The Group would only enter into such a project if its analysis of strategic, commercial, medical and human resources aspects of its plan had a reasonable chance of succeeding. The Group currently believes that the most preferable and likely strategy to commercialize its products is through a partner with significant relevant marketing and sales experience.

4. The Group's History

The following table provides the Group's activity since its inception in 1997 and until the date of this Information Document:

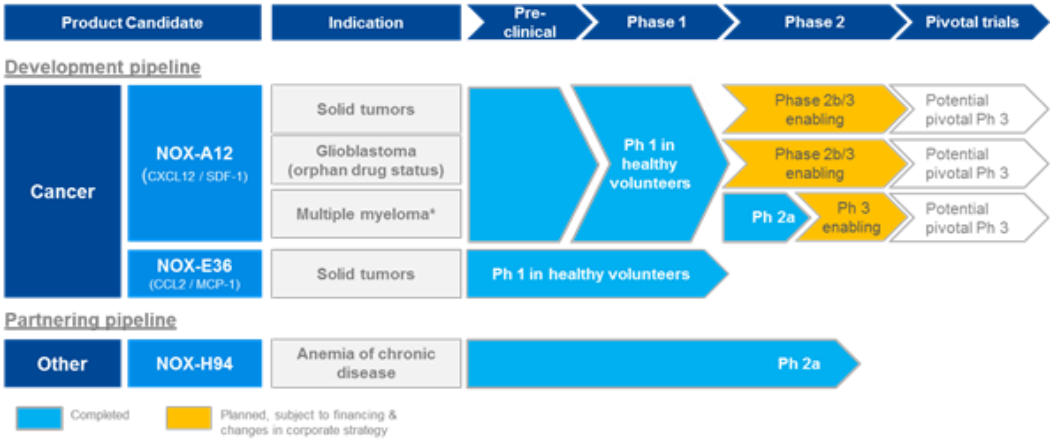
Year	The Group's Key Milestones
1997	• Founded in Berlin, Germany, under the name NOXXON Pharma AG, by Dr. Sven Klussmann and others. • Optimization of drug discovery process to identify Spiegelmers, mirror-image oligonucleotides, begins.
2000	• €21 million venture capital financing round concluded (Merlin Biosciences/DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG).
2002	• Company's operations and research focuses on a small number of key projects.
2006	• Research partnership with Pfizer Inc.
2007	• €37 million invested in the Group by a syndicate of investors led by TVM Capital and Sofinnova Partners, enabling clinical development of the Group's preclinical assets.
2009	• First successful administration of a Spiegelmer to a healthy volunteer, first-in-man studies for its product candidates NOX-A12 and NOX-E36.
2010	• €35 million invested in the Group by new lead investor NGN Capital and 2007 syndicate members.
2012	• Product candidates NOX-A12 and NOX-E36 have been shown to be generally safe and well tolerated after up to four weeks of treatment. • Beginning of Phase 2a studies in hematological cancers with NOX-A12.
2014	• Clinical proof-of-concept trials for NOX-A12 and NOX-E36. This data set provided the basis to deduce a strategy for which products and indications to select in order to move forward into later stage clinical development.
2015	• The Group re-focuses its business activities on cancer treatments.

In 2015, the Group shifted its focus to oncology for scientific and commercial reasons. The Group's accumulated scientific and medical experience has identified chemokine targets as a strong fit for the Spiegelmer technology. In parallel, it has become more and more clear to the scientific community that chemokines are important, 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*). The Group believes that this creates a situation of tremendous opportunity to develop a series of successful new products for cancer treatment.

5. Product Candidates and Business Activities

5.1 Product Pipeline Overview

All of the Group's proprietary product candidates are identified and synthesized through its drug discovery platform which is described in detail under "—*The Spiegelmer Platform*". The Group's diverse product pipeline consists of candidates ranging from the discovery stage to the clinical stage. The primary product candidates that the Group intends to progress, alone or through potential partnerships, include NOX-A12 in various cancer indications and its preclinical cancer product candidates and NOX-E36 in solid tumors or diabetic nephropathy. The Group's pipeline of product candidates is summarized in the figure below:



Source: Group. Conduct of all trials is subject to sufficient funding and priority of trials subject strategic assessment. The Group may decide not to conduct certain of these trials and/or replace them with other trials for strategic and/or commercial reasons.
*NOX-A12 has also been evaluated in a Phase 2a study in a second hematological cancer, chronic lymphocytic leukemia.

NOX-A12

NOX-A12 (proprietary, clinical stage): the Group's lead product candidate NOX-A12 targets a key chemokine in the TME called CXCL12. The Group believes that NOX-A12 has specific characteristics that make it highly suitable as a partner drug in various cancer combination therapies. Preclinical data and the results from two Phase 2a trials support the ability of NOX-A12 to effectively target the TME and hence to destroy the immune privilege of solid tumors, block recruitment of bone marrow-derived "repair" cells to solid tumors and to mobilize cancer cells from protective niches in blood cancers. The Group believes that NOX-A12 will address the unmet medical need for patients with advanced solid tumors, brain and blood cancer. The Group plans to initiate clinical trials with patients diagnosed with solid tumors such as colorectal, pancreatic and brain cancer as well as with MM.

Another potential product candidate

The Group's pipeline also contains another Spiegelmer product candidate in development: NOX-E36. NOX-E36 targets the chemokine CCL2 and related chemokines as a potential treatment for diabetic nephropathy and cancer.

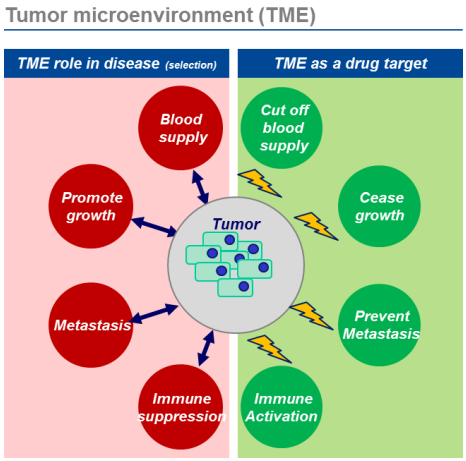
5.2 Description of NOX-A12: An Inhibitor of CXCL12

The Group's lead product candidate NOX-A12, one of the products in the Group's development pipeline, 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 in cancer acts as a communication bridge between tumor cells and their environment (*Source: Guo et al., 2015*). 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 CAR-T approaches. Based on work in animal models and patients, the Group believes that a combination therapy with NOX-A12 will increase the efficacy of these treatments without adding significant side effects. Thus, the Group believes that NOX-A12 is positioned to be a combination partner for a wide range of cancer treatments (*Source: Guo et al., 2015; Lazennec & Richmond, 2010; Würth et al., 2014; Bouyssou et al., 2015*).

5.2.1 The Tumor Microenvironment (TME)

NOX-A12, as well as NOX-E36, target the TME. The TME is the cellular environment in which cancer cells exist, which includes surrounding blood vessels, immune cells, fibroblasts, signaling molecules, such as chemokines, as well as the extracellular matrix. Increasing evidence indicates that the TME has critical roles in all aspects of cancer biology, such as a cancer's growth, angiogenesis (blood vessel recruitment and growth utilized by the tumor to access blood supply), metastasis (spread of the tumor to other locations in the body) and progression. The TME can create a local immunosuppression which prevents tumors from being eliminated by the immune system, and in addition the microenvironment inhibits chemotherapy and immunotherapy-induced cell death. It is now recognized that chemokines, such as CXCL12, serve as critical communication bridges between tumor cells and stromal cells, or connective tissue, to create a permissive microenvironment for tumor growth and metastasis. Thus, an important therapeutic strategy for cancer is to break this communication channel and isolate tumor cells for long-term elimination (*Source: Guo et al.,*

2015). The Group believes that its Spiegelmers can provide enhanced activity relative to existing competitors derived from monoclonal antibody or small molecule platforms against these chemokines.



Source: Group (based on information from Guo et al., 2015). The TME is the cellular environment in which the tumor exists, including for example: blood vessels, signaling molecules and immune cells.

5.2.2 NOX-A12's Target: CXCL12

The target of NOX-A12 is CXCL12, also known as stromal cell-derived factor-1 (SDF-1), a chemokine that is normally involved in cell migration. CXCL12 is secreted by supporting cells in the bone marrow and lymph nodes which maintains blood-forming stem cells and white blood cells in these tissues. CXCL12 forms a gradient that could be considered a homing signal for such cells.

CXCL12, like other chemokines, has two types of binding sites. The first type binds specifically with cell-surface receptors that then trigger signaling within cells. CXCL12 has two distinct receptors, CXCR4 and CXCR7. CXCL12 also has a second type of binding site, which allows non-specific binding to cell surfaces to allow for the formation of the concentration gradient that migrating cells can follow. Importantly it has become clear that CXCL12 binding to both its specific receptors is important in its role in the TME, which has implications for therapeutic intervention (*Source: Liu et al., 2014, Azab et al., 2014*), amongst other:

- CXCL12 mediates an immune suppressive effect of cancer associated fibroblasts, whereby the chemokine binds to cancer cells and excludes T-cells which are the immune systems killing cells, also called cytotoxic T-cells, by a mechanism that depends on signaling by the CXCL12 receptor CXCR4, i.e. it forms a biochemical wall around the tumor or small groups of cancer cells, called tumor cell nests, excluding killer T-cells (*Source: Fearon, 2014*). The study suggests that the mechanism of immune suppression by the cancer associated fibroblasts may affect a more fundamental step involving the interaction of killer T-cells with the tumor than does the PD-1/PD-L1 immune checkpoint.
- It has been noted that CXCR4 and CXCR7 are both involved in cancer, and in particular in angiogenesis (recruitment of supporting blood cells) in brain cancer. Molecules able to interact and block either CXCL12 itself or both receptors simultaneously could represent an improved pharmacological approach (*Source: Würth et al., 2014*).
- It has been noted that the CXCL12/CXCR4 interaction is essential for cell trafficking and has been shown to regulate tumor progression and metastasis in many tumors including MM (*Source: Guo et al., 2015*).
- Other studies demonstrate that the CXCL12/CXCR7 interaction is a crucial regulator of tumor progression in MM through an indirect effect on the recruitment of angiogenic mononuclear cells to areas of MM tumor growth in the bone marrow niche (*Source: Azab et al., 2014*).

Based on these properties of CXCL12, the Group has identified three major areas in which NOX-A12 can modulate the TME with an anti-CXCL12 approach to potentially bring significant medical benefit to cancer patients:

- Destroy tumor immune privilege by breaking down the biochemical wall that keeps killer T-cells out of advanced solid tumors to unleash the full potential of tumor immunotherapy. This mechanism is relevant in advanced solid tumors that are being addressed by immunotherapy.

- Block recruitment of bone marrow-derived "repair" cells to solid tumors damaged by initial therapy to prevent their re-growth. This mechanism is relevant in solid tumors, including brain cancer.
- Target protective niches by expelling tumor cells from protective tumor cell niches in blood cancers to significantly improve the efficacy of anti-tumor therapies. This mechanism is relevant in blood cancers, including MM.

The following figure depicts the Group's strategy to develop NOX-A12 as a product candidate:

5.3 Developing NOX-A12 in Advanced Solid Tumors: Destroy Tumor Immune Privilege

Immunotherapy or therapeutic strategies that allow the immune system to react better to tumors have recently emerged as a promising treatment strategy for cancer. However, the destruction of cancer cells by killer T-cells, also called cytotoxic T-cells, requires not only that cancer-specific T-cells be generated and activated, but also that these T-cells physically contact cancer cells. Exclusion of killer T-cells from the vicinity of cancer cells has been shown to correlate with a poor long-term clinical outcome.

CXCL12 binds to cancer cells and excludes T-cells from tumor cell nests by a mechanism that depends on signaling by the CXCL12 receptor CXCR4. Thus, neutralizing CXCL12 as an approach to increase the accumulation of cancer-specific CD8+ T-cells in tumors has the potential not only to enable a spontaneous anticancer cell immune response to control tumor growth, but also to enhance, when necessary, any T-cell–directed immunologic intervention, including immune checkpoint antagonists, adoptive T-cell therapy, inhibitors of IDO, and vaccination (*Source: Fearon, 2014*).

5.3.1 Unmet Medical Need in Advanced Solid Tumors

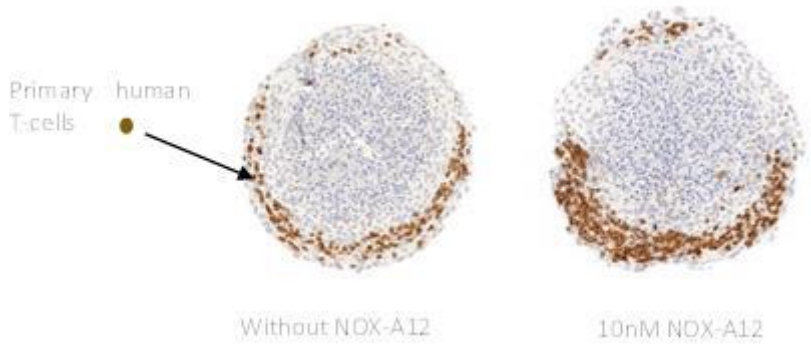
Advanced solid tumors that do not respond to checkpoint inhibitors, such as pancreatic cancer and the approximately 85% of colorectal cancers, without defective mismatch repair, which are also referred to as microsatellite stable (MSS) (*Source: Brahmer et al., 2012, Sunshine & Taube 2015, and Kerr & Midgley 2010*), are perceived as a highly attractive option for further development of NOX-A12 because of the very high unmet medical need and strong rationale for TME modulation. When the cancer is not detected before it spreads outside of the location in which it arises, this greatly increases the risk for patients that treatment will not be successful. For metastatic colorectal cancer, the median duration of survival is between approximately six months and two years (*Source: Gobalkrishna and Fuloria, 2016*) with five year survival rates of 13.5% (*Source: http://seer.cancer.gov/statfacts/html/ colorect.html*). For metastatic pancreatic cancer, the median duration of survival is between approximately six months and one year (*Source: Garrido-Laguna and Hidalgo, 2015*) with five year survival rates of 2.6% (*Source: http://seer.cancer.gov/statfacts/html/pancreas.html*). As such, there is a clear need for better treatments for these patient groups. There is a compelling rationale for adding a TME modulating agent such as NOX-A12 to checkpoint inhibitors to treat colorectal and pancreatic cancers since modulation of CXCL12 signaling has been shown to make checkpoint resistant tumors sensitive to this therapy in animals (*Source: Feig et al., 2013 and Group data*). In such populations, with a baseline of non-responsiveness, even moderate improvements in efficacy would be readily apparent in a small single-arm trial, such as the one the Group is planning. In addition, in these populations, the anticipated low effect size needed to gain regulatory approval would translate into short development timelines. Lastly, the broad potential applicability of combinations of NOX-A12 with not only checkpoint inhibitors but also other T-cell based therapeutics such as CAR-T approaches make this avenue of research potentially game-changing for a wide range of cancers.

5.3.2 Preclinical Research

The Group has investigated whether NOX-A12 is able to enhance T-cell infiltration into tumor tissue by using a three-dimensional tumor-stroma spheroid model that mimics the complexity of the TME. In this model system, NOX-A12 increased T-cell migration into the tumor-stroma spheroid. In addition, NOX-A12 alone increased T-cell infiltration and activation and boosted checkpoint inhibitor mediated activation. This data provides a rationale for the combination of NOX-A12 with checkpoint inhibitors as well as other T-cell-based therapies in patients with solid cancer.

In the study, spheroids consisting of a tumor cell line (colorectal or pancreatic cancer) together with CXCL12 expressing non-cancerous supporting stroma cells were allowed to form in a cell culture over two days. These spheroids were then incubated with different concentrations of NOX-A12. After an hour, human T-cells that were isolated from the blood were added and incubated with the spheroids overnight. The next morning the spheroids were harvested and T-cell infiltration was assessed using two methods: (i) flow cytometry which allows identification and counting of individual cells and (ii) visualization of T-cell infiltration by a staining technique called immuno-histochemistry (as shown in the figure below).

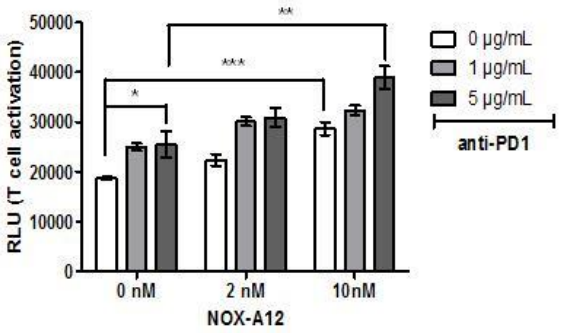
The Group found that NOX-A12 increased the amount of T-cells in tumor-stroma spheroids depending on the dose. At the optimal concentration of 10 nanomolar of NOX-A12, flow cytometry analyses revealed a two- to three-fold increase in the spheroid T-cell infiltration. As shown in the figure below, enhanced T-cell infiltration in the presence of NOX-A12 was corroborated by immuno-histochemistry.



Source: Zboralski, D., AACR, 2016. NOX-A12's induced enhancement of T-cell (brown cells) infiltration into a tumor-stroma spheroid model (in vitro). The image shows a cross section after immuno-histochemical staining for the T-cell marker CD3. The Group believes that preferential infiltration in the spheroid's bottom part is likely due to the fact that only the lower hemisphere of the spheroid is in direct contact with the T-cells in this assay setup.

The Group also performed studies in a system where T-cell activation is inhibited by interaction of the immune checkpoint receptor PD-1 and its ligand PD-L1. In this study, T-cell activation can be quantified through light emission of engineered T-cells, measured in relative light units (RLUs). In this setting, both NOX-A12 and a PD-1 inhibitor were added at different doses.

The Group again observed that NOX-A12 enhanced T-cell infiltration into the tumor-stroma spheroids. Moreover, as shown in the figure below, NOX-A12 alone (without the PD-1/PD-L1 inhibitor) can also lead to enhanced T-cell activation, probably due to the increased number of T-cells in the tumor. The T-cell activation was further enhanced by the addition of a PD-1 inhibitory antibody (an immune checkpoint therapeutic) at two different doses. As shown in the figure below, the addition of NOX-A12 and the checkpoint inhibitor at the highest doses each led to almost a doubling of the T-cell activation. A detailed quantitative analysis revealed that NOX-A12 and the PD-1 inhibitor act synergistically.

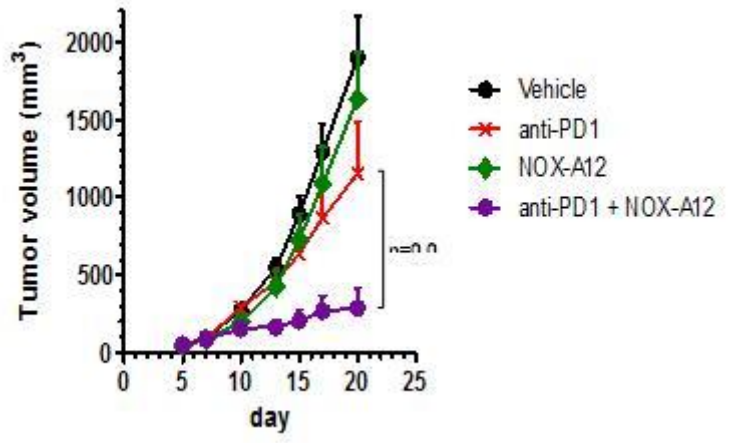


Source: Zboralski, D., AACR, 2016. NOX-A12 mediated T cell infiltration leads to synergistic effects with an anti-PD-1 checkpoint inhibitor in a heterotypic spheroid tumor model (in vitro). The square brackets indicate which conditions were statistically compared and analyzed using an unpaired T test, whereby one asterisk means $p < 0.05$, two asterisks mean $p < 0.01$ and three asterisks $p < 0.001$. "RLU" means relative light units.

The Group believes that this data confirms the underlying hypothesis that the inhibition of CXCL12 by NOX-A12 will be able to increase the efficacy of anticancer therapies, such as checkpoint inhibitors and CAR-T approaches, by enabling the direct contact of T-cells with solid tumors.

Recently generated data from an animal model further substantiated the rationale of combining NOX-A12 with checkpoint inhibitors. A model of colon cancer which is only poorly responsive to checkpoint inhibition was used to test the hypothesis that NOX-A12 could render certain tumors more sensitive to checkpoint therapy. As illustrated in the

figure below, the addition of NOX-A12 to PD-1 checkpoint inhibition significantly increased tumor response as compared with PD-1 inhibition alone.



Source: Unpublished Group data. NOX-A12 was tested in a syngeneic, immunocompetent, subcutaneous tumor model of colon cancer (CT-26 cells) with limited response to checkpoint inhibition. Various therapies were analyzed in a tumor growth study. The combination of NOX-A12 plus an anti-PD-1 antibody was the only therapy that significantly inhibited tumor growth , i.e. allowed stable or reduced tumor size in the majority of animals. Data shown is tumor volume plus standard error of the mean. Statistical analysis was performed as follows. First, a global Kruskal-Wallis test was performed to assess whether any pairwise comparison shows a difference. Next, pairwise Wilcoxon rank sum tests were performed to determine p-values. The NOX-A12 + anti-PD-1 combination showed a statistically significant reduction in tumor growth relative to anti-PD-1 alone as well as to all other groups tested.

5.3.3 Clinical Development Strategy

Scientific Rationale

Based on published preclinical work in models of pancreatic and liver cancer and the Group's own data in a three-dimensional tumor-stroma spheroid in vitro model as well as in an in vivo colon cancer model which showed that immune checkpoint inhibitors could only be efficacious when the immune privilege of the tumors and the immunosuppressive TME was eliminated by inhibiting the CXCL12/CXCR4 interaction, the Group intends to conduct a proof-of-mechanism study of NOX-A12 in two types of solid tumors: microsatellite stable (MSS) colorectal and pancreatic cancer. Since the hallmark of tumor immune privilege is the exclusion of killer T-cells from the tumor cell nest which is mediated by CXCL12 coating of cancer cells, this trial aims to evaluate the effect of NOX-A12 on the number of tumor infiltrating killer T-cells.

Planned Future Clinical Development of NOX-A12 in Advanced Solid Tumors (Phase 1/2 Proof-of Mechanism in Colorectal and Pancreatic Tumors)

The Group will include approximately 10 patients, for each indication, 20 patients in total, in an open-label, two arm, Phase 2b/3-enabling Phase 1/2 trial. In order to be able to measure the number of infiltrating T-cells, the Group will collect cancer tissue specimens. Patients with available tissue specimens for immuno-histological evaluation of infiltrating killer T-cells will be included and treated with NOX-A12. Tissue specimens from the resected tumor or repeat biopsies from the tumor or its metastases will be evaluated for changes in number and distribution of immune cells including infiltrating killer T-cells as well as for changes in the cytokine/chemokine expression pattern of the tumor. In addition, the Group plans to subsequently continue NOX-A12 treatment combined with a checkpoint inhibitor. This second part of the study has the potential to provide additional information on the safety and therapeutic potential of NOX-A12/checkpoint inhibitor combinations in a small number of cancer patients. Since both of these tumor types are generally non-responsive to checkpoint monotherapy, the Group believes that even a small proportion of responders would be a highly relevant result.

The Group expects to enroll the first patient in this Phase 2b/3-enabling Phase 1/2 proof-of-mechanism trial in colorectal and pancreatic cancer in the fourth quarter of 2016 and estimates it will deliver top-line data evaluating NOX-A12 alone and initial data for the combination with a checkpoint inhibitor in the fourth quarter of 2017 or the first quarter

of 2018. The Group is currently in discussions with a pharmaceutical company with a marketed PD-1 checkpoint inhibitor and expects to be able to announce by the end of 2016 a collaboration whereby this pharmaceutical company will cost-free provide to the Group a PD-1 checkpoint inhibitor for the Group's solid tumor clinical trials that would test combinations with NOX-A12.

Density of tumor-infiltrating killer T-cells has been described as a prognostic factor for advanced solid tumors and their responsiveness to immune checkpoint inhibitors. Hence, the Group believes a positive outcome of this proof-of-mechanism trial to be sufficient to support the conduct of a potentially pivotal double-blind, randomized trial of NOX-A12 vs placebo on top of an immune checkpoint inhibitor in a solid cancer indication. The eligibility criteria will be based on regulatory advice and overall survival may be the primary endpoint.

5.4 Developing NOX-A12 in Glioblastoma: Block Recruitment of "Repair" Cells

To help establish their own microenvironment, solid tumors secrete, amongst others, CXCL12. This affects tumor progression and survival in multiple ways, such as by modulating cancer cell survival, proliferation and migration, and by driving angiogenesis and recruiting tumor-promoting immune and progenitor cells to the sites of tumor growth. In particular, CXCL12 has been shown to promote the invasiveness of many solid tumors, including glioblastoma (brain cancer) (*Source: Guo et al., 2015*). In studies conducted by the Group's collaborators at Stanford University using animal models of glioblastoma, radiation therapy was shown to induce the recruitment of bone marrow-derived cells to form blood vessels and generally support tumor growth. Radiation therapy was also shown to increase the expression of CXCL12 and this increased expression correlated with both increased density of blood vessels as well as with an increase in the number of tumor-associated macrophages, indicating likely tumor growth. The hypothesis of the researchers at Stanford University was that neutralization of CXCL12 by NOX-A12 could prevent recruitment of these "repair" cells to the tumor, thereby preventing the wounded tumor from healing, which would trigger a rapid relapse (*Source: Liu et al., 2014*).

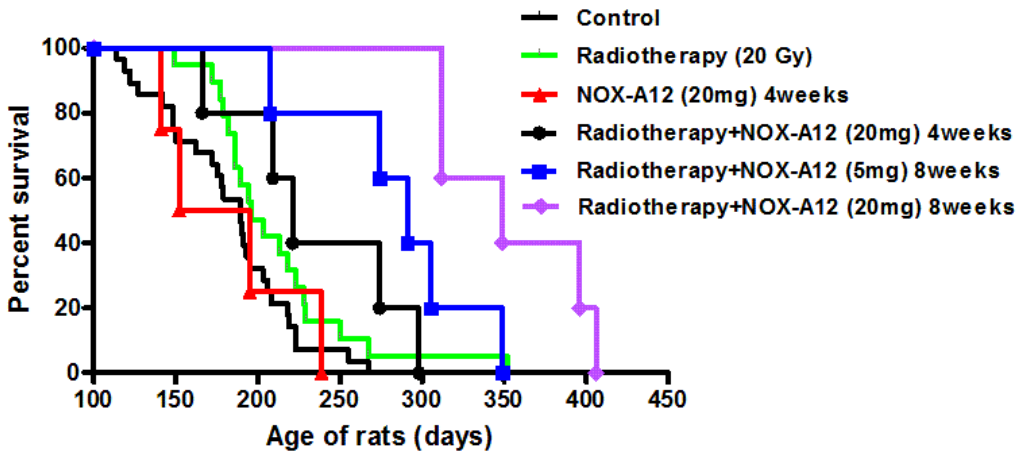
5.4.1 Unmet Medical Need in Glioblastoma/Glioma

Glioblastoma is a particularly aggressive type of brain cancer in which tumor cells invade surrounding tissue, rendering surgical treatment and chemotherapy less effective. In 2015, there were approximately 12,000 diagnosed patients with glioblastoma in the United States, calculated from GloboCan data, CBTRUS report and United Nations Population data, and approximately 14,000 diagnosed patients with glioblastoma in the five major European countries (Germany, France, Italy, Spain and United Kingdom). The median survival time for patients with glioblastoma is approximately one year from initial diagnosis. Current therapies for glioblastoma primarily consist of surgery, radiation and temozolomide, a DNA-alkylating agent, which are able to temporarily control tumor growth in only approximately 20% of patients. The Group believes that TME-targeted therapies such as the anti-CXCL12 approach of NOX-A12 will work synergistically with standard therapies such as irradiation, chemotherapy and anti-angiogenesis drugs or drug candidates, such as bevacizumab, marketed as Avastin® by Genentech/Roche.

Newly-diagnosed inoperable glioblastoma has a dismal prognosis with a median overall survival of approximately one year (*Source: Chauffer et al., 2014*). In addition, a significant fraction of glioblastoma patients will do worse than average because they do not benefit from the chemotherapy component of current standard of care, Temodar®/temozolomide, due to an unmethylated O6-methylguanin-DNA-methyltransferase (MGMT) promoter (*Source: Hegi et al., 2005*). Our collaboration with the Stanford University researcher showed that when added to radiotherapy, NOX-A12 resulted in tumor shrinkage below the limit of detection in 100% of the animals tested and these responses were durable in two-thirds of animals after cessation of treatment (*Source: Liu et al., 2014*). Inoperable glioblastoma patients that are resistant to Temodar®/temozolomide are a population in which even small improvements in efficacy would be readily apparent after a short treatment period. Trial size and duration needed to gain regulatory approval is expected to be limited and the Group can benefit from enhanced regulatory interactions both in the United States and Europe due to the orphan drug status for NOX-A12 in glioblastoma/glioma.

5.4.2 Preclinical Research

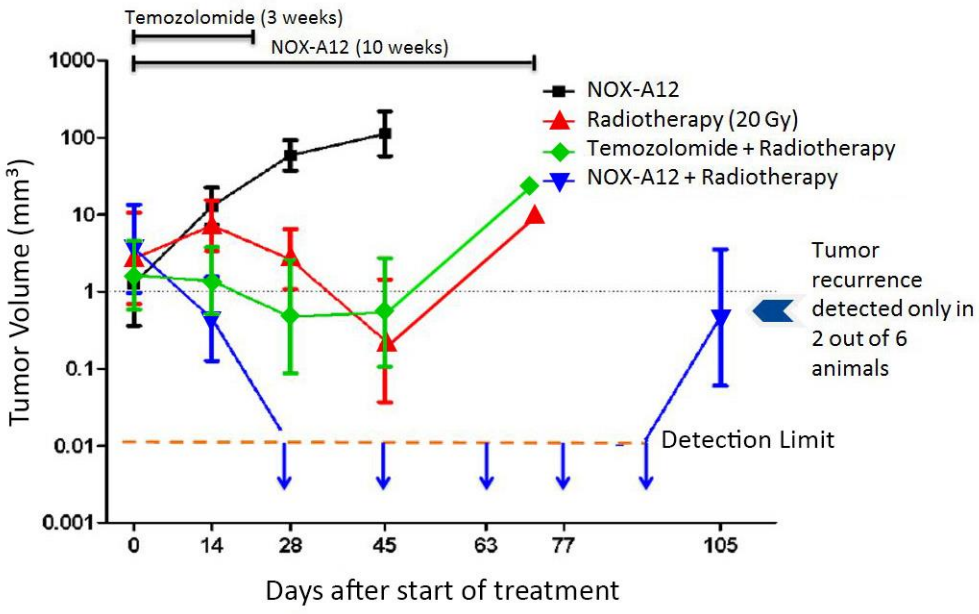
A preclinical study using a rat model of carcinogen-induced glioblastoma showed that NOX-A12 used in combination with radiation therapy led to an increase in survival time, as shown in the figure below (*Source: Liu et al., 2014*):



Source: Liu et al., 2014 (figure also adapted from source). NOX-A12 used in combination with irradiation significantly prolongs survival in a rat glioblastoma model.

The strongest effects on survival have been observed at the highest dose and the longest duration of therapy. Of interest for translation into clinical trials, the main driver of efficacy appears to be the duration of therapy in this model. As in the MM preclinical studies, the absence of an effect of NOX-A12 without a combination therapy was to be expected since NOX-A12 does not directly target the tumor, but rather blocks a component of the TME, in this case, the recruitment of "repair" cells.

A further preclinical study that was conducted by the Stanford University researchers also showed that treatment with NOX-A12 in combination with radiation leads to tumor shrinkage to volume levels undetectable by magnetic resonance imaging. Other treatments such as the clinically used combination of temozolomide and radiation were able to stabilize the growth of these tumors but they did not result in significant reduction in size. After treatment was stopped, only two out of six rats treated with NOX-A12 and radiation had tumor recurrence, as shown in the figure below. Four groups of rats were treated with (i) NOX-A12 (10 mg/kg) alone for 10 weeks, (ii) radiotherapy alone (one administration of 20 Gy), (iii) radiotherapy (one administration of 20 Gy) and temozolomide (10 mg/kg) for three weeks or (iv) a combination of radiotherapy (one administration of 20 Gy) and NOX-A12 (10 mg/kg) for 10 weeks. The treatment effects on tumor size and growth in these groups were as follows: (i) the tumors in the rats treated with NOX-A12 alone continued to grow as expected; (ii) and (iii) the tumors in the rats given radiotherapy alone or radiotherapy and temozolomide for three weeks behaved similarly with an initial decrease in volume to day 45 followed by a regrowth; and (iv) the tumors in the rats treated with radiotherapy and NOX-A12 for 10 weeks disappeared by 28 days after the start of treatment and continued to be undetectable by magnetic resonance imaging until the appearance of recurrences in two rats 105 days after the initiation of treatment and 35 days after NOX-A12 treatment was stopped.



Source: Liu et al., 2014 (figure also adapted from source). Tumor shrinkage in a rat model of glioblastoma when NOX-A12 was used in combination with irradiation.

5.4.3 Clinical Development Status

Potential Future Clinical Development of NOX-A12 in Brain Cancer with Orphan Drug Status (Phase 1/2 Trial in Front Line Treatment for Inoperable Tumors Resistant to Standard of Care, in Combination with Radiotherapy)

Based on the convincing preclinical data of NOX-A12 in an advanced solid tumor model of glioblastoma, the Group has designed a Phase 2b/3-enabling Phase 1/2 clinical trial of NOX-A12 in approximately 18 patients with newly diagnosed glioblastoma which it currently plans to conduct if sufficient financing is available. This open-label, single-arm trial will include patients with inoperable glioblastoma who are resistant to temozolomide, which is a standard of care treatment in glioblastoma. Temozolomide resistance can be identified by a standard test on tumor tissue obtained during biopsies. All patients will undergo standard external-beam radiotherapy and will additionally receive NOX-A12 with the aim of preventing tumor recurrence. In addition to safety and tolerability in this population, the rate of progression-free survival after six months will be evaluated.

The Group is in discussions with both U.S. and European clinical research groups about conducting additional controlled studies exploring combinations with anti-angiogenic drugs or drug candidates or radiotherapy.

The preclinical data set also formed the basis for the orphan drug status that NOX-A12 has received for the treatment of glioblastoma in conjunction with radiotherapy in the United States and for the treatment of glioma, which includes all tumors that are of glial origin, including astrocytomas, glioblastomas, oligodendroblastomas, and unspecified gliomas in Europe. This status will facilitate close interactions with European and U.S. regulatory bodies to discuss the further development plan. The data from the first ten patients (including data on progression-free survival after six months) of the trial is intended to serve as a basis for these discussions.

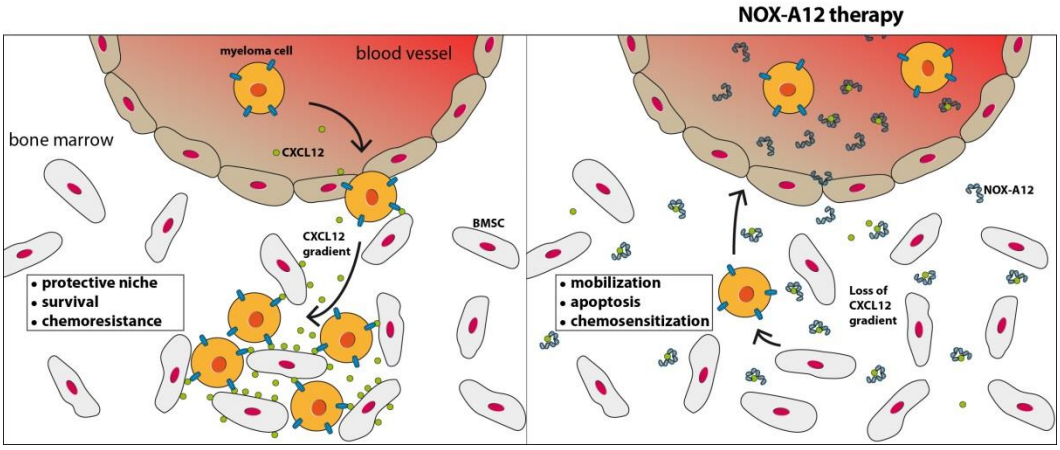
5.5 Developing NOX-A12 in MM: Targeting Protective Niches in Blood Cancer

In hematological malignancies, the CXCL12-mediated interactions in the microenvironment of the bone marrow niche are believed to help protect tumor cells from the action of cancer therapies.

As illustrated on the left-hand side of the diagram below, CXCL12 enables blood cancer cells to migrate to the bone marrow. In bone marrow, blood cancer cells are more difficult to target and kill by existing treatments (*Source: Guo et al., 2015; Roccaro et al., 2014*). By blocking CXCL12 and eliminating the gradient, the Group envisions for NOX-A12 to trigger these blood cancer cells to migrate out of the bone marrow and into the blood stream, where they can subsequently be more easily targeted by a combination drug, as illustrated on the right-hand side of the diagram below. As such, the Group believes that inhibiting CXCL12 in blood cancer, such as MM, can provide significant benefit in combination with other therapies.

The crucial role of the TME in MM was highlighted in the Ham Wasserman keynote lecture given by Dr. Jesus San Miguel at the 2014 American Society of Hematology meeting where it was noted that in the development of MM, the mechanisms responsible for the interaction between malignant plasma cells and their microenvironment are as important as the genetic changes involved in the development of the cancer because these play a critical role in bone destruction, tumor cell growth, survival, migration and drug resistance.

In addition to the role of CXCL12 as a chemokine, in certain leukemic cells CXCL12 is itself a survival factor for tumor cells, which suggests that inhibition of CXCL12 may also have direct anti-tumor activity in some leukemias. It has also been shown that CXCL12 can recruit regulatory T-cells to the bone-marrow, a key component of the microenvironment for hematological cancers, and these regulatory T-cells may form an immunosuppressive niche (*Source: Dürr et al., 2010*). A recent study reported that CXCL12 secreted by bone marrow stroma cells can attract CXCR4-expressing MM cells to the bone marrow niches and protect them from chemotherapy- and immunotherapy-induced cell death (*Source: Roccaro et al., 2014*).



Source: Group. Role of CXCL12 in hematological cancers and the effect of NOX-A12 therapy.

By blocking CXCL12, NOX-A12 offers a novel and complementary approach aimed at the signaling of a key chemokine thought to play an important role in tumor cell growth, survival, migration, drug resistance, as well as in bone destruction.

5.5.1 Unmet Medical Need in MM

MM is the second most common blood cancer and is characterized by the over-production and accumulation of monoclonal plasma cells, a type of white blood cell normally responsible for producing antibodies in the bone marrow. The majority of patients with MM relapses and eventually becomes drug-resistant, or refractory, to treatments (for further information, please see Section 10 (*Industry Overview—The TME Plays a Key Role in Multiple Myeloma*)).

In the last 20 years, MM treatments have improved due to the use of high-dose chemotherapy and autologous stem cell transplantation, as well as the introduction of various new treatment options including proteasome inhibitors, such as bortezomib (Velcade®) and immunomodulatory drugs or drug candidates, such as lenalidomide (Revlimid®). As a result, the five-year survival rate of MM has increased from 30 to 45% in the period from 1990 to 2007 (*Source: SEER Cancer Statistics Review, 2015*). A wide variety of new drugs or drug candidates are already approved or are being evaluated in relapsed or refractory patients, including new proteasome inhibitors (such as carfilzomib (Kyprolis®), ixazomib, oprozomib, and marizomib), immunomodulatory drugs (such as pomalidomide (Pomalyst®/Imnovid®)), monoclonal antibodies and histone deacetylase inhibitors (such as vorinostat and panobinostat (Farydak®)). In November 2015, daratumumab (Darzalex®) became the first therapeutic antibody ever to be approved by the FDA to treat MM. The drug is approved for the treatment of MM patients who have received at least three prior lines of therapy including a proteasome inhibitor and an immunomodulatory agent, or who are double-refractory to a proteasome inhibitor and an immunomodulatory agent. In November 2015, the FDA approved elotuzumab (Empliciti™) for the treatment of MM as a combination therapy with lenalidomide and dexamethasone in patients who have received one to three prior therapies. Also in November 2015, proteasome inhibitor ixazomib (Ninlaro®) was approved by the FDA for use in combination with lenalidomide and dexamethasone to treat MM in patients who have received at least one prior therapy.

The Group believes that relapsed or refractory MM represents an attractive market for development of therapies due to the sizable market opportunity as well as a potential expedited path to clinical approval because of the high unmet medical need and the relatively short clinical observation periods required to show efficacy. Despite significant efforts and the advent of new treatment options, MM remains a difficult-to-treat disease characterized by repeated treatment cycles and high cost.

Treatment of MM is a commercially attractive market with a clear regulatory path and precedent for favorable pricing. Although, there is a clear unmet medical need for new treatment modalities in last line relapsed and refractory MM patients the Group believes that this need is lower than the need in advanced solid tumors not responding to checkpoint inhibitors, such as colorectal and pancreatic cancers, or first line inoperable glioblastoma. While our planned trial will make NOX-A12 Phase 3-ready which is an important step in the value build of the program, it will not add significant additional efficacy data. Evaluating efficacy in MM can, however, be complex as highlighted by the wide range of reported overall response rates for treatment of relapsed MM with various agents such as Velcade (alone or with dexamethasone) from 28% (Source: Richardson et al., 2003) to 75% (*Source: Igarashi et al., 2010*), or Kyprolis (alone or with dexamethasone) from 23% to 77% (*Source: Kyprolis FDA label 6/2016*). This may be due to various reasons such as differences in study design (e.g. observational, retrospective, prospective) and study population (e.g. number and type

of previous treatments, presence or absence of medical risk factors and proportion of patients with refractory disease). The Group believes that the next big value-adding step in NOX-A12 clinical development in MM will be completion of the pivotal study itself, while in advanced solid tumors and glioblastoma, significant value can be created rapidly with small proof-of-concept trials.

5.5.2 Proof-of-Principle

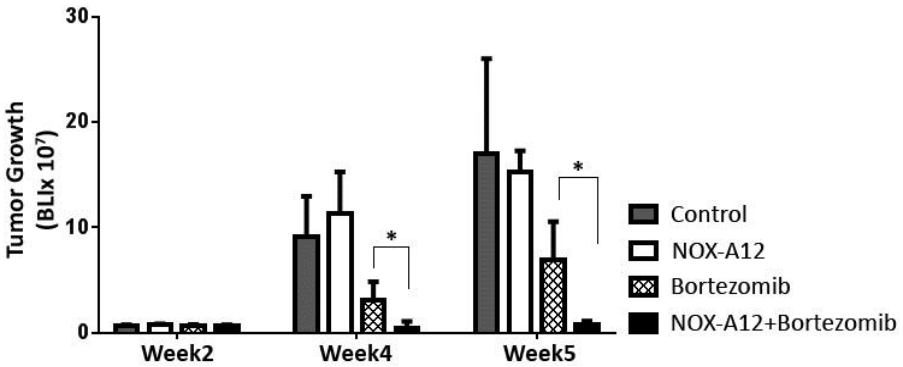
NOX-A12 inhibits CXCL12 directly by preventing it from binding to both CXCR4 and CXCR7 in the signaling pathway. In addition, NOX-A12 is able to strip CXCL12 from cell surfaces, thereby destroying the concentration gradient that promotes tumor cell migration and angiogenesis (*Source: Zboralski et al., 2012*). As a result of this dual action, NOX-A12 can achieve potent inhibition of both aspects of CXCL12's biological activity. The potency of NOX-A12 is underlined by the results of a comparison against the only approved drug on the CXCL12/CXCR4/CXCR7 axis, the CXCR4 receptor antagonist Mozobil® (plerixafor). Mozobil® is a therapy approved to mobilize hematopoietic stem cells to the blood for collection and subsequent autologous transplantation in patients with non-Hodgkin lymphoma and MM. While Mozobil®'s approval relates to mobilization of healthy stem cells out of the bone marrow, it makes use of the CXCL12/CXCR4 mechanism. The Group compared the ability of NOX-A12 and the CXCR4 antagonist Mozobil® (plerixafor) to inhibit CXCL12 induced cell migration and found that NOX-A12 was 1,000 times more potent than Mozobil® (plerixafor) at inhibiting cell migration.

5.5.3 Preclinical Proof-of-Concept

The Group's collaborators at the Dana Farber Cancer Research Center conducted a series of preclinical studies with NOX-A12, which led the Group to conclude that NOX-A12 could be an effective product candidate to prevent tumor cells in MM patients from taking advantage of their microenvironment (*Source: Roccaro et al., 2014*):

- NOX-A12 was shown to significantly enhance killing of MM cancer cells by the approved MM drug Velcade® (bortezomib);
- NOX-A12 was shown to block bone to bone spread of MM cancer cells; and
- NOX-A12 was shown to block MM cell engraftment and prolongs survival unlike the approved CXCR4 antagonist Mozobil® (plerixafor).

These studies showed that in a mouse model of MM, treatment with NOX-A12 resulted in a rapid and significant mobilization of cancer cells from the bone marrow to the peripheral blood and increased sensitization to bortezomib. Treatment with NOX-A12 in combination with bortezomib resulted in a significant reduction in tumor growth compared to treatment with either NOX-A12 or bortezomib alone. In the figure below, tumor burden at each time point was assessed by a non-invasive technology called bioluminescence imaging in four groups: untreated control, NOX-A12 alone, bortezomib (Velcade®), an approved treatment for MM, alone, and a combination of NOX-A12 and bortezomib. After 4 and 5 weeks, a clear distinction can be made, with the combination of bortezomib and NOX-A12 having the strongest ability to significantly reduce tumor growth compared to the other groups. The absence of an effect by NOX-A12 alone on the viability of cancer cells was to be expected since NOX-A12 does not directly target cancer cells, but rather the TME.



Source: Roccaro et al., 2014 (figure also adapted from source). NOX-A12 reduces tumor growth in MM when used in combination with bortezomib. In the figure, * means the p value < 0.05. "BLI" means bioluminescence intensity.

The preclinical studies also examined the role of CXCL12 in bone-to-bone metastasis of MM cells by implanting a bone with marked cancer cells and quantifying how many cells were able to migrate to a bone of the recipient mouse. This study shows that inhibition of CXCL12 can significantly reduce bone-to-bone spread of cancer cells. The Group believes that the spread of myeloma cells from a local tumor is an important part of the transition from early precursor conditions, such as smoldering myeloma, to overt MM and these data suggest that NOX-A12 may be able to slow this process.

In addition, one of these preclinical studies compared treatment of animals with NOX-A12 to treatment with the CXCR4 antagonist Mozobil® (plerixafor). In this study, in which treatment with both drugs was initiated prior to MM cell injection, NOX-A12 showed reduced tumor growth and improved survival in a mouse MM model while Mozobil® (plerixafor) did not. This increased survival rate from NOX-A12 therapy is believed to result from the ability of NOX-A12 to modulate the TME through CXCL12 gradient neutralization in a manner that prevents cancer cell engraftment and tumor growth (*Source: Roccaro et al., 2014*).

5.5.4 Clinical Development Status

Phase 1 Clinical Trials for NOX-A12 in Healthy Volunteers (Completed)

A first-in-human Phase 1 clinical trial (open and uncontrolled) to determine safety and tolerability was conducted in 48 healthy subjects to examine their response to single ascending doses of NOX-A12 ranging from 0.05 to 10.8 mg/kg. All administered doses were generally well tolerated, meaning without relevant side effects. In line with CXCL12 inhibition, NOX-A12 induced a dose-dependent mobilization of white blood cells and hematopoietic stem cells into the peripheral blood.

A second Phase 1 clinical trial was conducted with twelve healthy subjects given daily repeated ascending doses of NOX-A12 of 2.0 mg/kg or 4.0 mg/kg over five consecutive days to mimic the standard granulocyte colony-stimulating factor (G-CSF) regimen for stem cell mobilization. The number of mobilized stem cells did not increase but a prolongation of mobilization was observed. A dose of 2 mg/kg daily over five days appeared to be generally well tolerated, apart from mild increases in liver enzymes, which were fully reversible. The daily dose of 4 mg/kg over five consecutive days led to dose-limiting toxicity with regard to liver enzyme elevation. A conclusion of this clinical trial is that such an intensive dosing regimen of high daily doses is to be avoided.

Phase 2a Clinical Trial for NOX-A12 in MM Patients (NOXA12-301; Treatment Phase Completed/Follow-Up On-Going)

The Group is currently in the follow-up phase of a multi-center, open-label, single-arm Phase 2a clinical trial evaluating the safety and preliminary efficacy of a combination of NOX-A12 with Velcade® (bortezomib) and dexamethasone, known as VD, in 28 previously treated patients with MM. VD is a standard of care regimen for MM patients in this stage of disease progression. As part of the trial design, a pilot group of patients received a single dose of NOX-A12 (1, 2 or 4 mg/kg) to study the mobilization of cells from the bone marrow in the MM setting, and those doses increased for each of the subsequent cycles up to a maximum of 4 mg/kg. The pilot and expansion groups subsequently received 8 cycles of NOX-A12 treatment in combination with VD in doses up to 4 mg/kg. Top-line results from this clinical trial were reported in December 2014, which indicated that further development of NOX-A12 in MM is warranted. The treatment phase and trial was completed in the first quarter of 2016 and the respective study report and a publication are currently being prepared.

Despite patients in the Phase 2a trial having advanced and often refractory disease, these patients had an overall response rate, the proportion of patients with reduction in tumor burden of a predefined amount, of 68%, with two patients (7%) obtaining a complete response, five patients (18%) obtaining a very good partial response and an additional twelve with a partial response (43%), as shown in the figure below. Supporting the use of NOX-A12 in late-stage patients, the overall response rate was at a similar level of 75% (3 of 4) in patients who had already received 4 or 5 prior lines of treatment. Generally such patients have lower overall rates of response. Overall response rate, partial response and complete response are commonly used measures in clinical trials of cancer therapy and differ for treatments of each type of cancer.

Of the remaining 32% of MM patients, 7%, or two patients, were classified as having minimal response, 18%, or five patients, were classified as having stable disease, 4%, or one patient, was classified as having progressive disease

and 4%, or one patient, was classified as not evaluable. To put these results in perspective, a historical comparison with similar open-label clinical trials at a similar stage of development can be made. An open-label trial using Velcade® (bortezomib) with or without dexamethasone which the Group believes is relevant, resulted in an overall response rate of 40%. Two additional studies which the Group believes are relevant comparator studies is one combining VD with the CXCR4 antagonists Mozobil® (plerixafor) or ulocuplumab. Ulocuplumab and Mozobil® (plerixafor) showed an overall response rate of 40% and 51%, respectively, with no complete responses. The Group assessed comparability of trials based on the type and stage of cancer patients enrolled, the therapy tested and the structure and size of the clinical trial. The adverse events and changes in laboratory examinations that were seen in patients in the Group's Phase 2a clinical trial of NOX-A12 in MM patients are broadly consistent with those observed in historical studies of MM patients who were treated with bortezomib and dexamethasone without NOX-A12. NOX-A12 did not seem to result in additional adverse events and no treatment related changes in liver enzymes were observed.

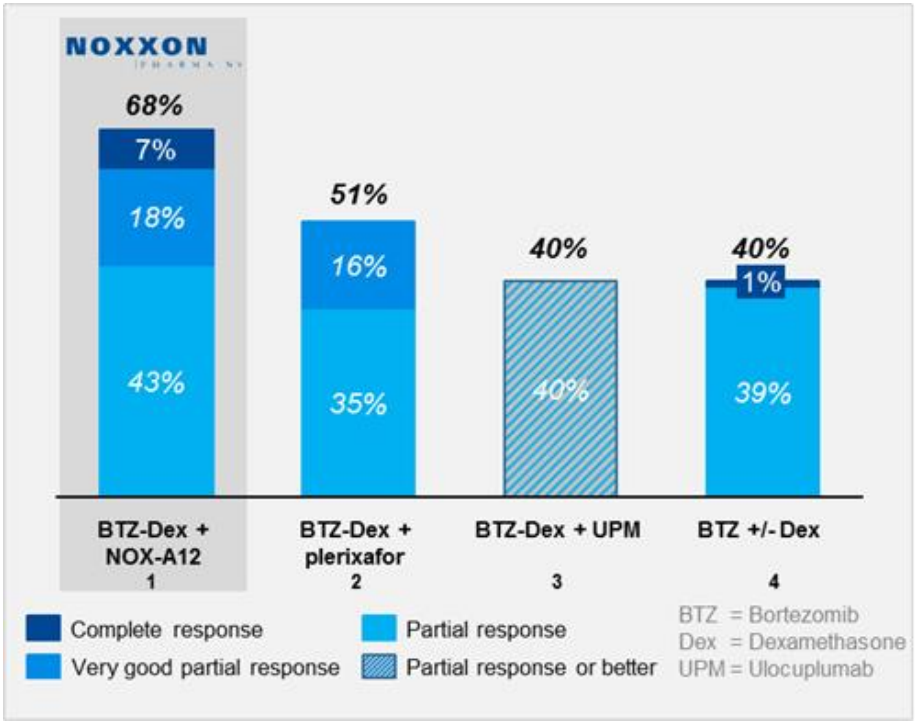


Figure: Response rates in a Phase 2a clinical trial of NOX-A12 in MM compared to response rates of relevant comparator trials. *Sources: 1. Ludwig, H. ASH 2014 653: Myeloma Therapy Abstract 2111 : VD + NOX-A12, n=28, 54% Velcade® pre-treated, however sensitive, pre-treatment: median 2 lines, Response: IMWG (2011); 2. Ghobrial, I. et al., (2015) (VD + plerixafor): N = 33 in Phase 2, Design: Open-label, single arm, Phase 1/2, Velcade®: mostly pre-treated, however sensitive, pre-treatment: median 2, Response: IMWG (2011); 3. Ghobrial, I. et al., (2014) (VD + UPM): N = 15 in Phase Ib, Design: Open-label. single arm, Phase 1b, Velcade®: pre-treated, pre-treatment: median 4, Response: IMWG (2011); 4. Petrucci, T. et al., (2013) (V +/- D): N = 126, Design: Open-label, single arm Phase 2a, Velcade®: pre-treated, however sensitive, Pre-treatment: median 2, Response: EBMT, Bladé (1998).*

*Phase 2a Trial of NOX-A12 in a Second Hematological Cancer, Chronic Lymphocytic Leukemia ("**CLL**") (SNOXA12C-201; Treatment Phase Completed/Follow-Up On-Going)*

The Group is currently in the follow-up phase of an open-label, uncontrolled, single arm Phase 2a clinical trial evaluating the safety and preliminary efficacy of NOX-A12 in combination with bendamustine and rituximab (Rituxan®), in 28 previously treated patients with a second blood cancer, CLL. Top-line results from this clinical trial were reported in December 2014, which confirmed that NOX-A12 was safe and generally well tolerated in the blood cancer setting. The treatment phase has been completed and patient follow-up is ongoing, which the Group expects will be completed in 2017.

Patients in this trial reached an overall response rate of 86%, with three patients (11%) obtaining a complete response and an additional 21 with a partial response (75%) as shown in the figure below. Of the remaining patients with

chronic lymphocytic leukemia, 11%, or three patients, were classified as having progressive disease and 4%, or one patient, was classified as not evaluable. A historical comparison with an open-label clinical trial using only bendamustine and rituximab, which the Group believes is a relevant comparator trial, resulted in an overall response rate of 59%. As illustrated in the figure below, the tumor response data of NOX-A12 in combination with bendamustine are at least as good if not better than the recently published data of ibrutinib and idelalisib in combination with bendamustine. The Group assessed comparability based on the type and stage of cancer patients enrolled, the therapy tested and the structure and size of the clinical trial. Based on the Group's preclinical and clinical experience with rituximab, an anti-CD20 monoclonal antibody, the Group believes that NOX-A12 may also be a promising combination partner for many cancer-targeting monoclonal antibody cancer therapies.

that NOX-A12 may also be a promising combination partner for many cancer-targeting monoclonal antibody cancer therapies.

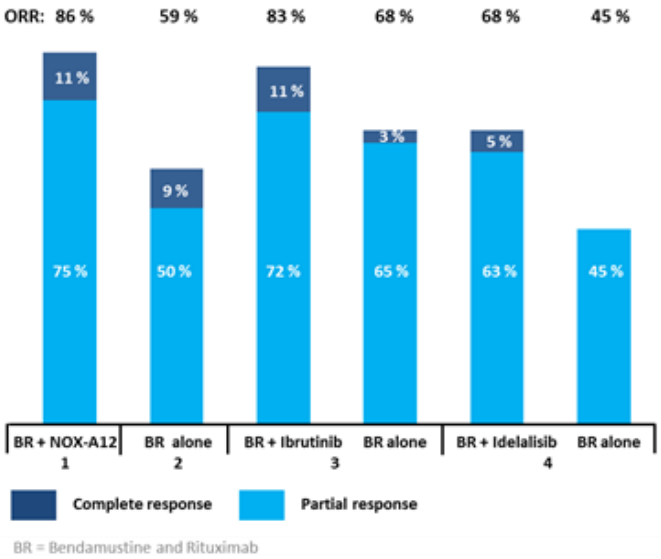


Figure: Response rates in the Phase 2a clinical trial of NOX-A12 in a second hematological cancer compared with relevant comparator trials. *Sources: 1. Company information and Steurer, M. et al.,ASH 2014.. Difference to Steuer et al. data relates to re-evaluation after publication of preliminary data at ASH 2014; 2. Fischer et al., 2011 (BR): N = 78, Design: Open-label, single arm Phase 2, Response evaluation: NCI WG 1996; 3. Chanan-Khan et al., 2016 (BR + Ibrutinib vs BR): N = 578, Design: double-blind, placebo-controlled Ph III, Response evaluation: iwCLL 2008; 4. Barrientos et al., ASCO 2016 (BR + Idelalisib vs BR): N = 416, Design: double-blind, placebo-controlled Ph III*

While the clinical trial results in CLL were positive and would warrant further development in this indication, the Group has decided to focus the further development of NOX-A12 in MM because currently there is a lower medical need with regard to CLL and a high number of competitors in the CLL market.

Potential Future Clinical Development of NOX-A12 in MM Through Market Approval (Phase 2 Trial with Last Line, Relapsed/Refractory Patients with Combination Partner Drugs)

Based on the promising top-line results of the Phase 2a clinical trial in MM and on the regulatory input that the Group has received from the regulatory agencies in the United States, Germany and Sweden, the Group has designed a clinical development plan to reach market approval.

First, the Group currently plans, subject to financing, to complete a single-armed, open-label, Phase 3-enabling Phase 2 trial with escalating doses of NOX-A12 on top of one of three potential combination compounds, carfilzomib, daratumumab and pomalidomide. These potential combination partner drugs have already received approval for late line patients in the United States, which allows for immediate access to use such drugs in clinical trials. The estimated peak sales (projected 2020) for the three potential combination compounds, carfilzomib, pomalidomide and daratumumab are $1.7 billion, $1.4 billion and $2.2 billion, respectively (*Source: DrugAnalyst - http://consensus.druganalyst.com (accessed August 2015)*). The trial will include 10 relapsed and refractory MM patients. The Group would consider positive data from this trial to be sufficient to progress NOX-A12 into the subsequent potentially pivotal trial. Subject to

sufficient financing being available, the Group currently envisions enrolling the first patient in this trial in the second half of 2016 and estimates to be able to present the top line data of this trial in the second half of 2017.

Depending on the outcome of this trial, the Group then plans to conduct a single potentially pivotal double-blind, placebo-controlled Phase 3 trial with the selected combination partner drug that could lead to full approval of NOX-A12 in this combination both in Europe and the United States. The Group has had preliminary discussion with European and U.S. regulators regarding the design requirements of such a trial in context of a potential market approval. Based on these discussions, the Group currently envisions that a potentially pivotal trial would include approximately 400 patients, half of whom will be treated with NOX-A12 or placebo on top of the chosen combination drug partner. The eligibility criteria are based on the label of the partner drug and progression-free survival will be the primary endpoint.

5.6 Description of Another Potential Product Candidate

The Group believes that its proprietary Spiegelmer technology is broadly applicable to numerous protein or peptide targets. The Group evaluates additional product candidates for development based on high unmet medical need, current and potential future competitors, the length and difficulty of clinical trials required for regulatory approval and commercial attractiveness including treatment setting, pricing and reimbursement potential. The Group may further develop one or more of the following product candidates in its pipeline itself or seek partnership and collaboration opportunities for development. The Group currently continues to focus development activities on its cancer pipeline product candidates.

5.6.1 NOX-E36: An Inhibitor of the Pro-inflammatory Chemokine CCL2

The Group initially developed NOX-E36 in diabetic nephropathy and is currently searching for a partner to support further development of NOX-E36 in this indication. The Group currently believes that the chances to successfully engage in a partnership will partly depend on data from other drugs currently in development, namely CCX140 (ChemoCentryx), PF-04634817 (Pfizer), and BMS-813160 (Bristol Myers Squibb), and the relative positioning of the results of NOX-E36 compared to these data.

Additional opportunities to develop this drug exist in the cancer field, in particular relating to cancer spread and immune privilege of tumors. Hence, the Group is currently investigating the potential of NOX-E36 in cancer. The Group has completed a Phase 2a study with NOX-E36 in diabetic nephropathy confirming its activity on the target in patients and yielding results, suggestive of a disease modifying activity. The Group believes that this data is sufficient to progress NOX-E36 into Phase 2b studies.

5.6.1.1 NOX-E36 Target: CCL2

NOX-E36 is a Spiegelmer that binds CCL2 and related chemokines as a treatment for diabetic nephropathy. The Group expects that NOX-E36 with its novel anti-inflammatory mechanism of action will be effective in combination with existing therapies. The Group believes that the mechanism of action of NOX-E36 is the inhibition of chronic inflammation and prevention of the activation of key cells in the diabetic kidney. As a result, structural changes result in improved kidney function.

5.6.1.2 Unmet Medical Need in Diabetic Nephropathy

Diabetes is the leading cause of chronic kidney disease worldwide (*Source: KDIGO, 2013*). Patients with diabetic nephropathy form the largest segment (approximately 40%) of the end stage renal disease patient population (*Source: USRDS, 2014*). End stage renal disease, or ESRD, refers to chronic kidney disease that has progressed to the point where the kidneys can no longer support the body's needs for blood filtration and consequently the patient requires dialysis or a kidney transplant for survival. No currently available drug can stop the deterioration of kidney function, and new treatment options are therefore urgently needed. A number of experimental treatments for diabetic nephropathy are currently being evaluated in clinical trials (*Source: de Zeeuw et al., 2014; de Zeeuw et al., 2015; Bakris et al., 2015*), although to date none of them have yet demonstrated clear and convincing benefit in large long-term clinical trials, in the view of the Group, either in terms of stopping or reversing disease progression.

The current standard of care for patients with diabetic nephropathy mainly includes drugs to control blood sugar and hypertension. Angiotensin modulators such as angiotensin receptor blockers and angiotensin converting enzyme inhibitors are commonly prescribed to control hypertension and slow the progression of diabetic nephropathy. However, despite optimal treatment according to guidelines used for lipid management, metabolic and blood pressure control, many diabetic nephropathy patients continue to experience loss in renal function and to progress into ESRD, at which point

patients must rely on regular dialysis sessions or a kidney transplant in order to survive. The Group believes no currently available drug can stop the deterioration of kidney function, and new treatment options are therefore urgently needed.

The beneficial effects on both the main efficacy parameter, albumin-to-creatine ratio ("**ACR**"), and HbA1c, glycosylated hemoglobin, which is a measure of past glycemic control, which are maintained after cessation of treatment are thought to be in line with its anti-inflammatory mechanism of action and suggest that NOX-E36, with its novel mechanism of action, has the potential to be the first disease modifying product candidate in this indication (*Source: Haller et al., 2014*). The Group believes that NOX-E36, with its novel anti-inflammatory mechanism of action of inhibiting CCL2 and related pro-inflammatory cytokines, will be effective in combination with existing therapies. By preventing the infiltration of pro-inflammatory cells into the kidney, the mechanism of action allows existing inflammation to resolve over time, resulting in structural changes that slow the progression toward kidney failure and may also lead to improved kidney function.

5.6.1.3 Clinical Development

Phase 1 Clinical Trials (Completed)

The Group tested a total of 152 subjects in Phase 1 clinical trials to demonstrate that NOX-E36 was well tolerated via intravenous and subcutaneous routes of administration. Of the 71 subjects who received NOX-E36 intravenously, the incidence of adverse events was similar as in the 24 subjects that received a placebo and the incidence of adverse events was independent from the administered dose, which ranged from 0.03 to 2 mg/kg. Of the 53 subjects that received NOX-E36 subcutaneously, the observed adverse events had no specific pattern and were all within the expected range and similar to what was observed in the four subjects that received a placebo.

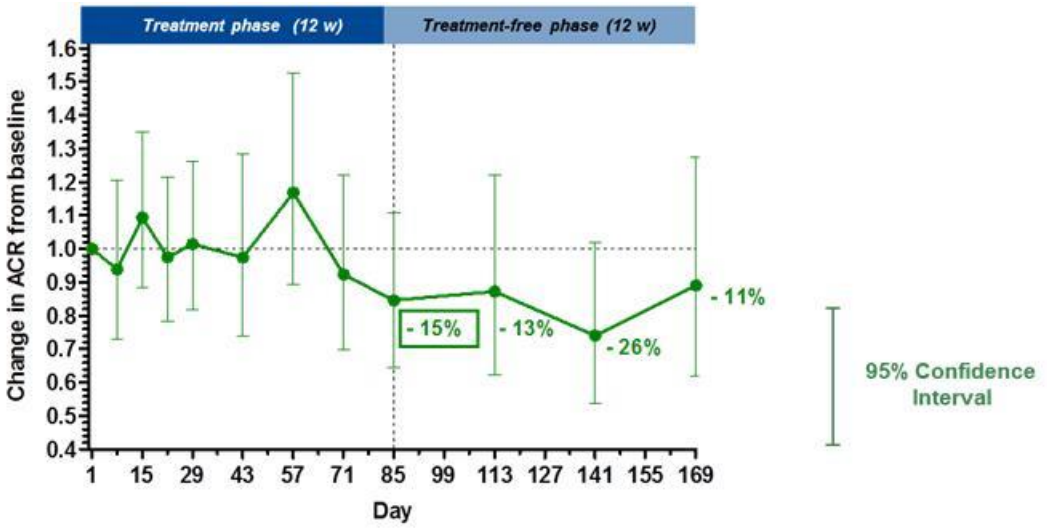
The Group observed in its completed Phase 1 clinical trials the expected pharmacodynamic activity of NOX-E36 on the fraction of CCR2-positive CD14-positive monocytes, a sub-group of white blood cells believed to be involved in diabetic nephropaty, in the circulation, which decreased dose-dependently.

Phase 2a Clinical Trial of NOX-E36 in Diabetics with Proteinuria (Completed)

The Group tested NOX-E36 in an exploratory, randomized, double-blind, placebo-controlled Phase 2a clinical trial in five European countries to explore the reno-protective and antidiabetic potential of NOX-E36 in type 2 diabetics with proteinuria on top of standard-of-care. NOX-E36 or a placebo was administered subcutaneously at 0.5 mg/kg twice weekly for 12 weeks to 51 and 25 patients, respectively. After completion of the treatment phase, all patients were followed during a treatment-free phase for another 12 weeks.

The results of this Phase 2a study confirmed the pharmacodynamics effect on monocytes seen in the Phase 1 trial with a reduction of the monocytes in the differential blood count throughout the dosing period. This decrease was reverted back towards baseline after cessation of dosing. In addition to this quantitative reduction in monocytes in the blood, the population was also altered, with lower levels of CCR2, the receptor for CCL2, expressed throughout the population. Taken together, these observations suggest that pharmacologically relevant plasma levels of NOX-E36 lead to a reduction of the expression of CCR2 on the monocyte surface and the overall monocyte number.

Importantly, beneficial effects on proteinuria, as shown in a diagram below, and glycemic control could be demonstrated, which were maintained for a prolonged period of time after cessation of treatment suggestive of a disease modifying effect. The main efficacy parameter, ACR, was reduced significantly in the NOX-E36 group at the end of treatment by a statistically significant 29% versus baseline ($p<0.05$) in the full analysis set of all evaluable patients. Versus placebo, statistically non-significant reductions by 15% ($p=0.221$) at the end of treatment and by 26% ($p=0.064$) eight weeks after end of treatment were observed. Due to its exploratory nature, the study was not designed to confirm statistically significant effects of NOX-E36 versus the placebo.



Source: Menne, J., et al., 2016 (figure also adapted from source). Time course of reduction in ACR by NOX-E36 shown in the full analysis set. Relative changes from baseline for NOX-E36 vs. placebo are shown (analysis of covariance and geometric least squares mean ratio with 95% confidence intervals).

NOX-E36 was generally very well tolerated. Three patients stopped treatment prematurely because of adverse events: two patients with treatment-related skin reactions and one patient with unrelated increase in proteinuria. There was no hint of a higher incidence of infections in NOX-E36 treated patients. Most of the adverse events observed were of mild severity and included cardiac disorders and nervous system disorders that were observed sporadically only in patients treated with NOX-E36. Based on the small sample size and the greater proportion of subjects that were treated with NOX-E36, the asymmetric distribution of adverse events is considered to be incidental and typical for the underlying disease, and not treatment-related. The only relevant adverse events considered to be treatment-related were generally mild local injection site reactions which occurred in 18% and 4% of patients treated with NOX-E36 or placebo, respectively. No treatment-related serious adverse events occurred during the treatment and the follow-up phase.

Future Clinical Development of NOX-E36

Following the data from the Phase 2a study, the Group plans to develop NOX-E36 for diabetic nephropathy only in collaboration with an industrial partner in a risk-sharing partnership in which a significant part of the development costs will be borne by the partner.

The Group may study NOX-E36 for applications in cancer therapy following recent promising clinical results obtained by another compound acting on the same pathway as part of a combination therapy for pancreatic cancer. The Group believes that these data suggest significant potential to increase efficacy in solid tumors by TME modulation of the pathway targeted by NOX-E36.

5.7 The Platform Technology and Manufacturing of Product Candidates

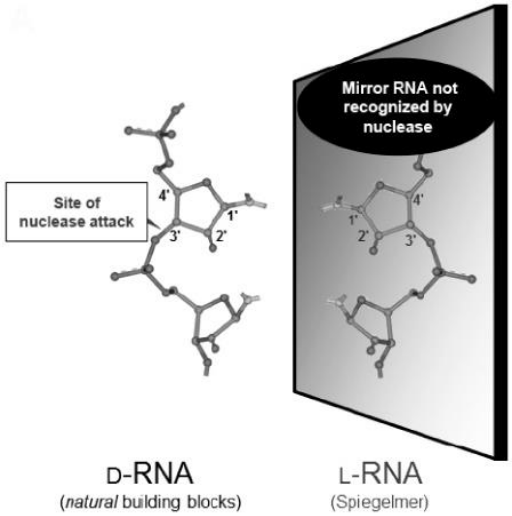
5.7.1 The Spiegelmer Platform

All of the Group's product candidates, called Spiegelmers, were identified and synthesized from the Group's drug discovery platform: the innovative, proprietary Spiegelmer technology. Spiegelmers combine the benefits of biological drugs and small chemical molecules, namely the affinity and specificity of biologics in order to modulate the biological function of its target, with the ease of chemical synthesis. Spiegelmers are a variant of a drug class called oligonucleotide aptamers.

Traditional aptamers have been validated as therapeutic drugs and drug candidates and have been approved for, or are under development in, ophthalmic indications. Since they are constructed from naturally-occurring nucleotide building blocks, known as D-nucleotides, they require further molecular modification of their backbone in order to reduce susceptibility to degradation in the body by nucleases, which are certain enzymes that cleave nucleic acids. However, it is not always possible to modify the traditional aptamer's backbone without compromising the biological function of the molecule.

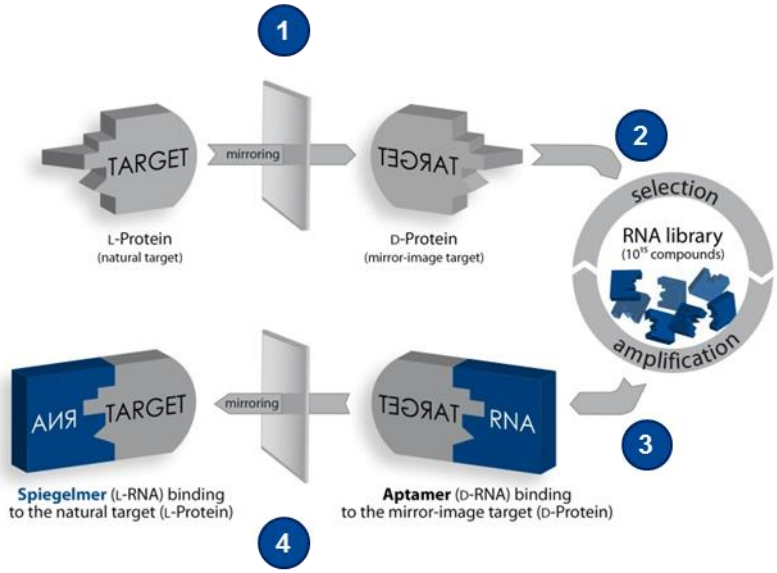
In contrast, Spiegelmers are oligonucleotides that are built on a backbone of mirror-image RNA or DNA (L-stereoisomers). By leveraging this "mirror-image chemistry", Spiegelmers solve two key problems that have limited the development of aptamers made with natural D-stereoisomers: Spiegelmers have enhanced biological stability and are immunologically passive. This is due to the fact that the mirror-image L-RNA and DNA of Spiegelmers is not recognized as RNA or DNA by enzymes found throughout the body called nucleases, and are therefore not degraded in the blood. For similar reasons, the components of the immune system that normally react to foreign RNA or DNA do not recognize Spiegelmers and as such do not activate the immune system in response to their administration.

For therapeutic applications, it is useful to increase the molecular weight of a Spiegelmer candidate to decrease its relatively fast elimination from the blood and to keep it longer in the body. As has been shown with other drugs, an appropriate choice to enlarge molecular weight is PEG (*Source: Kling, 2013*). Typically, a certain type of PEG, 40 kDa PEG, is used and site-specifically conjugated to the Spiegelmer (*Source: Hoffmann et al., 2011*). Spiegelmers are injectable compounds that can be administered intravenously or subcutaneously.



Source: Group. Representation of the sugar-phosphate backbone of RNA consisting of naturally-occurring D-nucleotides (left) and RNA consisting of mirror-image L-nucleotides (right).

Spiegelmers are identified using an *in vitro* evolutionary screening process called SELEX (Systematic Evolution of Ligands by Exponential Enrichment) (*Source: Tuerk, C. & Gold, L. Science 249.4968 (1990): 505-510*). First, the mirror image of the intended target is chemically synthesized. Then, a mirror-image target-binding compound is selected from libraries containing approximately 10^{15} potential candidates through multiple rounds of selection and amplification. Third, single compounds, called aptamers, which bind to the mirror-image target are identified. Finally, the mirror image of the selected aptamer, i.e. the Spiegelmer, is chemically synthesized. This Spiegelmer will then bind to the intended target while retaining all the binding properties of the selected aptamer. The Group believes that its experience with the process of designing Spiegelmers as product candidates has allowed, and if so decided will continue to allow, it to rapidly create additional Spiegelmers as potential product candidates as additional protein and peptide targets are identified.



Source: Group. A schematic drawing showing the method by which Spiegelmers are created.

Spiegelmers are chemically synthesized, rather than being manufactured by using a biological process that depends on living cells or organisms. The Group believes this is a clear advantage over the biological manufacturing methods used to make monoclonal antibodies and other biologic therapeutic agents, which are costly, complex and can be difficult to scale-up or to transfer manufacturing from one facility to another. Because they require the maintenance of populations of living cells, biological manufacturing methods are accompanied by the inherent risks of viral or bacterial contamination, as well as batch-to-batch variability in the manufactured product. By contrast, the Group believes its manufacturing process using chemical synthesis will be more amenable to stable commercial-scale production.

To date, the Group has designed its Spiegelmers to target extracellular signaling molecules, such as peptide hormones and chemokines. These molecules act as key regulators in various areas, such as in the TME, inflammation, tissue invasion and iron regulation, and are constantly replenished in the body. The Group believes addressing imbalances in these types of molecules of a disease is an effective way to approach therapeutic intervention. However, peptide hormones and chemokines are difficult to address with small-molecule drugs because they lack the binding pockets that are necessary for small-molecule drugs to be effective. In addition, recent publications suggest that monoclonal antibodies may not be able to chronically suppress the biological activity of certain of these targets (*Source: Haringman et al., 2006; Sandhu et al., 2013*). Based on the Group's preclinical and clinical experience, the Group believes that Spiegelmers will be able to address such peptide hormones and chemokines, making them ideal targets for development where small molecules and monoclonal antibodies have difficulties or have been unsuccessful. For example, the Group believes that its current lead product candidate NOX-A12 and the product candidate NOX-E36 may be well-positioned to be developed in the area of cancer treatment and modulation of the TME.

5.7.2 Manufacturing of Spiegelmer Product Candidates

The Group relies on and plans to continue to enter into contractual arrangements with qualified third-party manufacturers to manufacture its product candidates and products for clinical and commercial supplies. The current manufacturing process is straight-forward and scalable. The Group believes that this manufacturing strategy enables the Group to more efficiently direct financial resources to the development and potential commercialization of product candidates.

The drug substances used in the Group's clinical development are manufactured in compliance with GMP and pursuant to GMP agreements. In addition, the Group has service agreements with providers of formulation and bulk drug product manufacturing services, for which the Group purchases services on a purchase order basis with no minimum purchase obligation, and purchases labelling, packaging and distribution of clinical trial materials. The Group believes that alternative sources for its supply are readily available on commercially reasonable terms. These agreements relate solely to the Group's clinical development supplies and not to commercial production of its product candidates.

As its product candidates proceed through development, the Group is discussing the timing of entry into longer term commercial supply agreements with key suppliers and manufacturers in order to meet the ongoing and potential clinical and commercial supply needs for the Group and any future partners. If the Group obtains marketing approval for

a product, the Group will be required to enter into separate agreements for the commercial manufacturing, packaging and distribution of such product.

The Group purchases the supply of two PEG reagents used in the manufacture of its product candidates pursuant to a manufacturing, supply and license agreement with JenKem Technology USA Inc. and JenKem Technology Co., Ltd (together, "**JenKem**"). Pursuant to the terms of this agreement, which has been recently amended to include access to a second PEG reagent that is identical but with a different chemical linker, the Group must provide JenKem with a rolling forecast of its anticipated requirements for the following four calendar quarters. The Group works closely with JenKem to try to ensure continuity of supply while maintaining high quality and reliability. However, the Group cannot guarantee that these efforts will remain successful. The Group has attempted to mitigate this risk by entering into an escrow and license agreement with JenKem to facilitate the use of an alternate supplier if necessary, and believes that there are other suppliers in the market who could meet its supply requirements for the PEG reagents. Under the terms of the escrow and license agreement, JenKem has granted a license to a designated escrow agent for the relevant JenKem technology that is required for the manufacture and testing of the PEG reagents used in the production of the Group's product candidates. The escrow agent shall release this escrowed material to a contract manufacturer designated by the Group upon the occurrence of certain events stated in the agreement, such as a breach of the manufacturing, supply and license agreement by, or insolvency of, JenKem, to facilitate the Group's ability to transfer the production of its product candidates to another manufacturer. The escrow and license agreement terminates upon termination of the accompanying manufacturing, supply and license agreement.

6. Corporate Information

6.1 Intellectual Property

The Group strives to protect the proprietary technologies that it believes are important to its business, including pursuing and maintaining patent protection intended to cover the composition of matter of its product candidates and their use, and other inventions that are important to its business.

The Group's commercial success depends in part upon its ability to obtain and maintain patent and other proprietary protection for commercially important technologies, inventions and know-how related to its business, defend and enforce its intellectual property rights, in particular, its patent rights, preserve the confidentiality of its trade secrets, and operate without infringing valid and enforceable intellectual property rights of others.

6.1.1 Patents and Patent Applications

The patent positions for biopharmaceutical companies similar to the Group and its subsidiaries are generally uncertain and can involve complex legal, scientific and factual issues. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued and, even after issuance, the scope of the issued claims can be challenged by various post grant proceedings. As a result, the Group cannot guarantee that any of its product candidates will be protectable or remain protected by enforceable patents. The Group cannot predict whether the patent applications it is currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that the Group holds or has in-licensed from third parties may be challenged, circumvented or invalidated by third parties.

As at 30 April 2016, the Group owns and actively prosecutes 5 patent families directed to its product candidates NOX-A12 and NOX-E36 and their use, comprising more than 36 patents and more than 34 patent applications in various jurisdictions, including particularly European countries and the United States.

Additionally, the Group has licensed-in several patents and patent applications in various jurisdictions, including particularly European countries and the United States, from third parties.

With regard to its NOX-A12 product candidate, as of 30 April 2016 the Group has issued patents in the United States, Australia, China, Hong Kong, Japan, Singapore, South Korea, and Mexico covering NOX-A12, which are expected to expire approximately in 2027, and one issued U.S. patent covering the NOX-A12 sequence, which is expected to expire approximately in 2029, without taking any potential patent term extension that may be available in these countries into account. The Group also has pending patent applications in Europe and various other jurisdictions in South America, North America, and Asia. In addition, the Group has issued patents in the United States, Australia, China, Hong Kong, Japan, Mexico, South Korea and South Africa covering a use, method and/or composition comprising NOX-A12 as specified in the claims of the respective patent, which are expected to expire approximately in 2027 or 2028, without taking any potential patent term extension that may be available in these countries into account. The Group also has pending patent applications in Europe and various other jurisdictions in South America, North

America and Asia. Moreover, the Group has issued patents in Australia and China covering a use and/or method comprising NOX-A12 for the treatment of cancer as specified in the claims of the respective patent, which are expected to expire approximately in 2031. The Group also has pending patent applications in Europe, the United States and various other jurisdictions in South America, North America and Asia.

With regard to its NOX-E36 product candidate, as of 30 April 2016 the Group has issued patents in European countries, the United States, Australia, China, Hong Kong, India, Japan, South Korea, Russia, and Singapore covering NOX-E36 and its use in treating a disease associated with MCP-1, which are expected to expire approximately in 2027, without taking any potential patent term extension that may be available in these countries into account. The Group also has pending patent applications in Europe and various jurisdictions in Asia, South America and North America. In addition, the Group has issued patents in the United States, Australia, Japan, Mexico, Russia, Singapore, and South Africa covering a use, method and/or composition comprising NOX-E36 as specified in the claims of the respective patent, which are expected to expire approximately in 2028, without taking any potential patent term extension that may be available in these countries into account. The Group also has pending patent applications in Europe and various other jurisdictions in South America, North America and Asia.

With regard to its technology platform, the Group owns and has exclusively licensed from third parties several patents with claims relating to methods of producing Spiegelmers, whereby the last relevant patents are expected to expire approximately in 2017, as well as a European patent with claims relating to the modification of Spiegelmers, which is expected to expire approximately in 2022. The Group believes that the European patent which is expected to expire approximately in 2022 will provide some general protection for the product candidates NOX-A12 and NOX-E36. The Group expects that these patent rights will expire before or shortly after commercialization of its first product candidate. However, the Group is of the opinion that the families related to the individual product candidates (NOX-A12 and NOX-E36) listed in the table below are more important for a longer-term protection of the product candidates because of the later expiry dates. The issued patents deriving from these patent families are expected to expire no earlier than 2027 (without taking into account any potential term extensions).

As of 30 April 2016, the Group's patent portfolio of key owned granted patents and pending patent applications relating to the product candidates NOX-A12 and NOX-E36 is summarized in the following table [(1)]:

	International patent application no. [(2)]	**International filing date** [(2)]	**Granted patents**	**Pending patent applications**
Patent families related NOX-A12 (olaptesed pegol)				
Family 1 'SDF-1 binding nucleic acids'	WO 2008/009437	July 18, 2007	AU: 2007276435 CN: ZL200780030524.3 HK: 1131184 JP: 5380287 KR: 10-1466931 KR (div): 10-1561652 MX: 307375 MX (div.): 320358 SG (div.): 170878 US: 8,314,223 US (div.): 9,035,038	AR, BR, CA, CN (div.), EP, IN, RU, US (div.)
Family 2 'SDF-1 binding nucleic acids and the use thereof'	WO 2009/019007	August 06, 2008	AU: 2008285939 CN: ZL200880105963.0 HK: 1144956 JP: 5815945 KR: 10-1589442 MX: 312598 US: 8,772,257 ZA: 2010/00446	BR, CA, EP, IN, RU, SG (div.), US (div.)
Family 3 'SDF-1 binding nucleic acids and the use thereof in cancer treatment'	WO 2012/031773	September 09, 2011	AU: 2011300818 CN: ZL201180043233.4	BR, CA, EP, HK, IN, JP, KR, MX, RU, SG (div.), US (div.)
Patent families related to NOX-E36 (*emapticap pegol*)				

	International patent application no. (2)	International filing date(2)	Granted patents	Pending patent applications
Family 1 'MCP-1 binding nucleic acids'	WO 2007/093409	February 14, 2007	AU: 2007214668 CN: ZL200780011305.0 EP: 1984501 (CH/LI, DE, FR, GB) EP (div.): 2135949 (AT, BE, CH/LI, DE, DK, ES, FI, FR, GB, IE, IT, LU, NL, PL, PT, SE, TR) HK: 1129127 IN: 264461 JP: 5537812 KR: 10-1475865 KR (div.): 10-1572893 MX: 297089 MX: MX/a/2011/010706 RU: 2518330 SG (div.): 169408 US: 8,193,159 US (div): 8,691,784	AR, BR, CA, CN (div.), EP (div.), MX (div.), US (div.)
Family 3 'Means and methods for the treatment of nephropathy '	WO 2015/062743	November 04, 2014		

(1) National Phase Country Abbreviations: AR Argentina, AU Australia, BR Brazil, CA Canada, CN China, EA Eurasian Patent Office, EP European Patent Office, HK Hong Kong, IL Israel, IN India, JP Japan, KR South Korea, MX Mexico, RU Russia, SG Singapore, TW Taiwan, US United States of America, WO World (PCT), ZA South Africa; Patents in Europe Abbreviations: AT Austria, BE Belgium, CH/LI Switzerland/Liechtenstein, DE Germany, DK Denmark, ES Spain, FI Finland, FR France, GB United Kingdom, IE Ireland, IT Italy, LU Luxembourg, NL The Netherlands, PL Poland, PT Portugal, SE Sweden, TR Turkey.

(2) Most countries in the world are party to the Patent Cooperation Treaty (PCT) under which a centralized patent application process is possible with the World Intellectual Property Organization (WIPO). The International filing date is the date, when the application was filed with the WIPO. It defines, in most countries, the beginning of the 20 year life time of a patent and patent application, respectively, arising from the international patent application.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which the Group files, the patent term is 20 years from the earliest date of filing a non-provisional patent application, such as an international patent application. However, a limited extension of the patent protection – particularly for pharmaceutic products – may be applied for in various jurisdictions. In the European Union, an extension of protection (with the form of a so-called supplementary protection certificate) may be applied for after a valid market authorization is obtained if the relevant pharmaceutical product is specifically covered by a basic patent in force. The extension of the term of protection varies with the maximum extension period being five years. In the United States, the term of a patent covering an FDA-approved drug may be eligible for a patent term extension under the Hatch-Waxman Act as compensation for the loss of patent term during the FDA regulatory review process. The period of extension may be up to five years beyond the expiration of the patent, but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent among those eligible for an extension may be extended. Similar provisions are available in other jurisdictions to extend the term of a patent that covers an approved drug. It is possible that issued European, U.S. and other patents covering the Group's product candidates may be entitled to a patent term extension. If its product candidates receive the necessary regulatory approvals, the Group intends to apply for patent term extensions, if available, to extend the term of patents that cover the approved product candidates. The Group also intends to seek patent term extensions in any jurisdictions where they are available, however, there is no guarantee that the applicable authorities deciding on such extensions will agree with its assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

Risks may materialize when the patents to the platform and product candidates expire (see Section 1 (*Risk Factors—37. The patent term may be inadequate to protect the Group's competitive position on its products for an adequate amount of time.*)).

6.1.2 Trade Secrets

In addition to patent protection, the Group also relies on trade secret protection for its proprietary information that is not amenable to, or that the Group does not consider appropriate for, patent protection, including, for example, its

procedures for identifying candidate molecules and certain aspects of its manufacturing processes. However, trade secrets can be difficult to protect. Although the Group takes steps to protect its proprietary information, including restricting access to its premises and its confidential information, as well as entering into agreements with its employees, consultants, advisors, and potential collaborators, third parties may independently develop the same or similar proprietary information or may otherwise gain access to its proprietary information. As a result, the Group may be unable to meaningfully protect its trade secrets and proprietary information.

6.2 Employees

As of 15 September 2016, after an internal restructuring that occurred on 31 July 2016, the Group has had 26 full-time active employees and 2 part-time employees. Thereof, 20 full-time employees and the 2 part-time employees are engaged in research and development activities. The remaining employees are engaged in general and administrative activities. As of the date of this Information Document, all but two of the Group's employees work in Berlin, Germany. By the end of the first quarter of 2017, the Group plans that its overall employee size would be approximately the equivalent of 10 to 12 full-time employees. The Company intends to focus in the near term on the key strategies and goals of its business (see above "—*Strategy*), which would result in the Company reducing a significant number of its full-time employees who are not directly related to these key strategies and goals of its business. None of the Group's employees is represented by a labor union or covered by a collective bargaining agreement. There are currently no employee workers council (*Betriebsrat*) or employee union agreements (*Tarifvertrag*). The Group considers the relationship with its employees to be good.

6.3 Pension and Incentive Plans

The Group's employees participate in the German state pension plan (*Deutsche Rentenversicherung*), whereby employees and the Group are obliged to pay in by law. The Group does not provide for an employer-financed private pension plan for its employees.

According to German law, as an employer NOXXON Pharma AG must provide for at least an employee-financed private pension scheme (*Betriebliche Altersvorsorge*) ("**BAV**") for its employees. In contrast to the legally required, and automatically deducted, social security payments, an employee's participation in the BAV is not mandatory but is at the employee's sole discretion.

NOXXON Pharma AG is not required to and has determined to not support its employee's BAVs with its own finances. The contributions to the BAVs are borne solely by each employee, who, in most cases, receives a tax and social security benefit for such contributions. The contributions are deducted from the employee's gross income and paid to the respective insurance company. Upon departure from NOXXON Pharma AG, an employee retains the insurance relationship which may be rolled-over to a new employer.

Some employees/members of the Management Board and the Supervisory Board participate in long-term incentive plans and fringe benefits and have stock options in the Group (for further information, see Section 13 (*Management Board and Supervisory Board*).

6.4 Facilities

The Group's corporate headquarters are located in Berlin, Germany. Its lease agreement governs the Group's offices and the laboratories and is currently scheduled to expire on 31 December 2016. The Company will enter into a new lease agreement taking into account the focus of the Company on clinical development. The other three lease agreements govern storage areas and parking spaces, are entered into for an indefinite term and can be terminated with short notice both by the Group and the lessor. The Group also has an additional site in Halle, Germany, where the Group leases approximately 86.5 square meters of office space, a laboratory and one parking space. The lease agreement for the site in Halle has been terminated and will end in November 2016.

6.5 Insurance

The Group maintains insurance policies, which it believes provide coverage customary for a business of the kind the Group is pursuing. These insurances include, among others, business liability insurance, business interruption insurance, legal protection insurance and equipment insurance. NOXXON Pharma AG maintains a directors and officers ("**D&O**") insurance for the members of its governing bodies in line with the provisions of the German Stock Corporation Act (*Aktiengesetz*). The Company maintains D&O insurance in accordance with the applicable Dutch laws.

The Group also holds several clinical trial insurances for ongoing clinical trials for the benefit of test persons taking part in clinical studies in accordance with legal and regulatory requirements.

6.6 Legal and Arbitration Proceedings

At any given time, the Company or the Group may become involved in litigation arising from claims against it or brought by it against others to enforce the Company's or Group's rights or be subject to non-litigated claims arising out of its normal operations of its business.

Neither the Company nor the Group is, or during the twelve months preceding the date of this Information Document has been, involved in any governmental, legal or arbitration proceedings which have had or which may have a material effect on the financial position or profitability of the Company and/or the Group, nor is the Company or the Group aware that any such proceedings are pending or threatened.

Neither the Company nor the Group is involved in opposition proceedings regarding the registration of its patents, patent applications, or trademarks. There are no current material claims or litigation against the Company and/or the Group. However, due to the inherent nature of intellectual property rights, there remains the possibility of un-asserted claims related to intellectual property that the Company or the Group is not yet aware of.

7. Material Agreements

The following section provides a summary of material agreements to which any member of the Group is a party. Further, agreements which are of specific importance in the context of the Listing are described under Section 13 (*Management Board and Supervisory Board*).

The Group does not have current agreements, commitments or understandings for any material acquisitions or licenses of any products, businesses or technologies.

7.1 Public Grants

The Group has received various grants and subsidies to support specific research and development projects as well as grants and subsidies related to the purchase of assets from various funding organizations. Except for one program awarded under the European Union's program "Horizon 2020", the supported programs have been completed as of the date of this Information Document. In the "Horizon 2020" program, the Group is part of a European consortium and is entitled to receive up to €854 thousand in the period from 2015 to 2018 of which approximately €342 thousand has been received. The "Horizon 2020" program funds were predominantly used for the discovery of novel Spiegelmers for which the Group retains rights in the results that it generates.

As a result of the restructuring and the related reduction in headcount that occurred at the end of July 2015, in March 2016 the Group was not able to meet certain requirements in accordance with an investment grant awarded by the Investitionsbank Berlin in 2008. The Group has provided for the resulting potential repayment obligation in relation to this grant.

7.2 Lease Agreements

The Group leases certain laboratory and office space under an operating lease with third parties in Berlin, Germany and under one lease in Halle, Germany. The Berlin lease agreement provides for a fixed term, expiring on December 31, 2016. The Company will enter into a new lease agreement taking into account the focus of the Company on clinical development. The Halle lease agreement has been terminated and will end in November 2016.

7.3 Manufacturing Agreements

The Group relies on and will continue to rely on its CMOs for both drug substance and drug product manufacturing.

License, Manufacturing and Supply Agreement with JenKem for the Supply of PEG

In December 2007, the Group entered into a license, manufacturing and supply agreement with JenKem for the supply of PEG reagents used in the manufacture of its product candidates. For the term of the agreement, JenKem grants the Group a non-exclusive and royalty-free license to use JenKem's technology, including know-how, relating to the

reagents, with the right to sublicense, to make and sell its products anywhere in the world. The Group must provide JenKem with a rolling forecast of its anticipated requirements for the succeeding four calendar quarters. No specific development or commercial milestones or any royalty on product sales are required under the agreement. The Group works closely with JenKem to try to ensure continuity of supply within the specified quality. However, the Group cannot guarantee that these efforts will remain successful.

The Group has attempted to mitigate this risk by entering into an escrow and license agreement with JenKem to ensure the continued manufacture of the PEG reagents in the event that JenKem is unable or unwilling to fulfil its obligations and to facilitate the utilization of an alternative supplier if it should become necessary. Under the terms of the escrow and license agreement JenKem has granted a license to a designated escrow agent to the relevant JenKem technology, including know-how relating to the reagents, that is required for the manufacturing and testing of the PEG reagents used in the production of the Group's product candidates. The licensed technology is to be released by the escrow agent to a contract manufacturer designated by the Group only under the terms provided for in the escrow agreement, including in particular an event of insolvency or a breach of the license, manufacturing and supply agreement by JenKem. The license, manufacturing and supply agreement remains in force until the last expiration of the JenKem patent rights as provided for under the agreement and the escrow and license agreement terminates upon termination of the license, manufacturing and supply agreement. Either party may terminate the license, manufacturing and supply agreement on the other party's breach of a material term of the agreement which is not remedied within 90 days (or 20 days for non-payment). Either party may also terminate the agreement on 60 days' notice, if the other party undergoes an insolvency-related event. Pursuant to the agreements, the Group has an option to renew both agreements upon 90 business days' prior written notice.

Supply and Service Agreement for the Manufacture of Drug Substance with Avecia

The supply and service agreements for the manufacture of drug substance with NittoDenko Avecia, Inc., Milford, MA, ("**Avecia"**), are on a campaign basis, with no minimum purchase order obligation. Manufacture is conducted pursuant to a GMP quality agreement entered into in June 2012. The individual supply and service agreements define the quality and quantity of the drug substance to be manufactured. Under the terms of the agreements any intellectual property generated during process and method development that is unique to the Group's compounds shall be the property of the Group. Upon request, the Group may, on a case by case basis and at its sole discretion, grant to Avecia a royalty-free license without the right to sublicense to use any such intellectual property for non-competing purposes. Any generated intellectual property that is not unique to the Group's compounds will belong to Avecia, with Avecia granting to the Group a non-exclusive, royalty-free license, with the right to grant sublicenses, to the extent that such intellectual property can be used to enhance the manufacture of the Group's compounds. Avecia has provided a covenant that it will not make use of such intellectual property in the field of Spiegelmers without the prior written consent by the Group. In December 2015, the Group and Avecia signed an agreement for the bulk manufacturing, in accordance with GMP, of NOX-A12 commencing in December 2015. The manufacturing was successfully completed in May 2016.

Supply and Service Agreement with Agilent

In August 2008, the Group entered into a supply and service agreement with Agilent Technologies, Inc., Boulder, CO, ("**Agilent**") for the manufacture of NOX-A12 bulk drug substance for use in the clinical development. In 2011 this agreement was extended until August 2016, when it was intended to extend this agreement further or to reach a new agreement to manufacture both drug substances for further clinical studies. Manufacture of bulk drug substance lots is on a purchase order basis, with no minimum purchase obligation. Manufacturing under the supply and service agreement with Agilent is conducted pursuant to a GMP quality agreement between the parties, which was also entered into in August 2008. Either party may terminate the agreement at any time on 30 days' written notice, or on the other party's material breach if not remedied within 60 days.

Supply Agreement for Services with Haupt Pharma

In September 2008, the Group entered into a supply agreement with Temmler Werke GmbH, located in Munich, Germany, for a range of services relating to the manufacture, processing and other handling of clinical products required by the Group. The supply agreement was subsequently transferred from Temmler Werke GmbH to Haupt Pharma Wülfing GmbH, located in Gronau, Germany, by an agreement entered into in November/December 2014. The services under the supply agreement are provided pursuant to a quality agreement entered into in December 2014. Both agreements will be automatically renewed on an annual basis unless they are terminated by three months' written notice prior to the annual renewal date.

Service Agreement for Services with Symbiosis Pharmaceutical Services Ltd.

In June 2016, the Group entered into a contract with Symbiosis Pharmaceutical Services Ltd, Stirling, Scotland regarding the manufacturing of one GMP batch of NOX-A12 drug product intended for clinical studies. The contract is valid for this particular manufacturing campaign only. Manufacturing was completed in August 2016 and the product is currently awaiting quality control release. The services under the contract are provided pursuant to a quality agreement entered into in August 2016. The quality agreement can be terminated by either party by thirty-days' written notice.

7.4 License Agreements

License Agreement with Archemix

In December 2001, the Group entered into a license agreement with Archemix Corp. (subsequently merged into Archemix LLC) regarding a sublicense for the so-called SELEX patent portfolio with several claims used in the Group's technology platform. Most of these claims have already expired and the remaining claims currently used by the Group relate to PEGylated aptamers and their preparation. The SELEX patent portfolio is owned by the University of Colorado and licensed to Gilead Sciences, which sub-licensed it to Archemix, which in turn has licensed it to NOXXON. Subject to non-exclusive rights already granted to third parties, the sublicense is exclusive to the Group within the field of use, which covers Spiegelmers. Archemix may license or assign its retained rights and interests to the licensed patents, the licensed know-how, and the documentation required to be delivered to the Group, to one or more third parties. The Group has the right to sublicense under the Archemix agreement without the consent of Archemix. The Group agreed to pay Archemix a nonrefundable fee, payable in two installments (both of which have been paid), and has also agreed to pay an annual maintenance fee of less than $100,000 for the license. The Group is obligated to provide Archemix with periodic progress reports describing any improvements to the SELEX process or the licensed intellectual property made by the Group, modifications and updates to the documentation (and including notice of any patents filed by the Group in connection with any SELEX improvements), and the progress made by the Group or its affiliates or sublicensees towards the commercial development of any products or services utilizing the licensed intellectual property. Archemix may terminate the agreement if the Group fails to make a due payment, and both parties have the right to terminate the Archemix agreement for material breach by the other party. The last patents covered by the SELEX patent portfolio which are relevant for the Group's business is expected to expire in January 2017 in the United States.

Purchase and License Agreement with Prof. Volker Erdmann

In 2009, the Group purchased from Prof. Volker Erdmann and another inventor their ownership of, in total, two-thirds of the rights in patents in European countries, the United States and Australia with claims relating to methods of producing Spiegelmers. The remaining one-third ownership interest had already been licensed in by the Group in 1998. Pursuant to the purchase agreement, NOXXON grants a non-exclusive, irrevocable and royalty-free license back to Prof. Erdmann permitting the use of the processes protected by the Spiegelmer patent family as well as the sale of products emerging from the use of these processes. Sublicenses may be granted under this license provided that the Group is notified of any such sublicense. As of 31 March 2016, the Group has not received such a notice. The patents covered by the license granted to Prof. Erdmann are expected to expire in 2017.

7.5 Financing Agreements

Venture Loan Agreements and Other Agreements with Kreos

On 10 March 2014, the Group entered into a loan agreement for a loan facility with Kreos pursuant to which the Group was eligible to borrow up to an aggregate of €7.0 million in two tranches of €4.0 million and €3.0 million, both of which the Group borrowed in their entirety on 24 March 2014 and 30 June 2014, respectively. On 20 March 2015, the Group entered into a further loan agreement with Kreos, pursuant to which the Group was eligible to borrow an aggregate of €3.0 million. The tranche of €3.0 million was drawn on 23 March 2015. The loans are each secured by all of the Group's assets, including intellectual property. With regard to intellectual property, the Group has the right to grant, amend or terminate licenses or dispose of its intellectual property rights in the normal course of business, subject to the approval of the supervisory board of NOXXON Pharma AG as long as the business relating to its clinical products is maintained in the Company. Any sale or transfer of such business or any assets relating thereto require prior written consent of Kreos. The loans bear interest at a nominal interest rate of 10.5% and 11.0%, respectively, per annum. In connection with aforesaid loans, pursuant to two convertible bonds agreements concluded between the Group and Kreos Jersey also on 10 March 2014 and on 20 March 2015, respectively, the Group agreed to grant Kreos Jersey warrants to purchase series B preferred shares of NOXXON Pharma AG. However, by virtue of an agreement dated 23 September 2016, Kreos converted part of its debt in the amount of €7.0 million into equity of the Company, and agreed to

temporarily not enforce its rights to repayment of the loans, and is expected to, subject to certain conditions, also convert the remainder of its debt in the amount of approximately €2.6 million, as more closely described in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement —Kreos Debt Conversion*).

Additional Financing Agreements

On 8 July 2014, the Group entered into an addendum to the Bridge Financing Agreement 2013 (the Bridge Financing Agreement 2014/I), with a total amount of €0.76 million. In September 2014, the Group, as was contemplated in the Bridge Financing Agreement 2014/I, issued a first tranche of convertible bonds with a volume of €0.54 million. In April 2015, the Group issued a second tranche of convertible bonds with a volume of €0.22 million.

On 26 November 2014, the Group entered into a Bridge Financing Agreement 2014/II with a total amount of €6.0 million, which again provided for a potential issuance of convertible bonds in several tranches. In November 2014 and December 2014, the Group issued the first tranche of convertible bonds with a volume of €2.5 million. In January 2015, the Group issued the second tranche of convertible bonds with a volume of €1.25 million and in February 2015 and March 2015, the Group issued the third and the fourth tranche of convertible bonds with a volume of €2.24 million.

In June 2015, the Group raised funds of €1.99 million based on an addendum to the Bridge Financing Agreement 2014/II, again through the issuance of convertible bonds.

All of the aforesaid convertible bonds issued before 31 December 2014 were converted into series B preferred shares of NOXXON Pharma AG by 31 December 2014. On 5 October 2015, all convertible bonds issued in the Fiscal Year 2015 were also converted into series B preferred shares. The series B preferred shares of NOXXON Pharma AG so issued to the holders of the convertible bonds will be exchanged for Ordinary Shares in the Corporate Reorganization (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*)). Pursuant to the Investment Agreement (as defined below), for the purpose of such exchange, all of the series B preferred shares issued upon the conversion of convertible bonds issued in the Fiscal Year 2015 and 44,869 of the series B preferred shares issued prior to 2015 will be treated as series B plus preferred shares (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*)). Thus, the holders of these series B preferred shares, upon any reorganization such as the Corporate Reorganization, will receive double the number of new shares as are issued to the holder of each other share of NOXXON Pharma AG.

On 17 July 2015, the Group entered into an investment agreement with most of its shareholders ("**Investment Agreement**") in relation to envisioned contributions by certain shareholders of up to €7.0 million of additional capital in further tranches by way of the issuance of series B preferred shares. From July until September 2015, the Group issued the first tranche of series B preferred shares with a volume of €4.0 million. Also under this agreement, in November 2015 the Group issued the second tranche of series B preferred shares with a volume of €2.9 million. The Investment Agreement further permitted an additional increase in the financing of up to €10.0 million. On the basis of such provision, in December 2015 the Group issued a third tranche of series B preferred shares with a volume of €2.4 million.

On 14 March 2016, the Group entered into an addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to €2.2 million of additional capital in further tranches by way of the issuance of series B preferred shares (the "**Addendum to the Investment Agreement**"). In April 2016 and June 2016, the Group issued series B preferred shares against contributions in cash of €1.05 million, €299 thousand and €651 thousand. The Addendum to the Investment Agreement further permits additional increases in the financing of up to a total further €10.0 million until 31 December 2016, on which basis, also in June 2016, the Group issued further series B preferred shares against cash contributions amounting to €1.3 million. The Investment Agreement and the Addendum to the Investment Agreement will terminate upon the completion of the Listing (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*)).

On 17 August 2016, the Group entered into a second addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to €1.6 million of additional capital in one tranche by way of the issuance of series B preferred shares (the "**Second Addendum to the Investment Agreement**"). In September 2016, the Group issued series B preferred shares against contributions in cash of €1.4 million. The Second Addendum to the Investment Agreement further permits additional increases in the financing of up to a total further €10.0 million until 31 July 2017.

The Investment Agreement, the Addendum to the Investment Agreement and the Second Addendum to the Investment Agreement will terminate upon the completion of the Listing (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*)).

Pursuant to the Investment Agreement, the Addendum to the Investment Agreement and the Second Addendum to the Investment Agreement all of the series B preferred shares issued pursuant to them will be treated as series B plus preferred shares (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*)). Thus, the holders of these series B preferred shares, upon any reorganization such as the Corporate Reorganization, will receive twice as many shares as the other shareholders of NOXXON Pharma AG.

On 9 October 2015, the Group entered into a commitment agreement whereby certain existing shareholders agreed to provide the Group additional cash resources, consisting of either equity, convertible bonds with a term of at least 15 months or mixture of the preceding, of up to €4.0 million by the end of November 2015 in order to help meet the Group's ongoing obligations arising from ongoing operations and interest payments due under the outstanding debt financing. The commitment was fulfilled through the issuance of the second and third tranches of series B preferred shares in November 2015 and December 2015, respectively, under the Investment Agreement, as described above.

From 10 February 2016 to 17 February 2016, the Group entered into commitment agreements, whereby certain existing shareholders have agreed to provide the Group additional cash resources, consisting of either equity, convertible bonds or loans with a term of at least 15 months, of up to €2.0 million in order to bridge the period until a collaboration agreement can be entered into or further financing is raised, to help meet the Group's obligations arising from ongoing operations and interest payments due under outstanding debt financing until March 2017. This commitment was fulfilled through the issuance of the above-mentioned tranches of series B preferred shares in April 2016 and June 2016 in the amounts of €1.05 million, €299 thousand and €651 thousand, each pursuant to the Addendum to the Investment Agreement.

In September 2016, the Group entered into commitment agreements for the Cash Placement, whereby certain existing shareholders agreed to provide the Group additional cash resources, consisting of equity of approximately €2.8 million, in a private placement, which was then effected on 23 September 2016 (for further details, please see Section 14 (*Corporate Reorganization, Private Placements, Existing Shareholders and Related Party Transactions—Private Placement—Cash Placement*).

SECTION 12
REGULATION

Government authorities in Europe and in other parts of the world extensively regulate, among other things, the manufacturing, research and clinical development, marketing, labelling and packaging, storage, distribution, post-approval monitoring and reporting, advertising and promotion, pricing, and export and import of pharmaceutical products, such as those the Group is developing. The process of obtaining regulatory approvals and the subsequent compliance with appropriate regulations require the expenditure of substantial time and financial resources.

All countries or regions have their own governing bodies, requirements, and processes with respect to medicinal products. If the Group fails to comply with applicable regulatory requirements, it may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

European Union Regulation

In Europe, the Group will be subject to a variety of regulations governing, among other things, clinical trials and any commercial sales and distribution of products. The cost of establishing a regulatory compliance system for the conduct of clinical studies and commercial sales in Europe can be very significant.

The Group must obtain the requisite approvals from regulatory authorities in the different European member states prior to the commencement of clinical trials in those member states or from national competent authorities or the European Commission prior to marketing of the product.

In order to conduct a clinical trial in any member state of the European Union a clinical trial application ("**CTA**") must be submitted for each clinical protocol to the respective country's competent authority and an independent ethics committee, respectively. Once the CTA is accepted in accordance with a country's requirements, the clinical trial may proceed. As a general principle, clinical trials must be conducted in accordance with GCP, the applicable regulatory requirements, and the ethical principles that have their origin in the Declaration of Helsinki.

To obtain regulatory approval for commercial use of a new medicinal product under European Union regulatory systems, the Group must submit a marketing authorization application.

General requirements for the development of medicinal products in the EU include amongst others:

- manufacture of the active substance as well as the medicinal product in accordance with GMP, regulations;
- completion of extensive preclinical laboratory tests and preclinical animal studies, all performed in accordance with good laboratory practices regulations;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product candidate for each proposed indication.

The preclinical and clinical testing and approval process requires substantial time, effort, and financial resources, and the Group cannot be certain that any approvals for its product candidates will be granted on a timely basis, if at all.

Approval Procedures for Clinical Trials in the European Union: CTAs

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated.

The clinical investigation of a medicinal product is generally divided into three or four phases. Although the phases are usually conducted sequentially, they may overlap or be combined:

- Phase 1 - The product candidate is initially administered to healthy human subjects or patients with the target disease or condition. These studies are designed to evaluate the safety, tolerability, pharmacokinetic properties/ metabolism and pharmacologic actions of the investigational medicinal product in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness. The general probability of a successful transition from Phase 1 to 2 has been described to be approximately 60% (*Source: DiMasi 2014*).

- Phase 2 - The product candidate is administered to a limited patient population to generate the clinical proof-of-concept, evaluate tolerability and optimal dosage, identify possible adverse side effects and safety risks, and preliminarily evaluate efficacy. Companies often refer to the first set of exposure-response trials in patients as Phase 2a clinical trials and patient dose-ranging trials as Phase 2b clinical trials. The general probability of a successful transition from Phase 2 to 3 has been described to be approximately 36% (*Source: DiMasi 2014*).

- Phase 3 - The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites to generate enough data to statistically evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational medicinal product, and to provide an adequate basis for product approval. The overall success rate from Phase 1 to product approval has been described to be approximately 12% (*Source: DiMasi 2014*).

- Phase 4 - In some cases, the competent authorities may require the sponsor to conduct additional clinical trials after approval. In other cases, a sponsor may voluntarily conduct additional clinical trials after approval to gain more information about the medicinal product. Such post-approval studies are typically referred to as Phase 4 clinical trials.

- "Phase1/2" or "Phase 2/3" studies combine the features of a Phase 1 and a Phase 2 study or a Phase 2 and Phase 3 study, respectively, each as described above.

An individual phase of clinical development is usually considered to be finished when the relevant data with respect to the stated objectives are available. The data with respect to the most important outcome parameters in a given trial are usually referred to as "top line data", which are usually the first data to be analyzed and are thus available before the full analysis of all study data is available. The follow-up phase in a clinical trial is usually the treatment-free period after cessation of the study's drug administration, where patients are monitored with respect to pre-defined parameters for, for example, safety and efficacy. In some cases, data from a follow-up phase may constitute top line data; for example, when the continued drug effect after cessation of treatment is considered an important outcome.

It is important to note that any event that may prevent successful or timely completion of clinical development applies to all the phases discussed above. Approval to conduct a clinical trial in all development stages must be obtained in each country in which the trial is being conducted. There is no formal need to conduct a given clinical trial in study centers outside of Europe, but such trials may also include U.S. centers to enable timely recruitment of patients and to include the key specialist hospitals and clinical opinion leaders.

Sponsors must also report to the competent authorities, within certain timeframes, serious and unexpected adverse reactions, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator's brochure, or any findings from other studies or animal or *in vitro* testing that suggest a significant risk in humans exposed to the product candidate. A clinical trial may be suspended or terminated at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. The Group may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

The clinical trial process can take three to ten years or more to complete depending on the intended target indication and the prevalence of the target indication. For example, the mean duration of clinical trials with antiviral drugs for treatment of AIDS was approximately five years on the low end and was approximately eight years for cancer drugs (*Source: Kaitin 2010*). The mean duration of individual clinical study phases for cancer treatment has been reported to be 1.8 years for Phase 1, 2.5 years for Phase 2, and 4.0 years for Phase 3 - thus 8.3 years in total (*Source: Abrantes-Metz et al., 2004*). There can be no assurance that the data collected will support approval of the product. Results from one trial are not necessarily predictive of results from later trials.

A CTA is an application to conduct a specific clinical study with an investigational medicinal product. Pursuant to the Clinical Trials Directive 2001/20/EC, as amended, a system for the approval of clinical trial applications in the European Union has been implemented through national legislation of the member states. Under this system, sponsors must seek approval from the competent national authority of any European Union member state in which a study is planned to be conducted. A multi-national setting is typical for such trials to enable timely recruitment of patients and to include the key specialist hospitals and clinical opinion leaders. To this end, a CTA is submitted, which must be supported by an investigational medicinal product dossier ("**IMPD**"), the clinical trial protocol, and further supporting information prescribed by the Clinical Trials Directive and other applicable guidance documents. The IMPD includes results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational medicinal product. Furthermore, a clinical trial may only be started after a competent ethics committee has issued a favorable opinion on the clinical trial application in that country.

There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

Marketing Authorization Applications ("MAA")

An MAA must include all relevant data available from pertinent preclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labelling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including trials initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the new medicinal product to the satisfaction of the competent authorities.

Authorization to market a medicinal product in the European Union proceeds under one of four procedures: a centralized authorization procedure, a mutual recognition procedure, a decentralized procedure or a national procedure.

- Centralized authorization procedure. The centralized authorization procedure provides for the grant of a single marketing authorization that is valid for all 28 European Union member states, plus by extension the European Economic Area member states, Norway, Iceland, and Liechtenstein. This procedure results in a single marketing authorization issued by the European Commission that is valid across the European Economic Area (the "**EEA**"). The centralized procedure is mandatory for human medicines that are: derived from biotechnology processes, such as genetic engineering, contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative disorders or autoimmune diseases and other immune dysfunctions, and officially designated orphan medicines. The centralized procedure is optional for those products that are highly innovative or for which a centralized process is in the interest of patients.

- Other authorization procedures. In general, if the centralized procedure is not followed, there are three alternative routes to authorize medicinal products in the European Union:

    - Decentralized procedure. Using the decentralized procedure, an applicant may apply for simultaneous authorization in more than one European Union country of medicinal products that have not yet been authorized in any European Union country and that do not fall within the mandatory scope of the centralized procedure. The competent authority of the reference member state will lead in the assessment of the application. After a decentralized procedure, the medicinal product will be approved in those Member States of the European Union, which were involved in the procedure.

    - Mutual recognition procedure. In the mutual recognition procedure, a medicine is first authorized in one European Union Member State, in accordance with the national procedures of that country. Following this, further marketing authorizations can be sought from other European Union countries in a procedure whereby the countries concerned agree to recognize the validity of the original, national marketing authorization. As for the decentralized procedure, the medicinal product will be approved in those Member States of the European Union, which were involved in the procedure.

- National procedure. Applicants following the national procedure will be granted a marketing authorization that is valid only in a single member state, only. This procedure is not available for applicants seeking approval in more than one member state.

In the European Union, approved drugs are subject to continuing regulation by the regulatory authorities.

The European agencies as well as the FDA will do a completely independent review of a marketing authorization application regarding an NDA. There are examples of medicinal products which were approved in the United States based on the respective data package, but were not approved in the European Union and vice versa. As such, no indication can be provided on the chances that a product approved in the European Union will be approved in the United States.

Paediatric Investigation Plan

In order to ensure that adequate clinical studies will be conducted in the paediatric population, a Paediatric Investigation Plan ("**PIP**") describing details of the clinical studies planned to be conducted in the paediatric population as well as further non-clinical or pharmaceutical work required to enable safe administration of the medicinal product to the paediatric population will need to be provided to the Agency for approval. In case it can be reasonably justified, that the disease is not existing in the paediatric population, that treatment with the medicinal product is likely to be ineffective or unsafe for paediatric patients or does not present a significant therapeutic benefit to paediatric patients a waiver might be approved for the PIP. Furthermore, a deferral, defining that some or all of the agreed paediatric studies might be conducted after filing of the Marketing Authorization Application for adults. Any final decision on the PIP as well as results of any studies agreed in the PIP and not deferred are required prior to submitting a marketing authorization application.

The indications for which NOX-A12 is developed are typical diseases of older adults/elderlies without relevant pediatric patient population. Hence no consequences for the size of target population is foreseen.

Exceptional Circumstances/Conditional Approval

Orphan drugs or drugs with unmet medical needs may be eligible for EU approval under exceptional circumstances or for conditional approval.

Approval under exceptional circumstances is used when an applicant is unable to provide comprehensive data on the efficacy and safety under normal conditions of use because the indication for which the product is intended is encountered so rarely that the applicant cannot reasonably be expected to provide comprehensive evidence, when the present state of scientific knowledge does not allow comprehensive information to be provided, or when it is medically unethical to collect such information. An approval under exceptional circumstances must be subject to post-authorization controls or conditions, such as an obligation to conduct further studies, restrictions on supply, use or prescription or special labelling. An approval under exceptional circumstances is based on the assumption that the company will never be able to generate a complete comprehensive data package to support full approval. A Marketing Authorization under exceptional circumstances is subject to an annual reassessment of the condition.

A conditional marketing authorization may be applicable to orphan medicinal products, medicinal products for seriously debilitating or life-threatening diseases, or medicinal products to be used in emergency situations in response to recognized public threats. Conditional marketing authorization can be granted on the basis of less complete data than is normally required for a Marketing Authorization in order to meet unmet medical needs and in the interest of public health, provided the risk-benefit balance is positive at the time of granting a conditional authorization, it is likely that the applicant will be able to provide the comprehensive clinical data post-approval, and unmet medical needs will be fulfilled. Conditional marketing authorization is subject to certain specific obligations, usually including the obligation to generate and submit additional clinical data, and must be renewed annually until the obligations have been completed and the authorities have reviewed the new data and confirmed full approvability of the product.

Accelerated Assessment

Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of a marketing authorization application is 210 days (excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the EMA's Committee for Medicinal Products for Human Use, or CHMP). Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product

is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. In this circumstance, EMA ensures that the opinion of the CHMP is given within 150 days, excluding clock stops.

Regulatory Data Protection

In the European Union, some marketing authorizations benefit from an "8+2(+1)" period of regulatory data protection. This regime consists of a regulatory data protection period of eight years plus a concurrent market exclusivity of ten years. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. This data exclusivity prevents a third party from referencing the innovator's data for eight years, after which generic manufacturers may submit marketing authorization applications referencing the innovator's data, but the third party cannot market a generic version until the ten (or eleven) year period has elapsed.

Depending upon the timing and duration of the EU marketing authorization process, products may be eligible for up to five years' supplementary protection certification, or SPC, pursuant to Regulation (EC) No. 469/2009. Such SPCs extend the rights under the basic patent for the drug.

Orphan Designation and Exclusivity

In the European Union, the EMA's Committee for Orphan Medicinal Products, or COMP, grants orphan drug designations to promote the development of products that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions that affect not more than 5 in 10,000 persons in the European Union, or when, without incentives, it is unlikely that sales of such products in the European Union would be sufficient to justify the necessary investment in developing the products. Orphan drug designation is only available where no satisfactory method of diagnosis, prevention, or treatment of the condition has been authorized (or the product would provide a significant benefit over existing therapies).

In the European Union, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers and 10 years of market exclusivity following grant of the medicinal product approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity. Two years additional orphan exclusivity protection can be applied for when an applicant has complied with all requirements as set forth in an approved paediatric investigation plan (PIP). Market exclusivity would not prevent the approval of a similar drug that is shown to be safer, more effective or otherwise clinically superior.

Companies that classify as small or medium-sized enterprises benefit from further incentives, including administrative and procedural assistance from the EMA's office for small or medium-sized enterprises and fee reductions.

An orphan drug designation must be requested before submitting an application for marketing approval. An orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

Supplementary Protection Certificate ("SPC")

In the European Economic Area, a SPC is a *sui generis* intellectual property right that extends the duration of certain rights associated with a patent for a medicinal product. It enters into force after expiry of a patent upon which it is based. This type of right is meant to compensate for the long time needed to obtain a marketing authorization for a medicinal product after granting the patent.

A SPC comes into force only after the corresponding general patent expires. It normally has a maximum lifetime of 5 years and the total combined duration of market exclusivity of a general patent and SPC cannot normally exceed 15 years.

The duration of the SPC can, however, be extended by additional 6 months when the SPC relates to a human medicinal product for which data from non-clinical and/or clinical trials conducted in accordance with an agreed Paediatric Investigation Plan (PIP) have been submitted to the Agency and are reflected in the product information. The extension can be granted irrespective of the studies' outcome.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any products for which the Group obtains regulatory approval. In the European Union, there is no central reimbursement policy. Governments of individual European Union member states influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed to by the government. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

U.S. Government Regulation and Regulations in Other Jurisdictions

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act and its implementing regulations. FDA approval is required before any new unapproved drug, including a new use of a previously approved drug, can be marketed in the United States. Drugs are also subject to other federal, state, and local statutes and regulations. If the Group fails to comply with applicable FDA or other requirements at any time during the product development process, clinical testing, the approval process or after approval, the Group may become subject to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, untitled or warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties or criminal prosecution. Any FDA enforcement action could have a material adverse effect on the Group.

The process required by the FDA before product candidates may be marketed in the United States generally involves the following:

- submission to the FDA of an investigational NDA, or IND, which must become effective before human clinical trials may begin and must be updated annually;
- approval by an independent institutional review board, or IRB, or ethics committee representing each clinical site before each clinical trial may be initiated;
- preparation of and submission to the FDA of a NDA, or NDA, after completion of all pivotal clinical trials;
- potential review of the product application by an FDA advisory committee, where appropriate and if applicable;
- a determination by the FDA within 60 days of its receipt of an NDA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities where the proposed product is produced to assess compliance with current GMP; and
- FDA review and approval of an NDA prior to any commercial marketing or sale of the product in the United States.

The approval process for the conduct of clinical trials or commercial sales and distribution of new medicinal products outside the European Union and the United States varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain approval in the European Union or the United States. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

For other countries outside of the European Union, such as countries in Eastern Europe, Latin America or Asia, also the requirements governing product licensing, pricing, and reimbursement vary from country to country.

Clinical trials

An IND is a request for authorization from the FDA to administer an investigational new drug product to humans in clinical trials. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. As the IMPD the IND includes results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational new drug. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND.

Additionally, approval must also be obtained from each clinical trial site's institutional review board, or IRB, comparable to the European IECs, before the trials may be initiated, and the IRB must monitor the trial until completed.

Submission of an NDA to the FDA

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, detailed investigational new drug product information is submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. Under federal law, the submission of most NDAs is subject to an application user fee. For the Fiscal Year 2015, the application user fee exceeded $2.3 million, and the sponsor of an approved NDA was also subject to annual product and establishment user fees, set at $110,370 per product and $569,200 per establishment. These fees are typically increased annually. Applications for orphan drug products are exempted from the NDA user fees and may be exempted from product and establishment user fees, unless the application includes an indication for other than a rare disease or condition.

Once an NDA has been submitted, the FDA's goal is to review the application within ten months after it accepts the application for filing, or, if the application relates to an unmet medical need in a serious or life-threatening indication, six months after the FDA accepts the application for filing. The review process is often significantly extended by the FDA's requests for additional information or clarification.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with current GMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA's Decision on an NDA

After the FDA evaluates the NDA and conducts inspections of manufacturing facilities where the product will be produced, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter may require additional clinical data and/or an additional pivotal Phase 3 clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. The FDA could also approve the NDA with a Risk Evaluation and Mitigation Strategy, or REMS,

plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of the Group's products under development.

Expedited Review and Accelerated Approval Programs

A sponsor may seek approval of its product candidate under programs designed to accelerate FDA's review and approval of NDAs. For example, Fast Track Designation may be granted to a drug intended for treatment of a serious or life-threatening disease or condition that has potential to address unmet medical needs for the disease or condition. The key benefits of fast track designation are more frequent interactions with the FDA during development and testing, the eligibility for priority review, and rolling review, which is submission of portions of an application before the complete NDA is submitted. Based on results of the Phase 3 clinical trial(s) submitted in an NDA, upon the request of an applicant, the FDA may grant the NDA a priority review designation, which sets the target date for FDA action on the application at six months after the FDA accepts the application for filing. Priority review is granted where there is evidence that the proposed product would be a significant improvement in the safety or effectiveness of the treatment, diagnosis, or prevention of a serious condition. If criteria are not met for priority review, the application is subject to the standard FDA review period of ten months after FDA accepts the application for filing. Priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

Under the accelerated approval program, the FDA may approve an NDA on the basis of either a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Post-marketing trials or completion of ongoing trials after marketing approval are generally required to verify the drug's clinical benefit in relationship to the surrogate endpoint or ultimate outcome in relationship to the clinical benefit.

In addition, the Food and Drug Administration Safety and Innovation Act, which was enacted and signed into law in 2012, established the new Breakthrough Therapy designation. A sponsor may seek FDA designation of its product candidate as a breakthrough therapy if the drug is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

Drug manufacturers are subject to periodic unannounced inspections by the FDA and state agencies for compliance with current GMP requirements. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from current GMP and impose reporting and documentation requirements upon the Group and any third-party manufacturers that the Group may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with current GMP and other aspects of regulatory compliance.

The Group relies, and expects to continue to rely, on third parties for the production of clinical quantities of its product candidates, and expect to rely in the future on third parties for the production of commercial quantities. Future FDA and state inspections may identify compliance issues at the Group's facilities or at the facilities of contract

manufacturers that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved NDA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of products under development.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labelling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, untitled or warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising, and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Orphan Designation and Exclusivity

The FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition that affects fewer than 200,000 individuals in the United States, or if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making the drug for this type of disease or condition will be recovered from sales in the United States.

Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user-fee waivers. In addition, if a product receives FDA approval for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity.

Paediatric Trials and Exclusivity

NDAs must contain data, or a proposal for post-marketing activity, to assess the safety and effectiveness of an investigational new drug product for the claimed indications in all relevant paediatric populations in order to support dosing and administration for each paediatric subpopulation for which the drug is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all paediatric data until after approval of the product for use in adults or full or partial waivers if certain criteria are met. The requirements for pediatric data do not apply to any drug for an indication for which orphan designation has been granted.

Pediatric exclusivity is another type of non-patent exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the five-year and three-year non-patent exclusivity and orphan exclusivity.

Patent Term Restoration

Depending upon the timing, duration, and specifics of the FDA approval of the use of product candidates, some U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA, plus the time between the submission date and the approval of the NDA. Only one patent applicable to an approved product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of the product's approval. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, the Group may apply for restoration of patent term for one of the Group's currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, sales of any products for which the Group receives regulatory approval for commercial sale will depend in part on the availability of coverage and reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the reimbursement rate that the payor will pay for the product. Third-party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the FDA-approved products for a particular indication. Moreover, a payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable the Group to maintain price levels sufficient to realize an appropriate return on investment in product development.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. In order to obtain coverage and reimbursement for any product that might be approved for sale, the Group may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of products, in addition to the costs required to obtain regulatory approvals. The Group's product candidates may not be considered medically necessary or cost-effective. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. By way of example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively, the Healthcare Reform Law, contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for drugs sold to Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals.

The marketability of any products for which the Group receives regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, an increasing emphasis on cost containment measures in the United States and other countries has increased and the Group expects that it will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which the Group receives regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Other Healthcare Laws and Compliance Requirements

If the Group obtains regulatory approval for any of its product candidates, it may be subject to various United States federal and state laws targeting fraud and abuse in the healthcare industry, as well as foreign law equivalents. These laws may impact, among other things, the proposed sales, marketing and education programs. In addition, the Group may be subject to privacy regulation governing health data or the personal data of patients or physicians more generally by both the federal government and the states or other foreign countries in which the Group conducts its business. The laws that may affect the Group's ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;

- the federal transparency laws, including the federal Physician Payment Sunshine Act, that requires drug manufacturers to disclose payments and other transfers of value provided to physicians and teaching hospitals;

- HIPAA, as amended by the Health Information Technology and Clinical Health Act and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts; and

- equivalents of the above laws in jurisdictions outside the U.S., including, without limitation, regulations and self-regulatory industry codes relating to pharmaceutical advertising, undue incentives, anti-kickback, fraud and transparency, interactions with physicians and the privacy and security of health information and other personal data. Such laws and regulations may differ on a country-by-country basis, which significantly complicates compliance.

The Healthcare Reform Law broadened the reach of the fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and the applicable criminal healthcare fraud statutes contained within 42 U.S.C. § 1320a-7b, effective March 23, 2010. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, the Healthcare Reform Law provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute. Many states have adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs.

The Group is also subject to the Foreign Corrupt Practices Act ("**FCPA**"), which prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. Safeguards that the Group implements to discourage improper payments or offers of payments by its employees, consultants, and others may be ineffective, and violations of the FCPA and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against the Group, any of which would likely harm the Group's reputation, business, financial condition and result of operations.

If the Group's operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to the Group, the Group may be subject to penalties, including civil and criminal penalties, exclusion from participation in government healthcare programs, such as Medicare and Medicaid and imprisonment, damages, fines and the curtailment or restructuring of the Group's operations, any of which could adversely affect its ability to operate the business and results of operations.

SECTION 13
MANAGEMENT BOARD AND SUPERVISORY BOARD

General

Set out below is a summary of relevant information concerning the Management Board, the Supervisory Board and the Group's employees and a brief summary of certain provisions of Dutch law and the Articles in respect of the Management Board and the Supervisory Board, in each case as it will be constituted and in force prior to and following the completion of the Listing.

This summary does not purport to give a complete overview and is qualified in its entirety by Dutch law as in force on the date of this Information Document and the Articles. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles is incorporated by reference in this Information Document and will be available free of charge in the governing Dutch language and an unofficial English translation thereof at the offices of the Company during business hours and in electronic form on the Company's website (*www.noxxon.com*).

Management Structure

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 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.

The Management Board

Powers, Responsibilities and Functioning

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 may allocate its responsibilities and powers to its individual members. All members of the Management Board (the "**Management Board Directors**") remain collectively responsible for proper management regardless of the allocation of tasks.

In performing their duties, the Management Board Directors shall act in accordance with the corporate interests of the Company and of the business connected with it. The Management Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers, patient populations and suppliers.

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, as more fully described below.

The Management Board as a whole is entitled to represent the Company. In addition, two Management Board Directors acting jointly are also authorized to represent the Company.

Composition, Appointment, Term of Appointment and Dismissal of the Management Board

The Articles provide that the Management Board shall consist of two or more members and that the Supervisory Board determines the exact number of Management Board Directors after consultation with the Management Board. As of the date of this Information Document, the Management Board consists of one Management Board Director.

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 Articles provide that a nomination for appointment of a Management Board Director must state the candidate's age and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a member of the Management Board. The nomination must state the reasons for the nomination of the relevant person.

The Management Board Rules provide that the Management Board Director will serve for a maximum term of two years. A Management Board Director may be reappointed for a term of not more than two years at a time.

The Supervisory Board may designate one of the Management Board Directors as Chief Executive Officer ("**CEO**"). In addition, the Supervisory Board may grant other titles to the other Management Board Directors.

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 will, prior to the completion of the Listing, adopt 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. The Management Board Rules will be in effect prior to and following the completion of the Listing.

In a meeting of the Management Board, each Management Board Director is entitled to cast one vote. A Management Board Director may grant a written proxy to another Management Board Director (if in office) to represent him at a meeting. A Management Board Director may not act as proxy for more than one Management Board Director. Pursuant to the Management Board Rules, the Management Board Directors shall endeavor to achieve that resolutions are as much as possible adopted unanimously. Where unanimity cannot be reached, all resolutions by the Management Board are adopted by the favorable vote of a majority of the Management Board Directors present or represented at the meeting unless the Management Board Rules provide otherwise. Under the Articles, in case of a tie in any vote of the Management Board, the CEO shall have the casting vote. The Management Board may also adopt resolutions outside a meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Management Board Directors then in office (and in respect of whom no conflict of interest exists) and provided that none of them objects to such decision-making process. Adoption of resolutions in writing shall be effected by written statements from all relevant Management Board Directors then in office in respect of whom no conflict of interest exists.

Management Board Resolutions Requiring Prior Approval

Prior Approval of the General Meeting

The Articles and Dutch law provide that resolutions of the Management Board concerning a material change in the identity or character of the Company or its business are subject to the approval of the General Meeting. If less than half of the Company's issued and outstanding share capital is represented at the General Meeting, such resolution may only be passed by a two-thirds majority. Such changes include in any event:

- a transfer of all or materially all of the Company's business to a third party;
- the entry into or termination of a long-term alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or partnership, if this alliance or termination is of fundamental importance for the Company; and
- the acquisition or disposition of an interest in the capital of a company by the Company or by a subsidiary with a value of at least one third of the value of the assets, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

The absence of approval of the General Meeting would result in the relevant resolution being null and void, but does not affect the power of the Management Board or its members to represent the Company in dealings with third parties.

Prior Approval of the Supervisory Board

Under the Management Board Rules, the following decisions of the Management Board can only be taken with the prior approval of the Supervisory Board:

- any proposal of the Management Board to the General Meeting with respect to the matters set-out in article 17 paragraph 1 of the Articles;
- any proposal of the Management Board to the General Meeting with respect to the dissolution, liquidation or winding up of the Company;
- any proposal of the Management Board to the General Meeting with respect to the entering into of a statutory merger or statutory demerger of the Company;
- any proposal of the Management Board to the General Meeting with respect to the instruction of the Management Board to apply for the Company's bankruptcy;
- any proposal of the Management Board to the General Meeting with respect to an amendment of the Articles;
- any proposal of the Management Board to the General Meeting with respect to an issue of Ordinary Shares in the Company or to grant rights to subscribe for Ordinary Shares in the Company or to designate the Management Board as the corporate body authorized to do so as well as a resolution of the Management Board to issue Ordinary Shares or to grant rights to subscribe for Ordinary Shares;
- any proposal of the Management Board to the General Meeting with respect to the exclusion or restrictions of pre-emptive rights to subscribe for Ordinary Shares or to rights to subscribe for Ordinary Shares or to designate the Management Board as the corporate body authorized to do so as well as a resolution of the Management Board to restrict or exclude pre-emptive rights;
- any proposal of the Management Board to the General Meeting with respect to a reduction of the share capital;

- any acquisition of own Ordinary Shares for nil consideration as well as any proposal of the Management Board to the General Meeting with respect to an acquisition of own Ordinary Shares other than for nil consideration including the determination of the value of a non-cash consideration for such an acquisition;

- adoption of as well as any changes to the Company's reserves and dividends policy, the determination of the amount of profit to be reserved in any fiscal year as referred to in the first sentence of article 29, paragraph 2 of the Articles, as well as any proposal of the Management Board to the General Meeting for the payment of any dividends, including an interim distribution as referred to in the first sentence of article 29, paragraph 7 of the Articles, or any distribution out of the reserves of the Company;

- any distributions to be paid on Ordinary Shares against the Company's reserves;

- the drawing up or amendment of the Management Board Rules;

- the determination of the Company's strategy, including those resolutions that may have a material impact on the Company's strategy;

- the adoption of the Company's business plan or budget, as well as any material amendment to or material deviation from the prevailing business plan or budget;

- the application for quotation, or withdrawal of quotation, of the Ordinary Shares or debt on any stock exchange;

- the issuance and acquisition of Ordinary Shares and of debentures chargeable against the Company or chargeable against a limited partnership (*commanditaire vennootschap*), or a general partnership (*vennootschap onder firma*) of which the Company is fully liable partner;

- the Company's entry into or termination of any long-term, material cooperation by the Company or by a subsidiary with another legal entity or partnership;

- the Company's investment in the capital of another company in an amount equal to at least one-fourth of the Company's issued capital plus reserves, as reflected on the Company's most recent balance sheet, as well as a material change to such investment;

- the termination of a significant number of the Company's employees simultaneously or within a short period of time;

- a significant change in the employment conditions of the Company's employees; and

- adoption and amendment of an employee stock option plan as well as the increase of the number of Ordinary Shares, or to whom stock options can be granted and the conditions of the stock options under any existing employee stock incentive plan.

The Articles provide that the Supervisory Board may also require that certain resolutions of the Management Board, beyond those listed above, require the prior approval of the Supervisory Board. Such resolutions must be clearly specified and laid down in writing.

Composition of the Management Board

Following the Corporate Reorganization, the Management Board is comprised of the following two Management Board Directors, each with a term that will end at the General Meeting held in the year which is two years after the Listing.

Name	Age	Position	Member Since	Term
Aram Mangasarian, Ph.D.	46	Chief Executive Officer	1 July 2015	2 years
Dr. Matthias Baumann	58	Chief Medical Officer	2016	2 years

The business address of each member of the Management Board is the registered office of the Company: Max-Dohrn-Strasse 8-10, 10589 Berlin, Germany.

Biographical Details of the Management Board Directors

Aram Mangasarian

Aram Mangasarian, Ph.D. is the Chief Executive Officer and joined NOXXON in May 2010 as Chief Business Officer of NOXXON. Aram brings over fifteen years' experience in biotechnology and pharmaceutical business development 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 the licensing agreement for North American rights to the NXL104 beta-lactamase inhibitor, now known as avibactam, with Forest Laboratories (NYSE:FRX) in January 2008. Aram Mangasarian, Ph.D. was a member of the team that negotiated the acquisition of Novexel by AstraZeneca (NYSE:AZN) in March 2010. 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 strategic alliance with Allergan.

Matthias Baumann

Dr. Baumann joined NOXXON in February 2011 as Chief Medical Officer. From 2002 to 2010 he served as chief scientific officer and managing director of FOCUS Clinical Drug Development GmbH, Neuss/Düsseldorf, Germany, a CRO specialized in early clinical studies and exploratory development. In this role he was responsible for the design and execution of integrated programs progressing development compounds from the preclinical candidate stage to clinical proof of concept. Before joining FOCUS, Dr. Baumann was with Hoffmann-La Roche Ltd., Basel, Switzerland, from 1998 to 2002. As the medical officer of the Integrated Health Care Solutions group, he was instrumental in the planning and conduct of clinical studies for the qualification of biomarkers and companion diagnostics in various therapeutic areas, including cardiovascular, metabolism and oncology. Dr. Baumann started his career in the pharmaceutical industry in 1990 at Boehringer Mannheim GmbH, Mannheim, Germany. Initially he served as a preclinical project manager and pharmacologist for development programs in the field of hematopoietic growth factors and cytokines. From 1993 to 1998 he worked as program manager and department head of the clinical R&D group of Boehringer, dealing with NCEs in osteoporosis and cardiovascular indications and with recombinant growth factors, monoclonal antibodies, gene therapy approaches and medical devices in oncology, infectious diseases and cystic fibrosis.

Further Information Relating to the Management Board Directors

At the date of this Information Document, none of the current Management Board Directors has, in the previous five years:

- been convicted of any fraudulent offenses;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation of such company;
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

The Supervisory Board

The role of the Supervisory Board is to supervise the Management Board and the general affairs in the Company and the business connected with it as well as to provide the Management Board with advice. Under Dutch law, the Supervisory Board Directors are not authorized to represent the Company.

In performing their duties, the members of the Supervisory Board (the "**Supervisory Board Directors**") shall be guided by the interests of the Company and the business connected with it and shall take into account the relevant

interests of the Company's stakeholders, such as shareholders, creditors, employees, customers, patient populations and suppliers. The Supervisory Board shall also have due regard for corporate social responsibility issues that are relevant to the business of the Company. The Supervisory Board is responsible for the quality of its own performance.

The Supervisory Board will draw up a profile (*profielschets*) for its size and composition taking into account the nature of Company's business, the Supervisory Board's activities and the desired expertise and background of the Supervisory Board Directors.

Composition, Appointment, Term of Appointment and Dismissal of the Supervisory Board

The Articles provide that the Supervisory 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 Articles provide that a nomination for appointment of a Supervisory Board Director must state the candidate's age, his or her profession, the number of shares he or she holds and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a member of the Supervisory Board. Furthermore, the names of the legal entities of which he or she is already a supervisory board member or a non-executive member of the board shall be indicated; if those include legal entities which belong to the same group, a reference to that group will be sufficient. The nomination must state the reasons for the nomination of the relevant person.

The Supervisory Board shall consist of at least three members. Only individual persons (i.e. no legal entities) may be appointed as Supervisory Board Directors. The Supervisory Board may designate one of its members as the chairperson of the Supervisory Board and one of its other members as the deputy chairperson of the Supervisory Board.

The Supervisory Board Rules provide that any Supervisory Board Director will serve for a maximum term of two years. A Supervisory Board Director shall retire not later than on the day on which the first General Meeting is held following lapse of two years since his or her appointment. Supervisory Board Directors may be re-appointed for no more than six two-year terms. Following completion of the Listing, there will be a retirement schedule in respect of the periodical resignation of the Supervisory Board Directors in order to ensure a continuing composition of the Supervisory Board.

Under the Articles, the General Meeting may suspend and remove Supervisory Board Directors at any time. A resolution of the General Meeting to remove a Supervisory 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 Supervisory 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 Supervisory 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 Supervisory Board Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension for a maximum period of another three months. The suspended Supervisory 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 Supervisory Board Director, the suspension will cease after the period of suspension has expired.

Decision-making and Approvals of the Supervisory Board

The Supervisory Board will, prior to the completion of the Listing, adopt internal rules and regulations (the "**Supervisory Board Rules**") that describe, *inter alia*, the procedure for holding meetings of the Supervisory Board and for the decision-making and working methods of the Supervisory Board. The Supervisory Board Rules will be in effect prior to and following the completion of the Listing.

In a meeting of the Supervisory Board, each Supervisory Board Director is entitled to cast one vote. A Supervisory Board Director may grant a written proxy to another Supervisory Board Director (if in office) to represent him at a meeting. A Supervisory Board Director may not act as proxy for more than one Supervisory Board Director. All resolutions by the Supervisory Board are adopted by the favorable vote of a majority of the Supervisory Board Directors present or represented at the meeting unless the Supervisory Board Rules provide otherwise. Under the Articles, in case of a tie in any vote of the Supervisory Board, the chairperson of the Supervisory Board shall have the casting vote. The Supervisory Board may also adopt resolutions outside a meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Supervisory Board Directors then in office (and in respect of whom no conflict of interest

exists) and provided that none of them objects to such decision-making process. Adoption of resolutions in writing shall be effected by written statements from all relevant Supervisory Board Directors then in office in respect of whom no conflict of interest exists.

Composition of the Supervisory Board

Following the Corporate Reorganization, the Supervisory Board is comprised of the following six Supervisory Board Directors.

Name	Age	Position	Member Since	Independent/Non-independent	Term
Dr. Hubert Birner	50	Chairperson	2016	not independent	2 years
Dr. J. Donald deBethizy	65	Supervisory Board Member	2016	independent	2 years
Bertram Köhler	44	Supervisory Board Member	2016	not independent	2 years
Dr. Olivier Litzka	48	Supervisory Board Member	2016	not independent	2 years
Dr. Maurizio PetitBon	69	Supervisory Board Member	2016	not independent	2 years
Dr. Walter Wenninger	78	Supervisory Board Member	2016	independent	2 years

The business address of each member of the Supervisory Board is the registered office of the Company: Max-Dohrn-Strasse 8-10, 10589 Berlin, Germany.

Dr. Birner, Mr. Köhler and Dr. Litzka are representatives of TVM Capital GmbH, DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG and Edmond de Rothschild Investment Partners SCA, respectively, who or whose affiliates will be among the principal Shareholders upon the completion of the Listing. See Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Principal Shareholders Immediately Prior to and Following the Completion of the Listing*). They currently serve (and will upon the completion of the Listing continue to also serve) as members of the supervisory board of NOXXON Pharma AG pursuant to pertinent appointment rights of such principal Shareholders under the Shareholders Agreement. The principal Shareholders have informally agreed that such three individuals be elected as Supervisory Board Directors upon completion of the Corporate Reorganization in light of both the significant shareholdings they will own in the Company and in continuation of their current positions as members of the supervisory board members of NOXXON Pharma AG on the basis of that arrangement. However, the Shareholders Agreement terminated upon the completion of the Corporate Reorganization and, as a result, there are no arrangements or understandings regarding the nomination rights of principal Shareholders of Supervisory Board Directors. See Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions*).

Biographical details of the members of the Supervisory Board

Dr. Hubert Birner

Dr. Birner joined TVM Capital in 2000 as an investment manager and is currently managing partner at TVM Capital's Munich and Montreal offices. He is responsible for numerous active investments in Europe as well as the United States. He currently serves as chairman of the board of Argos Therapeutics Inc. (Durham, North Carolina), leon-nanodrugs GmbH (Munich, Germany) and Spepharm Holdings BV (Amsterdam, The Netherlands) and is a member of the board of directors of Proteon Therapeutics, Inc. (Boston, Massachusetts). Over many years, he was the chairman/vice chairman of Direvo Biotech AG (Cologne, Germany) and Jerini AG (Berlin, Germany), which were acquired in 2008 by Bayer HealthCare AG and Shire Ltd., respectively. Before joining TVM Capital, he was Head of Business Development Europe and Director of Marketing for Germany at Zeneca. Hubert joined Zeneca from McKinsey & Company's European Health Care and Pharmaceutical practice. As a management consultant, he gained extensive experience in management in research and development, marketing and sales, joint venture structuring and business development. Dr. Birner was also an assistant professor for biochemistry at the Ludwig-Maximilians-University in Munich. In this capacity, he directed various research projects for large pharmaceutical companies. He holds an MBA from Harvard Business School and a doctoral degree in biochemistry from Ludwig-Maximilians-University Munich, where he graduated summa cum laude. His doctoral thesis was honored with the Hoffmann-La Roche prize for outstanding basic research in metabolic diseases.

Dr. J. Donald deBethizy

Dr. J. Donald deBethizy has had thirty years of experience in the biotechnology and consumer products industry. He has served as president and chief executive officer of Santaris Pharma A/S, Denmark and U.S., until September 2014, when the company was sold to Roche. He served as executive chairman of Contera Pharma ApS until it was sold to Bukwang Pharma in November 2014. Don was co-founder and chief executive officer of Targacept, Inc., U.S., a public biotechnology company listed on NASDAQ. He completed a postdoctoral fellowship at the Chemical Industry Institute of Toxicology at Research Triangle Park, NC, and is a Diplomate of the American Board of Toxicology. Dr. deBethizy has held adjunct appointments at Wake Forest University Babcock School of Management, Wake Forest University School of Medicine and Duke University. He also currently serves on the board of directors of Newron Pharmaceuticals SpA, arGEN-X N.V. and Rigontec GmbH and is chairman of Albumedix A/S.

Bertram Köhler

Mr. Köhler joined DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG in August 2000 and has served as member of the board of directors of DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG since June 2005. Since 2012, Mr. Köhler has served as chief executive officer of DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG. Prior to his activity at DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG, Mr. Köhler was a risk management consultant at Commerzbank AG, where he led projects in the area of company reorganizations, mergers and acquisitions and turnaround-situations. He began his career as a management consultant at KPMG in the field of financial services. Currently, he also serves on the board of directors of Nanotron Technologies Ltd., LemnaTec GmbH, DirectPhotonics Industries GmbH. He holds a university diploma in economics as "*Diplom-Kaufmann*".

Dr. Olivier Litzka

Dr. Litzka has been a partner with Paris-based Edmond de Rothschild Investment Partners (EdRIP) since 2006. He invests primarily in European biotechnology and medtech companies as well as to some extent in the United States. In addition to being a member of the supervisory board of NOXXON Pharma AG, he currently serves on the board of Allecra Therapeutics GmbH, Probiodrug AG, SuperSonic Imagine and JenaValve Technology GmbH, and served on the board of Novexel, Sapiens and Endosense up until their respective acquisitions. Before joining EdRIP, Olivier Litzka spent six years with 3i's life science venture capital practice, based first in Munich and then in Paris. In this position, he served on the boards of several portfolio companies and made a range of international investments. Before joining 3i in 2000, he worked as a strategy consultant with Mercer Management Consulting for several years, both in Munich and Paris. Dr. Litzka holds a Ph.D. in molecular microbiology from the University of Munich.

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. Walter Wenninger

Dr. Wenninger has over 30 years of experience in research and development, financial, business, and operating management in the pharmaceutical industry. He joined Bayer Pharma in 1968, where he held executive management positions in Germany, the United States and Europe within the life science business of Bayer AG. From 1994 to 2000, Dr. Wenninger served as a member of the management board of Bayer AG. Following his retirement at Bayer, Dr. Wenninger has been involved in the strategic positioning and development of several companies and organizations. He currently serves on the advisory group for the board of Novo A/S, DK. He has been a member of the executive committee of the German Cardiac Research Foundation, the executive committee of the Robert-Koch-Foundation, and until recently was a long time member of the board of trustees of the German Cancer Research Center. Dr. Wenninger graduated from the Ludwig-Maximilians-University Munich in veterinary medicine with a Ph.D. and with a degree in economics as "*Diplom-Kaufmann*".

Further information relating to the Supervisory Board Directors

At the date of this Information Document, none of the to be appointed Supervisory Board Directors has, in the previous five years:

- been convicted of any fraudulent offenses;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation of such company;
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Board Committees

Prior to completion of the Listing, the Supervisory Board will establish an audit committee (the "**Audit Committee**"), a compensation committee (the "**Compensation Committee**") and a nomination and corporate governance committee (the "**Nomination and Corporate Governance Committee**"). Each of the committees has a preparatory and/or advisory role to the Supervisory Board. In accordance with the Supervisory Board Rules, the Supervisory Board will draw up rules on each committee's role, responsibilities and functioning. The committees consist of Supervisory Board Directors. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making.

The Audit Committee

The members of the Audit Committee will be:

- Bertram Köhler (chairman)
- Dr. Hubert Birner
- Dr. Walter Wenninger

Terms of reference of the Audit Committee

Set out below is a summary of the terms of reference of the Audit Committee.

The Audit Committee assists the Supervisory Board in supervising the activities of the Management Board with respect to, *inter alia*:

(a) the operation of the internal risk-management and control systems;

(b) 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);

(c) compliance with recommendations and observations of the Company's internal and external auditors;

(d) the role and functioning of the Company's internal auditors;

(e) the Company's tax planning policy;

(f) the Company's relationship with its external auditor, including the independence and remuneration of the external auditor;

(g) the financing of the Company; and

(h) matters relating to information and communication technology.

The Audit Committee also advises 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 will meet as often as is required for its proper functioning, but at least four times a year, such meetings to be held to coincide with key dates in the financial reporting and audit cycle. The Audit Committee must meet at least once a year with the Company's external auditor.

The Audit Committee will consist of at least three members, of which at least one member must be a financial expert in the sense that he or she has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. All members of the Audit Committee must be independent within the meaning of the Dutch corporate governance code dated 10 December 2008 and in force as of 1 January 2009 (the "**Dutch Corporate Governance Code**"), with the exception of no more than one member. The chairman of the Audit Committee may neither be the chairman of the Supervisory Board nor a former Management Board Director.

The Compensation Committee

The members of the Compensation Committee will be:

- Dr. J. Donald deBethizy (chairman)
- Dr. Walter Wenninger
- Dr. Olivier Litzka

Terms of reference of the Compensation Committee

Set out below is a summary of the terms of reference of the Compensation Committee.

The Compensation Committee shall, *inter alia*, have the following duties:

(a) preparing proposals to the Supervisory Board for the remuneration policy to be pursued;

(b) recommending to and preparing proposals for the Supervisory Board to determine the remuneration of the individual members of the Management Board; any such proposal shall, in any event, deal with: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the Ordinary Shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;

(c) reviewing and supervising corporate goals and objectives relevant to the remuneration of all members of the Management Board, evaluating the performance of members of the Management Board in light of those goals and objectives;

(d) reviewing and making proposals for the General M to approve equity plans for the issuance of ordinary shares, rights to subscribe for ordinary shares and other awards;

(e) being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Compensation Committee within any budgetary restraints imposed by the Supervisory Board and considering any other connection that they may have with the Company; and

(f) preparing the remuneration report.

The Compensation Committee will meet as often as is required for its proper functioning, but at least two times a year.

The Compensation Committee will consist of at least three members and may neither be chaired by the chairman of the Supervisory Board nor by a former member of the Management Board, nor by a Supervisory Board Director who is a member of the management board of another listed company. All members of the Compensation Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member. No more than one member may be a member of the management board of another Dutch listed company.

The Nomination and Corporate Governance Committee

The members of the Nomination and Corporate Governance Committee will be:

- Dr. Hubert Birner (chairman)
- Dr. J. Donald deBethizy
- Dr. Olivier Litzka

Terms of reference of the Nomination and Corporate Governance Committee

Set out below is a summary of the terms of reference of the Nomination and Corporate Governance Committee.

The Nomination and Corporate Governance Committee shall, *inter alia*, have the following duties:

(a) drawing up selection criteria and appointment procedures for Supervisory Board Directors and Management Board Directors;

(b) periodically assessing the size and composition of the Supervisory Board, and preparing a proposal for a composition profile of the Supervisory Board Directors;

(c) periodically assessing the functioning of individual Supervisory Board Directors and Management Board Directors, and reporting on this to the Supervisory Board;

(d) preparing proposals for appointments and reappointments;

(e) supervising the policy of the Management Board on the selection criteria and appointment procedures for senior management; and

(f) overseeing the corporate governance policies of the Company, reporting and making recommendations to the Management Board and Supervisory Board concerning governance matters and oversight of the evaluation of the Management Board and Supervisory Board.

The Nomination and Corporate Governance Committee will meet as often as is required for its proper functioning, but at least two times a year.

The Nomination and Corporate Governance Committee will consist of at least three members and all members of the Nomination and Corporate Governance Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member.

Equity Holdings

As at the date of this Information Document, as a result of the Corporate Reorganization and the Private Placement, the number of Ordinary Shares held by the Management Board and Supervisory Board are as follows:

	Number of Ordinary Shares as of the date of this Information Document
Aram Mangasarian, Ph.D.	14,250
Dr. Matthias Baumann	7,332
Dr. J. Donald deBethizy	2,717
Dr. Walter Wenninger	5,863
Total	**30,162**

The Company has agreed to grant to a former managing director of NOXXON Pharma Inc. a warrant to purchase such number of Ordinary Shares as corresponds to 3,106 common shares in NOXXON Pharma AG as outstanding on 15 March 2015, i.e., 6,212 Ordinary Shares, in the event of an initial public offering or a change of control of the Company. The strike price under the warrant, if such will have to be granted, will be the offer price under the initial public offering or the strike price under the options granted to employees most recently before the change of control, respectively.

Remuneration

Remuneration Pre-Listing

Since the Company had only a sole director until the Corporate Reorganization became effective (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*), the compensations described below relate to the respective individual's service as member of the management board or the supervisory board of NOXXON Pharma AG.

Management Board Remuneration for the Fiscal Year 2015

The table below shows the remuneration for the members of the management board of NOXXON Pharma AG to be appointed as Management Board Directors for the Fiscal Year 2015.

	Base salary	Cash bonus[(1)]	Pension contributions	Fringe benefits[(2)]	Total
Aram Mangasarian, Ph.D.	€233,288	€57,750	N/A	€0	€291,038
Dr. Matthias Baumann	€199,734	€35,000	N/A	€14,307	€249,041
Total	**€433,022**	**€92,750**	**N/A**	**€14,307**	**€540,079**

(1) Cash bonuses relate to goal achievements during 2015, to be paid in 2016. Does not include the cash bonuses relating to goal achievements during 2014, which were not paid in 2015.

(2) Without contribution to directors and officers insurance and other insurances and expenses (such as mobile phones etc.).

During the Fiscal Year 2015, no stock options or shares from the equity participation program for employees, members of the management and supervisory boards and certain other individuals who perform services for the Group that the Group has had in place since 2008 (the "**Share Participation Model**") were granted to the members of the management board of NOXXON Pharma AG who have become Management Board Directors upon completion of the Corporate Reorganization. Under the Share Participation Model, the share-based payment transactions recognized as an expense in the Fiscal Year 2015 according to IFRS amounted to none for the members of the management board of NOXXON Pharma AG who have become Management Board Directors upon completion of the Corporate Reorganization.

In connection with and immediately prior to completion of the Listing, the remuneration of the Management Board Directors for the period as from completion of the Listing is expected to change and to be set by the Supervisory Board in accordance with the remuneration policy as described below under "*—Remuneration Post-Listing*". In connection therewith, the remuneration at the level of NOXXON Pharma AG will be adjusted adequately for the Management Board Directors who were also members of the management board of NOXXON Pharma AG prior to the Corporate Reorganization.

At the date of this Information Document, 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 AG who will become Management Board Directors upon completion of the Corporate Reorganization.

Supervisory Board Remuneration for the Fiscal Year 2015

All of those who have, upon completion of the Corporate Reorganization, become Supervisory Board Directors, were also members of the supervisory board of NOXXON Pharma AG prior to the Corporate Reorganization received fees in relation to such office. In May 2009, the shareholders of NOXXON Pharma AG had approved a compensation policy whereby the members of the supervisory board of NOXXON Pharma AG were eligible to receive a board fee of €20,000 per year and an additional board fee of €1,000 for each attended board meeting (€2,000 in the case of supervisory board members having their residence outside of Europe). The chairman of the supervisory board of NOXXON Pharma AG was eligible to receive two and a half times the aforementioned board fees. The table below shows the remuneration for the supervisory board members of NOXXON Pharma AG for the Fiscal Year 2015 who upon completion of the Corporate Reorganization have become Supervisory Board Directors.

	Fixed fee[(2)]
Dr. Walter Wenninger	€45,534
Dr. Hubert Birner[(1)]	N/A
Bertram Köhler[(1)]	N/A
Dr. Olivier Litzka[(1)]	N/A
Dr. J. Donald deBethizy	€24,000
Total	**€69,534**

(1) Member of the supervisory board of NOXXON Pharma AG has waived his right for a fee.
(2) Fixed fees have not yet been paid. Without contribution to directors and officers insurance and other insurances and expenses (such as mobile phones etc.).

During the Fiscal Year 2015, no stock options or shares from the Share Participation Model were granted to the members of the supervisory board of NOXXON Pharma AG who have become Supervisory Board Directors upon completion of the Corporate Reorganization. Under the Share Participation Model, the share-based payment transactions recognized as an expense in the Fiscal Year 2015 according to IFRS amounted to none for the members of the supervisory board of NOXXON Pharma AG who have become Supervisory Board Directors upon completion of the Corporate Reorganization.

In connection with the Listing, the remuneration of the Supervisory Board Directors for the period as of completion of the Listing has been changed and was set by the General Meeting upon proposal of the Supervisory Board as described below (see below "*—Remuneration Post-Listing*"). In connection therewith prior to completion of the Listing, the board fees at the level of NOXXON Pharma AG will be adjusted adequately for the Supervisory Board Directors who were also members of the supervisory board of NOXXON Pharma AG.

At the date of this Information Document, there are no amounts reserved or accrued by the Group to provide pension, benefit, retirement or similar benefits for the members of the supervisory board of NOXXON Pharma AG who have become Supervisory Board Directors upon completion of the Corporate Reorganization.

Remuneration Post-Listing

Management Board Remuneration

In connection with the Corporate Reorganization, the General Meeting has adopted a policy governing the remuneration of the Management Board. Prior to completion of the Listing, the Supervisory Board is expected to determine the remuneration of the Management Board Directors, at the recommendation of the Compensation Committee, with due observation of the remuneration policy adopted by the General Meeting. In connection with the Corporate Reorganization, the General Meeting has also adopted an equity incentive plan by which it has authorized the Management Board to grant rights to subscribe for Ordinary Shares (see below "*—Summary of Equity Incentive Plan"*).

The policy governing the remuneration of the Management Board is aimed to attract, reward and retain highly qualified Management Board Directors and to provide and motivate the members of the Management Board with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long-term strategy of the Company.

Remuneration components Management Board Directors

Pursuant to the remuneration policy, the remuneration of the Management Board Directors as agreed in service agreements taking effect upon completion of the Listing will consist of the following fixed and variable components:

- a fixed base salary;
- a variable annual cash bonus (short-term annual cash incentive);
- a long-term variable incentive plan, in the form of share participation and stock options;
- pension and fringe benefits; and
- severance arrangements.

Fixed base salary

The base salary of Aram Mangasarian, Ph.D, who will be the Chief Executive Officer of the Company, will be 20% above his base salary for his previous position as ordinary member of the management board of NOXXON Pharma AG in the first half of 2015 (before he was appointed Chief Executive Officer of NOXXON Pharma AG), which however is approximately 30% lower than the base salary of his predecessor in 2014. The annual base salary of Dr. Matthias Baumann as ordinary member of the management board of NOXXON Pharma AG was increased in the third quarter of 2015 by 5.3% and his base salary as Management Board Director will be equal to the base salary as resulting following such increase.

Variable annual cash bonus

The objective of the short term cash incentive arrangements to apply upon completion of the Listing is to ensure that the Management Board Directors are well incentivized to achieve performance targets in the shorter term.

A Management Board Director will be eligible for an annual cash incentive up to a fixed maximum amount not exceeding his base salary. The cash incentive will be paid on a pro-rata basis subject to reaching certain targets negotiated in a separate agreement between the individual Management Board Director and the Supervisory Board each year. In connection with and immediately prior to completion of the Listing, it is expected that the Supervisory Board will resolve to approve an additional cash bonus for Matthias Baumann entitling him to a bonus of 100% of his annual bonus entitlement in case of an IPO.

Long-term incentive plan

In addition to the existing Share Participation Model, the Company intends to incentivize the Management Board Directors further by implementing a new employee stock option plan (see below "*—Summary of Equity Incentive Plan"*) and by adopting other share participation programs or stock option plans from time to time to align the longer term interests of the Management Board Directors with those of the Shareholders and to provide an incentive for long-term focus and retention of Management Board Directors.

Pension and fringe benefits

The Management Board Directors will be entitled to a health insurance allowance (inclusive of nursing insurance) and a pension insurance allowance as well as other customary fringe benefits, such as a company car or respective compensation.

Severance arrangements

Unless renewed or extended, the service contracts with the Management Board Directors Dr. Matthias Baumann and Dr. Aram Mangasarian will each terminate automatically on 30 June 2017. In case of an earlier extraordinary termination of the contract in the event of a change of control, Management Board Directors will be entitled to compensation in a minimum amount of 50% of their fixed salary payable from the earlier termination until the end of their contract.

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

Supervisory Board Directors will be entitled to an annual cash compensation retainer of 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

Committee members will be entitled to additional cash compensation as follows:

(i) Audit Committee members shall receive an annual compensation of €6,500; the chairman of the Audit Committee shall receive an annual compensation of €12,500.

(ii) Compensation Committee members shall receive an annual compensation of €4,000; the chairman of the Compensation Committee shall receive an annual compensation of €8,000.

(iii) Nomination and Corporate Governance Committee members shall receive an annual compensation of €3,000; the chairman of the Nomination and Corporate Governance Committee shall receive an annual compensation of €6,000.

Long-term incentive plan

The equity compensation will be structured as (i) an initial appointment grant vesting annually over three years of options in an amount of approximately 0.076% of the Company's outstanding Ordinary Shares with (ii) subsequent annual awards with a cliff vest after one year of options in an amount of approximately 0.038% of the Company's outstanding Ordinary Shares.

No Supervisory Board Director has a service or severance contract with the Company.

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.

Summary of Equity Incentive Plan

Share Participation Model of NOXXON Pharma AG

During the fiscal year ended 31 December 2002, the shareholders authorized the supervisory and management boards of NOXXON Pharma AG to grant share options to members of management and employees of the Group. Share options were issued under this plan until 2007. Under the Stock Option Plan 2002, the exercise price was determined based on the fair market value of the shares on the date of grant. The options vested over a three-year period and expire 10 years after the date of grant. The option holders may only exercise their vested options if the shares of the Company are publicly traded, acquired in a trade sale or as defined under the terms of the plan. During the first year subsequent to an initial waiting period of two years, the share options may only be exercised if the market price of the Company's shares, as defined under the terms of the plan, have exceeded the exercise price by at least 20% for five consecutive trading days prior to the exercise of the options. During each subsequent year, the exercise hurdle increases in 5% increments. Upon exercise, the management and supervisory boards may elect to settle the awards in either shares or cash. There currently is one option holder, who, under a grant made in 2007, is entitled to purchase up to 1,750 common shares in NOXXON Pharma AG, with an initial exercise price of €326, subject to the increase explained above. It is not expected that the holder will exercise the options prior to their expiry at the beginning of 2017.

Under the Share Participation Model, NOXXON Pharma AG has issued series A preferred shares and series B preferred shares against a consideration equal to their fair value at the time of €326.00 and €366.95, respectively. The total number of shares awards outstanding under the Share Participation Model as of the date of this Information Document is 37,081 shares of NOXXON Pharma AG, equal to 7.39% of its total number of issued common and series A and series B preferred shares outstanding as of such date. However, of the above consideration, only the par value of the shares issued has been paid in in each instance, while the remaining consideration remains outstanding and will only be paid at the option of the holder. In order to assure that the shares cannot be disposed of without such outstanding amount of the consideration being paid (and that they will be "returned" in the situations described below), such shares are held by a fiduciary, who holds the shares on behalf of the respective beneficiary and who, pursuant to an agreement with the beneficiary, will release them only against payment of the consideration outstanding. The voting power is vested in the beneficiary, who under that agreement can direct the fiduciary how to vote. Each beneficiary's shares vest over a period of three years, with one-third of his or her shares vesting each year. If the beneficiary is no longer employed by the Group prior to the vesting of all of his or her shares, he or she must return any unvested shares to NOXXON Pharma AG.

Prior to the completion of the Listing and pursuant to the Corporate Reorganization, the fiduciary will transfer the shares in NOXXON Pharma AG to the Company in return for Ordinary Shares of the Company, which shall continue to be held by the fiduciary on behalf of the beneficiaries. The above arrangements will continue but henceforth relate to the Ordinary Shares so held by the fiduciary for the beneficiaries. See Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*) for a description of the Corporate Reorganization.

2016 Stock Option and Incentive Plan

A stock option and incentive plan of the Company has recently been adopted by the Management Board and approved by the General Meeting and has thus become effective (the "**2016 Stock Option and Incentive Plan**"). 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. The purpose of the 2016 Stock Option and Incentive Plan is to align the longer term interests of the applicants with those of the Shareholders and to provide an incentive for longer term focus and retention of the applicants. The Company will operate the 2016 Stock Option and Incentive Plan, pursuant to which an applicant may, among other equity-based awards, be issued performance based Ordinary Shares or be granted performance based options to acquire Ordinary Shares. The Management Board (and the Supervisory Board where it concerns a person elected to the Management Board), may decide, in its sole discretion, whether or not a certain applicant shall be eligible to participate in the 2016 Stock Option and Incentive Plan. The 2016 Stock Option and Incentive Plan provides for the issuance of Ordinary Shares directly or on vesting of the options up to a maximum of 7% of the total issued share capital of the Company immediately following the Listing.

Ordinary Shares may be issued to participants in the 2016 Stock Option and Incentive Plan in recognition of past services or for other valid consideration after the end of a particular performance period and subject to achievement of certain performance conditions to be determined by the Management Board (or the Supervisory Board where it concerns

a Management Board Director). Such Ordinary Shares may be issued in lieu of cash compensation due to such participant.

The performance based options may vest and be delivered to a participant after the end of the performance period (i.e. a period of three years that starts on January 1 of the year in which the performance based options are granted) on the vesting date (which date will be within 15 business days immediately following the announcement of the Company's annual results), provided that the participant is still employed by the Company and subject to achievement of certain performance conditions as determined by the Management Board (or the Supervisory Board where it concerns a Management Board Director). The exercise price of each performance based option will be determined by the Management Board (or the Supervisory Board where it concerns a Management Board Director) but may not be less than 100% of the fair market value of the Ordinary Shares on the date of grant. The term of each performance based option shall be determined by the Management Board (or the Supervisory Board where it concerns a Management Board Director) but may not exceed ten years (i.e. a period of ten years that starts on January 1 of the year in which the performance based options are granted).

If in relation to a Management Board Director, in the opinion of the Supervisory Board, the vesting of the options would produce an unfair result due to extraordinary circumstances during the performance period, the Supervisory Board may adjust the amount of options that would have vested downwards or upwards.

Furthermore, the Supervisory Board has the authority to deviate from the policies as described in case it considers it necessary or desirable to do so in specific cases in order to attract and reward the most qualified persons for the Management Board. The Supervisory Board may recover from a Management Board Director the value of any Ordinary Shares issued to him/her on the basis of incorrect financial or other data, which are materially incorrect, if such incorrectness is mainly attributable to acts or omissions of the Management Board Director (e.g. if such incorrectness results from fraud or gross negligence).

On 22 September 2016, the General Meeting authorized the Management Board to, subject to prior approval of the Supervisory Board, resolve upon the issuance of any Ordinary Shares and the granting of rights to subscribe for Ordinary Shares as well as the exclusion of any pre-emptive rights for the issuance of such Ordinary Shares or the granting of such rights to subscribe for Ordinary Shares as is warranted in connection with the exercise of the authorizations set out in the 2016 Stock Option and Incentive Plan.

Board Liability, Insurance and Indemnity

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Dutch law or the Articles. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Furthermore, the Articles provide that the Company will indemnify any and all of members of the Management Board and the Supervisory Board, senior management, former members of the Management Board and the Supervisory Board and former senior managers against any and all liabilities, claims, judgments, fines and penalties incurred by them as a result of any threatened, pending or completed action, investigations or other proceedings, whether civil, criminal, or administrative brought by any party other than itself or Group companies, in relation to acts or omissions in or related to his or her capacity as a members of the Management Board and the Supervisory Board or senior manager of the Company, in each case to the fullest extent permitted by applicable law. No indemnification shall be given to an indemnified person (a) if that person has been adjudged to be liable for willful misconduct or intentional recklessness and (b) in relation to claims insofar as they relate to the gaining in fact of personal profits, advantages or remuneration to which the relevant person was not legally entitled. The indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

Members of the management board and the supervisory board of NOXXON Pharma AG and certain other of the senior management to the extent they carry out responsibilities of the management board of NOXXON Pharma AG are insured under an director's and officer's liability insurance. Prior to completion of the Listing, the Company intends to take out similar insurance with coverage and upon terms customary for a publicly listed company of the size of the Company.

Conflicts of Interest

The Management Board Directors and the Supervisory Board Directors shall immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the Company and the business

connected with it to the chairperson of the Supervisory Board and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

The chairperson of the Supervisory Board shall immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the Company and the business connected with it to the other members of the Supervisory Board and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

The chairperson of the Supervisory Board shall decide whether there is a conflict of interest. In case of a (potential) direct or indirect personal interest in relation to the chairperson of the Supervisory Board, the other members of the Supervisory Board shall decide whether there is a conflict of interest. A conflict of interest in relation to such director in any event exists, if the Company intends to enter into a transaction with a legal entity (i) in which such director personally has a material financial interest, (ii) which has an executive director or a member of the management board who is related under family law to such director of the Company, or (iii) in which such director has an executive or non-executive position.

A Management Board Director shall not participate in any discussions and decision making if he or she has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Management Board Directors, the Supervisory Board will resolve on the matter.

A Supervisory Board Director shall not participate in any discussions and decision making if he or she has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Supervisory Board Directors, the Supervisory Board will resolve on the matter as if there were no conflict of interest.

All transactions in which there are conflicts of interest with Management Board Directors and/or Supervisory Board Directors shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Management Board Directors and/or Supervisory Board Directors that are of material significance to the Company and/or to the relevant Management Board Director and/or Supervisory Board Directors require the approval of the Supervisory Board.

All transactions between the Company and legal or natural persons who hold at least 10% of the Ordinary Shares in the Company shall be agreed on terms that are customary in the sector in which the Company and its combined businesses are active. The Supervisory Board is required to approve such transactions that are of a material significance to the Company and/or to such persons.

Potential Conflict of Interest

At the date of this Information Document, four of the individuals who have been appointed as Supervisory Board Directors as from the Corporate Reorganization do not meet the independence criteria contained in the Dutch Corporate Governance Code. Other than that, no member of the Management Board nor any member to be appointed to the Supervisory Board has a conflict of interest (actual or potential) between his or her duties to the Company and his or her private interests and/or other duties.

Limitation of Supervisory Positions

Under Dutch law, a member of the management board of a large Dutch company may not hold more than two supervisory positions at another large Dutch company, and may not concurrently serve as chairman of the supervisory board or of a one tier board of a large Dutch company. A "supervisory position" is a position of membership on a supervisory board, non-executive director in a one-tier board structure or member of a supervisory body. Under Dutch law, a large company is a Dutch public limited liability company (*naamloze vennootschap*), a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) or a foundation (*stichting*) that fulfils at least two out of the following three criteria on two successive balance sheet dates: (1) the value of the assets according to the consolidated balance sheet with explanatory notes is, on the basis of the purchase price and manufacturing costs, more than €20 million; (2) the net turnover is more than €40 million; and (3) the average number of employees is 250 or more. Supervisory positions in group companies, Dutch legal entities other than large public and private limited liability companies, and foundations and foreign legal entities do not count toward the maximum number of supervisory positions permitted.

Furthermore, under Dutch law, members of the supervisory board or non-executive directors of a large Dutch company may not hold five or more supervisory positions at another large Dutch company, whereby the chairmanship is counted twice.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

The Company is not a large company yet, but all members of the Management Board and the Supervisory Board will voluntarily comply with these rules. According to the Management Board Rules and the Supervisory Board Rules, both the Management Board and the Supervisory Board shall endeavor to voluntarily, if possible, comply with the rules given in those sections if any seats on the Management Board and the Supervisory Board respectively become available and persons are nominated for appointment.

Diversity Policy

Until 1 January 2016, Dutch law required large companies to pursue a policy of having at least 30% of the seats on the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women. The term "large company" within the meaning of the diversity policy has the same meaning as set out under "*–Limitation of Supervisory Positions*" above except that the criteria are tested on one balance sheet date. This allocation of seats was to be taken into account in connection with (i) the appointment, or nomination for the appointment, of members of the Management Board and the Supervisory Board, (ii) drafting the criteria for the size and composition of the Supervisory Board, as well as the designation, appointment, recommendation and nomination for appointment of Supervisory Board Directors; and (iii) drafting the criteria for the Supervisory Board Directors. If a large company did not comply with the gender diversity rules, it was required to explain in its annual report: (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

This rule was a temporary measure and automatically ceased to have effect on 1 January 2016. Notwithstanding that, on 23 March 2016, the responsible Dutch Minister has submitted a legislative proposal to the Dutch Parliament in which it is proposed to reinstate this rule and extend its application until 1 January 2020. No changes are foreseen in comparison to the rule that ceased to have effect on 1 January 2016.

Although the Company does not qualify as a large company yet and Dutch law currently does not provides for a rule on diversity in management boards or supervisory boards, the Management Board Rules and the Supervisory Board Rules include a policy that the Management Board and the Supervisory Board shall aim, to the extent practicable and appropriate under circumstances, for a diverse composition of the Management Board Directors and the Supervisory Board Directors in line with the identity of the Company and its business, in terms of such factors as nationality, background, gender (as referred to Section 2:166 of the DCC) and age.

The proposed composition of the Management Board and the Supervisory Board currently does not comply with the diversity requirements under the former Dutch law diversity rule which is expected to be reinstated with the same requirements shortly. However, if after the completion of the Listing, seats become available and persons are nominated for appointment, the Management Board and the Supervisory Board shall endeavor to comply with such rule (based on the understanding of the former rule).

SECTION 14
CORPORATE REORGANIZATION, PRIVATE PLACEMENT, EXISTING SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Corporate Reorganization

The Company was formed for the purpose of the Listing. On 23 September 2016, substantially all of the equity interests in NOXXON Pharma AG was exchanged for newly issued equity interests in the Company, i.e. Ordinary Shares, with NOXXON Pharma AG becoming an almost wholly-owned subsidiary of the Company (the "**Corporate Reorganization**"). Therefore, this Information Document only describes the listing of Ordinary Shares.

Until 23 September 2016, date on which the Corporate Reorganization took effect, the share capital of NOXXON Pharma AG was divided into series A preferred shares, series B preferred shares and common shares, including shares issued pursuant to the Share Participation Model. For the purpose of the Corporate Reorganization, substantially all of the holders of the outstanding shares of NOXXON Pharma AG entered into an agreement pursuant to which they would subscribe for newly issued Ordinary Shares, and agreed to contribute and transfer their shares in NOXXON Pharma AG to the Company in consideration therefor. As a result of the certain conditions precedent to that agreement having been satisfied and the deed of issuance having been entered into and taken effect, such issuance of Ordinary Shares (and the transfer of those outstanding shares of NOXXON Pharma AG to the Company) took effect. More specifically, as a result of certain agreements among the shareholders of NOXXON Pharma AG as set out in the Investment Agreement and the Addendum to the Investment Agreement, each described below in"*—Related Party Transactions*"):

- certain series B preferred shares, which had been agreed in the Investment Agreement and the Addendum to the Investment Agreement to be treated as "series B plus preferred shares" have been converted into Ordinary Shares in the exchange ratio one "series B plus preferred share" in NOXXON Pharma AG to 4 Ordinary Shares (1:4); and
- all other shares in NOXXON Pharma AG have been converted into Ordinary Shares in the exchange ratio of one series A preferred share, series B preferred share and common share in NOXXON Pharma AG to 2 Ordinary Shares (1:2).

As a result, the Company now holds approximately 99.8% of the shares of NOXXON Pharma AG.

Private Placement

Simultaneously with the Corporate Reorganization, various contributions in cash and in kind were made as described in the following (the Private Placement):

- contributions in cash by certain previous shareholders of NOXXON Pharma AG (and now shareholders of the Company) and certain others in an aggregate amount of approximately €2.8 million against the issuance of 132,079 Ordinary Shares (the Cash Placement);

- the contribution of a partial amount of €7,000 thousand of the outstanding loans by Kreos to the Company against the issuance of 356,502 Ordinary Shares (the "**Kreos Debt Conversion**"), as described in more detail below; and

- the contribution of certain receivables by two further creditors to NOXXON Pharma AG of €200,000 and of €56,509 against the issuance of 10,186 Ordinary Shares and of 2,878 Ordinary Shares, respectively, to such creditors (the Further Contributions) as described in more detail below.

Cash Placement

In September 2016, the Group entered into commitment agreements, whereby certain shareholders of NOXXON Pharma AG and certain other investors agreed to provide the Group additional cash resources, consisting of equity of approximately €2.8 million, in a private placement (the Cash Placement), each in accordance with the relevant party's previous commitment as shown in the table below. Pursuant to these commitments, these parties made such contribution on 23 September 2016 and were issued an aggregate of 132,079 Ordinary Shares.

Committed Shareholder	Investment Commitment
NGN BioMed Opportunity II, L.P.	€800,000.00
Entities affiliated with Edmond de Rothschild Investment Partners SCA	€223,701.45
Sofinnova Capital V FCPR	€655,000.00
Entities affiliated with Seventure Partners	€535,000.03
Entities affiliated with TVM Capital GmbH	€163,000.00
DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG	€69,669.00
CD Venture GmbH	€100,000.00
Aram Mangasarian, Ph.D.	€110,000.00
ANMA Venture GmbH	€40,000.00
CBI GmbH	€40,000.00
Dr. Walter Wenninger	€25,000.00
White City Consulting ApS	€58,000.00
Total	**€2,819,370.48**

Kreos Debt Conversion

On 10 March 2014, the Group entered into a loan agreement for a loan facility with Kreos pursuant to which the Group was eligible to borrow up to an aggregate of €7.0 million in two tranches of €4.0 million and €3.0 million, both of which the Group borrowed in their entirety on 24 March 2014 and 30 June 2014, respectively. On 20 March 2015, the Group entered into a further loan agreement with Kreos, pursuant to which the Group was eligible to borrow an aggregate of €3.0 million. The tranche of €3.0 million was drawn on 23 March 2015. The loans are each secured by all of the Group's assets, including intellectual property. They bear interest at a nominal interest rate of 10.5% and 11.0%, respectively, per annum.

Pursuant to an agreement dated 23 September 2016, Kreos agreed, subject to certain conditions, to convert its debt receivable of approximately €9.6 million into equity of the Company and temporarily not enforce its rights to repayment of the loans, per the following. On 23 September 2016, there was, upon the relevant conditions having been satisfied, an initial conversion of €7.0 million of the loans into equity of the Company, i.e. Kreos contributed such partial amount of its total debt receivable against the Company's issuance to Kreos Jersey of 356,502 Ordinary Shares (the Kreos Debt Conversion). Payment of the balance of the loan remaining, i.e. approximately €2.6 million, after such conversion, is deferred through the end of March 2017. This balance shall be converted into equity of the Company, i.e. contributed against the issuance to Kreos Jersey of up to 133,199 Ordinary Shares, by the same amount of new capital which the Company may raise after the Listing until March 2017. To the extent by March 2017 the new capital raised is less than €2.6 million, Kreos may request for the balance of the loan to be converted into equity or request for repayment of the remaining receivable under the existing loan agreements.

In connection with the loans described above, Kreos Jersey had been issued or committed to be issued a total of 3,156 convertible bonds, under which it was entitled to purchase 3,156 series B preferred shares of NOXXON Pharma AG. As a further transaction pursuant to the agreement for the Kreos Debt Conversion, the 2,098 bonds actually issued were cancelled and warrants to purchase Ordinary Shares were issued to Kreos Jersey upon terms equivalent to those of the warrants to purchase series B preferred shares of NOXXON Pharma AG (including the 1,058 warrants agreed to be granted under the second convertible bonds agreement dated 20 March 2015 which were not actually issued). The number of Ordinary Shares for which warrants were so issued to Kreos Jersey was 6,312, i.e. 3,156 multiplied by the exchange ratio of 2:1 that under the Corporate Reorganization applied to the exchange of series B preferred shares of NOXXON Pharma AG into Ordinary Shares.

Further Contributions

On 22 September 2016 and on 19 September 2016, respectively, the Company entered into agreements with the following two creditors, each in relation to the contribution of the certain receivable of the relevant creditor to the Company against the issuance of Ordinary Shares (the Further Contributions) as follows:

- Kempen & Co. Corporate Finance B.V., Amsterdam ("**Kempen & Co.**"), who provided certain services to Noxxon Pharma AG in connection with certain previously contemplated financing transactions, contributed to the Company a receivable in the amount of €200,000 (which is a portion of Kempen & Co.'s total receivable outstanding from the Company) against issuance of approximately 10,186 Ordinary Shares; and

- NewCap., Paris, who had also provided certain services to Noxxon Pharma AG in connection with such transactions, contributed to the Company a receivable in the amount of €56,509 against issuance of approximately 2,878 Ordinary Shares.

Each of these agreements was conditional, in particular, on the Euronext Listing Board rendering the decision that the Ordinary Shares will be listed, deeds of issuance having been entered into with the participants in the Cash Placement by which the participants subscribed for the Ordinary Shares to be issued to them and they become obligated to pay in the cash contributions to be made thereunder, the agreements in relation to the respective other Further Contribution,the Kreos Debt Conversion having been entered into and the conditions to these agreements having been satisfied. By 23 September 2016, all of these conditions were satisfied.

Principal Shareholders Immediately Prior to the Listing

The table below sets out the Shareholders who hold, directly or indirectly, 3% or more of the issued and outstanding share capital and/or voting rights of the Company as of the date of this Information Document, taking into account the completion of the Corporate Reorganization and the Private Placement. The below number of Ordinary Shares does not include the 45,000 Ordinary Shares held by the Company as treasury shares.

	Ordinary Shares owned upon the Corporate Reorganization and the Private Placement	
Beneficial owner 3% or more	**Total**	**%**
DEWB Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG	247,146	12.3%
Entities affiliated with TVM Capital GmbH	320,223	16.0%
SOFINNOVA CAPITAL V FCPR	316,203	15.8%
Entities affiliated with Edmond de Rothschild Investment Partners SCA	210,478	10.5 %
Entities affiliated with Seventure Partners……..	78,201	3,90%
NGN BioMed Opportunity II, L.P.	200,246	10.0%
KREOS CAPITAL IV (Expert Fund) Limited.....	356,502	17.8%
Others.	277,098	13.8%
Total.	**2,006,097**	**100.0%**

Except as disclosed above, the Company is not aware of any other person or legal entity that, as of the date of this Information Document, has a direct or indirect capital or voting interest in the Company of 3% or more. None of the parties listed above has or will have voting rights that differ from those of the other holders of Ordinary Shares after the completion of the Listing.

At the date of this Information Document, after the completion of the Corporate Reorganization, the Company is not directly or indirectly owned or controlled by any Shareholder, whether individually or acting in concert. The Company does not know of any arrangement that may, at a subsequent date, result in a change of control of the Company.

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 2015 and 2014 and in 2016 to date, other than the transactions as set out below, which transactions were conducted at arm's length basis.

Convertible Shareholder Bonds

On 11 January 2013, NOXXON Pharma AG entered into an agreement (the "**Bridge Financing Agreement 2013**" or the "**BFA 2013**") with certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. Under the BFA 2013, NOXXON Pharma AG could require such shareholders to purchase from NOXXON Pharma AG an aggregate principal amount of €12.4 million in convertible bonds. Between 4 March 2013 and 30 June 2013, NOXXON Pharma AG sold an aggregate principal amount of €12.4 million in convertible bonds pursuant to the BFA 2013 to certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. These bonds would have matured on 31 December 2015 and did not carry interest. In December 2014, all of the holders of the bonds issued under the BFA 2013 converted into 39,631 series B preferred shares of NOXXON Pharma AG, of which, pursuant to the Investment Agreement (see "*—Investment Agreement*" below), 35,826 shares are treated as series B plus preferred shares (see the last paragraph of this sub-section).

On 8 July 2014, NOXXON Pharma AG and certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them, entered into an addendum agreement to the Bridge Financing Agreement 2013 (the "**Bridge Financing Agreement 2014/I**" or the "**BFA 2014/I**"), pursuant to which NOXXON Pharma AG could require one of the smaller shareholders to purchase from NOXXON Pharma AG an aggregate principal amount of up to €761 thousand in convertible bonds. On 3 September 2014, NOXXON Pharma AG sold an aggregate principal amount of €536 thousand in convertible bonds pursuant to the BFA 2014/I to that investor. These bonds also would have matured on 31 December 2015 and did not carry interest. In December 2014, such bonds issued under the BFA 2014/I were converted into series B preferred shares of NOXXON Pharma AG. On 14 April 2015, NOXXON Pharma AG sold an additional aggregate principal amount of €223 thousand in convertible bonds pursuant to the BFA 2014/I, as amended by the BFA 2014/II (as defined below), to that same investor. These bonds would have matured on 31 December 2015 and did not carry interest. On 5 October 2015, these bonds were converted into series B preferred shares of NOXXON Pharma AG. As a result of the Investment Agreement, 2,433 of these shares are treated as series B plus preferred shares.

On 26 November 2014, NOXXON Pharma AG entered into a further bridge financing agreement (the "**Bridge Financing Agreement 2014/II**" or the "**BFA 2014/II**"), pursuant to which NOXXON Pharma AG could require certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them, to purchase from NOXXON Pharma AG an aggregate principal amount of up to €6.0 million in convertible bonds. Between 25 November 2014 and 4 December 2014, NOXXON Pharma AG sold an aggregate principal amount of €2.5 million in convertible bonds pursuant to the BFA 2014/II to certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. These bonds would have matured on 31 December 2015 and did not carry interest. In December 2014, all of the bonds which by that time had been issued under the BFA 2014/II converted into 8,001 series B preferred shares of NOXXON Pharma AG. As a result of the Investment Agreement, 7,326 shares are treated as series B plus preferred shares.

Between 21 and 30 January 2015, NOXXON Pharma AG sold a further aggregate principal amount of €1.25 million in convertible bonds pursuant to the BFA 2014/II to certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. Between 19 February and 2 March 2015, NOXXON Pharma AG sold even a further aggregate principal amount of €2.24 million in convertible bonds pursuant to the BFA 2014/II to certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. These bonds would have also matured on 31 December 2015 and did not carry interest. On 5 October 2015, all of the bonds referred to in this paragraph were converted into 11,174 series B preferred shares of NOXXON Pharma AG (which are all treated as series B plus preferred shares under the Investment Agreement).

On 2 June 2015, NOXXON Pharma AG entered into an addendum agreement to the Bridge Financing Agreement (the "**Addendum to Bridge Financing Agreement 2014/II**" or the "**Addendum to BFA 2014/II**"), pursuant to which NOXXON Pharma AG could require certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them, to purchase from NOXXON Pharma AG an aggregate principal amount of up to €2.0 million in convertible bonds. Between 2 June 2015 and 8 June 2015, NOXXON Pharma AG sold an aggregate principal amount of €1.99 million in convertible bonds pursuant to the Addendum to BFA 2014/II to certain of its shareholders, including certain holders of more than 5% of NOXXON Pharma AG's share capital or entities affiliated with them. These bonds would have matured on 31 December 2015 and did not carry interest. On 5 October 2015, all of the bonds referred to in this paragraph were converted into 6,389 series B preferred shares of NOXXON Pharma AG (all of which are treated as series B plus preferred shares under the Investment Agreement).

In the Investment Agreement described below (see "*—Investment Agreement*") and certain agreements ancillary

thereto, it was agreed that, in the case of those parties who participated in the first of the capital increases to be effected pursuant to the Investment Agreement, all shares previously issued or still to be issued by way of conversion of the convertible bonds under the above-mentioned bridge financing arrangements would have the quality of (or be treated as) series B plus preferred shares and henceforth be exchanged into Ordinary Shares at an exchange ratio double than that which would apply to all other shares of NOXXON Pharma AG (see above "*—Corporate Reorganization*"). The reason for awarding such preferential treatment to the former holders of the convertible bonds was to provide them an additional incentive to participate in that capital increase. For the same reason, it was further agreed that the conversion prices originally stipulated of €311.91 per series B preferred share would be reduced by way of the issuance of additional series B preferred shares (likewise to be treated as B plus preferred shares) against an issuance price in cash of €1 per series B preferred share such that the average issuance price for the series B preferred shares previously issued or still to be issued by way of conversion of convertibles bonds under the aforesaid bridge financing arrangements and the series B preferred shares so to be issued against such cash contribution would be €147.67. As to those parties that did not participate in the capital increase but committed to participate in the Cash Placement, the shares still to be issued by way of conversion of their convertibles bonds (but not the shares previously issued) would have the quality of series B plus preferred shares and be exchanged into Ordinary Shares at that preferential exchange ratio and the conversion price for the shares so still to be issued by way of conversion would be reduced in the aforedescribed manner. All of the share issuances at such reduced issuance price referred to in this paragraph were effected in early October of 2015.

Shareholders Agreement

On 17 July 2015, NOXXON Pharma AG and the majority of the holders of NOXXON Pharma AG's common shares, series A preferred shares and series B preferred shares entered into a shareholders agreement, which was amended in certain parts by the Second Addendum to the Investment Agreement 2015 (the "**Shareholders Agreement**"), which replaced the previous shareholders agreement of 29 April 2010. Pursuant to the Shareholders Agreement, among other things, the shareholders of NOXXON Pharma AG who are parties to it are obliged to approve certain restructuring transactions where such are required to effect an initial public offering or listing of NOXXON Pharma AG or a prospective holding company of NOXXON Pharma AG (such as the Corporate Reorganization) and to support all transactions to effect such restructuring (provided that the listing and such restructuring are approved by an investor majority of 65% of those of the series B plus preferred shares that are treated as series B plus preferred shares). As a result of the Corporate Reorganization taking effect, the Shareholders Agreement has terminated.

Investment Agreement

NOXXON Pharma AG entered into the Investment Agreement with most of its shareholders on 17 July 2015. Under the Investment Agreement, in addition to the agreements described above in relation to the convertible bonds outstanding at that date or previously converted (see above "*—Convertible Shareholder Bonds*"), certain shareholders contributed up to €7.0 million of additional capital in several tranches by way of issuance of series B preferred shares. From July 2015 until September 2015, the Group issued 27,090 series B preferred shares against a total issuance price of €4.0 million (i.e. an issuance price of €147.67 per share). Also under this agreement, in November 2015 the Group issued the second tranche consisting of 19,345 series B preferred shares against a total issuance price of €2.9 million (i.e. an issuance price of €147.67 per share). The Investment Agreement further permitted an additional increase in the financing of up to €10.0 million by no later than 31 December 2015. On the basis of such provision, in December 2015 the Group issued a third tranche consisting of 16,256 series B preferred shares against a total issuance price of €2.4 million (i.e. an issuance price of €147.67 per share). On 14 March 2016, the Group entered into the Addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to €2.2 million of additional capital in further tranches again by way of the issuance of series B preferred shares. In April 2016 and June 2016, the Group issued series B preferred shares against contributions in cash of €1.05 million, €299 thousand and €651 thousand at an issuance price of €147.67 per share. The Addendum to the Investment Agreement further permits additional increases in the financing of up to a total further €10.0 million until 31 December 2016, on which basis, also in June 2016, the Group issued further series B preferred shares against cash contributions amounting to €1.3 million. By way of participating in these capital increases, the relevant shareholders also fulfilled their obligations under certain financing commitments made on 9 October 2015 and in February 2016. On 17 August 2016, the Group entered into a second addendum to the Investment Agreement (the "**Second Addendum to the Investment Agreement**") in relation to envisioned further contributions by certain shareholders of up to €1.6 million of additional capital in one tranche by way of the issuance of series B preferred shares. In September 2016, the Group issued series B preferred shares against contributions in cash of €1.4 million. The Second Addendum to the Investment Agreement further permits additional increases in the financing of up to a total further €10.0 million until 31 July 2017 (see Section 11 (*Business—Material Agreements—Financing Agreements*)).

Pursuant to the Investment Agreement, all of the series B preferred shares issued against contributions in cash as described in the preceding paragraph qualify as series B plus preferred shares (in the same manner as do certain of the

series B preferred shares issued upon the conversion of the convertible bonds (see above the last paragraph under "—*Convertible Shareholder Bonds*"). Pursuant to the Agreement, in the event that, in a restructuring transaction required to effect an initial public offering or listing of the holding company of NOXXON Pharma AG newly established for such purpose, shares in NOXXON Pharma AG are exchanged for new shares in that holding company (such as the Ordinary Shares in the Company), the holder of each series B preferred share that qualifies as a series B plus preferred share shall receive double the number of new shares as are issued to the holder of each other share of NOXXON Pharma AG (see above "—*Corporate Reorganization*").

As a result of the Corporate Reorganization taking effect, the Investment Agreement, the Addendum to the Investment Agreement and the Second Addendum to the Investment Agreement have terminated, and therefore no further capital increases can occur thereunder.

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 2015 and 2014 nor did they have such interest at any time in 2016.

NOXXON Pharma AG has entered into service agreements with members of the Management Board. No Supervisory Board Director has a service or severance contract with the Company.

The remuneration paid to the members of the Management Board and the Supervisory Board and the pension arrangements for the members of the Management Board are set out in Section 13 (*Management Board and Supervisory Board*).

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

SECTION 15
DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

Set out below is a summary of certain relevant information concerning the Ordinary Shares, the Articles and certain provisions of Dutch law in force on the date of this Information Document.

This summary does not purport to give a complete overview of the Articles nor of the relevant provisions of Dutch law and is qualified in its entirety by the Articles as in effect upon completion of the Listing. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles is incorporated by reference in this Information Document and will be available free of charge, in Dutch and in English, at the offices of the Company during regular business hours and in electronic form on the Company's website (*www.noxxon.com*).

In connection with the Corporate Reorganization, effective 23 September 2016, the Company has amended and fully renewed its articles of association pursuant to a notarial deed of amendment of that date (the "**Deed of Amendment**"). The Company's articles of association as they are in force after the execution of the Deed of Amendment (the "**Articles**") had been resolved upon and approved by the General Meeting on 22 September 2016. Unless otherwise specified, the summary below describes the Articles. The draft Deed of Amendment had been made available to the Shareholders in advance of the date of the resolution and will remain available for inspection by interested parties at the offices of the Company until completion of the Listing.

General

The Company was incorporated in the Netherlands on 16 January 2015 by a notarial deed of incorporation as a public company (*naamloze vennootschap*). The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its registered office address at Max-Dohrn-Strasse 8-10, 10589 Berlin, Germany. The Company is registered with the trade register of the Dutch Chamber of Commerce under number 62425781. The Company's telephone number is +49 30 726 2470.

Corporate Objects

The Company's corporate objectives included in article 3 of the Articles are:

- to develop, bring to market and exploit products and technologies in the field of biotechnology;
- to research and develop (or the commission to research and develop) patents, know-how and intellectual and industrial property;
- to make products available to patient populations that may benefit from such products and to maintain a suitable pipeline of products that may be beneficial for relevant patient populations;
- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to render advice and services to businesses and companies with which the company forms a group and to third parties;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned;
- to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties;
- to obtain, alienate, manage and exploit registered property and items of property in general;
- to trade in currencies, securities and items of property in general;
- to perform any and all activities of industrial, financial or commercial nature; and
- everything pertaining the foregoing, relating thereto or conductive thereto, all in the widest sense of the word.

Authorized, Issued and Outstanding Share Capital

Under Dutch law, a company's authorized share capital sets out the maximum amount and number of shares that it may issue without amending its articles of association.

Following the Corporate Reorganization, the Articles now provide for an authorized share capital in an amount of €10,250,000, i.e. equaling (nearly) five times the total aggregate nominal value of all Ordinary Shares currently issued, divided into Ordinary Shares, each with a nominal value of €1. As of completion of the Listing, all issued and outstanding Ordinary Shares will have been fully paid-up.

The Ordinary Shares are subject to, and have been created under, the laws of the Netherlands.

The below table shows (i) the number of issued and outstanding ordinary shares prior to the Corporate Reorganization, each with a nominal value of €0.01, and (ii) the number of issued and outstanding Ordinary Shares after the Corporate Reorganization and the Private Placement, each with a nominal value of €1. In addition to the Ordinary Shares outstanding shown below, there are currently 45,000 Ordinary Shares held by the Company as treasury shares.

	Ordinary Shares prior to the Corporate Reorganization	**Ordinary Shares immediately following the Corporate Reorganization and the Private Placement**
Ordinary Shares	4,500,000	2,006,097

History of Share Capital

Set out below is an overview of NOXXON Pharma AG's authorized, issued and fully paid-up share capital on 31 December 2015 and 2014. The number of series B preferred shares below include those shares which pursuant to the Investment Agreement qualify as series B plus preferred shares (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions—Investment Agreement*)). Since the Company was incorporated on 16 January 2015, no Ordinary Shares were outstanding in the year ended 31 December 2014.

	31 December 2015		**31 December 2014**	
	Authorized in addition to shares issued	Issued	Authorized in addition to shares issued	Issued
NOXXON Pharma AG	30,031 series A or B preferred shares with a nominal value of €1 and 0 common shares with imputed nominal value of €1	133,701 series A preferred shares with nominal value of €1 313,364 series B preferred shares with imputed nominal value of €1 45,606 common shares with imputed nominal value of €1	30,031 series A or B preferred shares with a nominal value of €1 and 0 common shares with imputed nominal value of €1	133,701 series A preferred shares with nominal value of €1 161,666 series B preferred shares with imputed nominal value of €1 45,606 common shares with imputed nominal value of €1

Warrants

In connection with the provision of certain loans to NOXXON Pharma AG by Kreos (see Section 11 (*Business – Material Agreements – Financing Agreements*), an affiliate of Kreos had been issued or committed to be issued convertible bonds, which entitled it to purchase an aggregate of 3,156 series B preferred shares of NOXXON Pharma AG. As an element of the Kreos Debt Conversion, by which Kreos contributed a part of said loans to the Company against the issuance of Ordinary Shares (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement—Kreos Debt Conversion*)), these bonds were cancelled and warrants to purchase Ordinary Shares were issued upon terms equivalent to those of the warrants to purchase series B preferred shares of NOXXON Pharma AG. The number of Ordinary Shares which were so issued to Kreos Jersey upon the exercise of the warrants was 6,312, i.e. equal to 3,156 multiplied by the exchange ratio 1: 2 that under the Corporate Reorganization applies to the exchange of series B preferred shares of NOXXON Pharma AG into Ordinary Shares, (see (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions——Private Placement—Kreos Debt Conversion*)). The issuance price per Ordinary Share upon exercise of the warrants will be €147.67 divided by such exchange ratio, subject to certain adjustments that will apply under the customary anti-dilution protection agreed for such warrants for instances of stock-splits or future share issuances at an issuance price of less than the then prevailing market price, and may hence, depending on the market price of the Ordinary Share at the time of exercise, have a small dilutive effect on other shareholders of the Company. The warrants will expire in 2023.

Furthermore, the Company has agreed to grant to a former managing director of NOXXON Pharma Inc. a warrant to purchase such number of Ordinary Shares as corresponds to 3,106 common shares in NOXXON Pharma AG as outstanding on 15 March 2015, i.e., 6,212 Ordinary Shares, in the event of an initial public offering or a change of control of the Company. The strike price under the warrant, if the warrant will have to be granted, will be the offer price under the initial public offering or the strike price under the options granted to employees most recently before the change of control, respectively.

Form and Transfer of Ordinary Shares

All Ordinary Shares shall be registered shares represented by an entry in the shareholders' register of the Company and not in certificated form. No share certificates (*aandeelbewijzen*) are or may be issued. If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares with an extract from the register relating to his or her title to an Ordinary Share free of charge. If the Ordinary Shares are encumbered with a right of usufruct or a right of pledge, the extract will state to whom such rights will fall to. There are no restrictions on the transferability of the Ordinary Shares under the Articles.

All Ordinary Shares will be in book-entry form only, and will be credited on or about the Listing Date to the securities accounts of the investors via Euroclear France, the French central securities depository with registered seat at 66 Rue de la Victoire, 75009 Paris, France.

All Ordinary Shares will be included in the clearing procedures of Euroclear France, the French central securities depository with registered seat at 66 Rue de la Victoire, 75009 Paris, France, and its name and address shall be entered in the Shareholders' register, stating the date on which those Ordinary Shares became part of the clearing procedures, the date of acknowledgment or service as well as the paid-up amount on each Ordinary Shares.

The Ordinary Shares, in book-entry form only, will be credited on or about the Listing Date to the securities accounts of the Shareholders via Euroclear France. Ordinary Shares traded on Alternext will be transferred through book-entry on the accounts of investors with intermediaries that are participants in Euroclear France or intermediaries that hold, directly or indirectly, accounts with participants in Euroclear France.

Company's Shareholders' Register

Subject to Dutch law and the Articles, the Company must keep a shareholders' register. The Company's shareholders' register must be kept accurate and up-to-date and records the names and addresses of all holders of Ordinary Shares, showing the date on which the Ordinary Shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Ordinary Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of such Ordinary Shares.

Issue of Ordinary Shares and Pre-emptive Rights

Issue of Ordinary 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. Ordinary Shares may not be issued at less than their nominal value and must be fully paid-up upon issue. A resolution by the General Meeting to issue Ordinary Shares (or grant rights to subscribe for Ordinary Shares) or to designate the Management Board as the competent corporate body requires an absolute majority of the votes cast. A resolution of the Management Board to issue Ordinary Shares (or grant rights to subscribe for Ordinary Shares) can only be taken with the prior approval of the Supervisory Board.

Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation. No resolution is required for the issue of Ordinary Shares pursuant to the exercise of a previously-granted right to subscribe for Ordinary Shares. The Company may not subscribe for its own Ordinary Shares on issue.

In connection with the Corporate Reorganization, the General Meeting has adopted a resolution pursuant to which the Management Board has been designated as the corporate body authorized to, subject to approval of the Supervisory Board, resolve to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to restrict and/or exclude statutory pre-emptive rights of Shareholders in relation to the issuances of Ordinary Shares or the granting of rights to subscribe for such Ordinary Shares for a period of three years from the Listing Date. Issuances of Ordinary Shares and grants of rights to subscribe for Ordinary Shares under this authorization can occur for general purposes, which includes, without limitation, mergers, demergers, acquisitions and other strategic transactions and alliances. Such designation of the Management Board under this resolution is expected to be limited to up to the total number of Ordinary Shares issued and outstanding immediately following the Listing. In addition, the General Meeting has authorized the Management Board, with the prior approval of the Supervisory Board, to issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares under the 2016 Stock Option and Incentive Plan and to restrict and/or exclude pre-emptive rights of Shareholders for such Ordinary Shares or rights for a period of five years from the Listing Date. Such designation of the Management Board is limited to up to 7% of the total number of Ordinary Shares issued and outstanding immediately following the Listing.

Such authorization may from time to time be extended by a resolution of the General Meeting, subject to the limitations set out above.

Pre-emptive rights

Under Dutch law and the Articles, each Shareholder has a pre-emptive right in proportion to the aggregate nominal value of their shareholding upon the issue of Ordinary Shares (or the granting of rights to subscribe for Ordinary Shares). Exceptions to this pre-emptive right include the issue of Ordinary Shares (or the granting of rights to subscribe for Ordinary Shares): (i) to employees of the Company or another member of its Group; (ii) against payment in kind (contribution other than in cash) and (iii) to persons exercising a previously-granted right to subscribe for Ordinary Shares.

The pre-emptive rights in respect of newly issued Ordinary Shares or the granting of rights to subscribe for Ordinary Shares may be restricted or excluded by a resolution of the General Meeting at the proposal of the Management Board, which is subject to the approval of the Supervisory Board. The General Meeting may designate the Management Board as the corporate body competent to resolve upon the restriction or exclusion of the pre-emptive rights if the Management Board has also been or is designated as the competent body to resolve upon the issue of Ordinary Shares for a specified period not exceeding five years (which period can be extended from time to time for further periods not exceeding five years). A resolution of the General Meeting to restrict or exclude the pre-emptive rights or to designate the Management Board as the authorized body to do so, requires a prior proposal of the Management Board, which proposal requires the prior approval of the Supervisory Board, and can only be adopted by a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is presented or represented at the General Meeting. A resolution

designating the Management Board as the competent corporate body to resolve upon the restriction or exclusion of the pre-emptive rights cannot be withdrawn unless provided otherwise in such resolution.

As set out above, the General Meeting has adopted a resolution pursuant to which the Management Board is designated as the corporate body authorized to, subject to approval of the Supervisory Board, resolve to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to restrict and/or exclude statutory pre-emptive rights of Shareholders in relation to the issuances of Ordinary Shares or the granting of rights to subscribe for such Ordinary Shares for a period of three years from the Listing Date. Issuances of Ordinary Shares and grants of rights to subscribe for Ordinary Shares under this authorization can occur for general purposes, which includes, without limitation, mergers, demergers, acquisitions and other strategic transactions and alliances. Such designation of the Management Board under this resolution is expected to be limited to up to the total number of Ordinary Shares issued and outstanding immediately following the Listing.

In addition, the General Meeting has adopted a resolution pursuant to which the Management Board is designated as the corporate body authorized to, subject to the prior approval of the Supervisory Board, issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares under the 2016 Stock Option and Incentive Plan and to restrict and/or exclude pre-emptive rights of Shareholders for such Ordinary Shares or rights for a period of five years from the Listing Date. Such designation of the Management Board is limited to up to 7% of the total number of Ordinary Shares issued and outstanding immediately following the Listing.

Such authorization may from time to time be extended by a resolution of the General Meeting, subject to the limitations set out above.

In addition, the General Meeting authorized the Management Board to issue Ordinary Shares and restrict or exclude the pre-emptive rights of Shareholders for such Ordinary Shares in connection with the Corporate Reorganization and the Private Placement. For a description of the Corporate Reorganization see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*).

Acquisition of Own Ordinary 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 has designated the Management Board for a period of 18 months to repurchase Ordinary Shares up to 10% of the Company's issued and outstanding share capital immediately following the Listing against a repurchase price between €1 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)).

The General Meeting has further designated the Management Board for a period of 5 years to, with the prior approval of the Supervisory Board and subject to the above legal restrictions, repurchase any Ordinary Shares that an employee of the Group is required to, or agrees to, re-transfer to the Company pursuant to an agreement entered into under the Share Participation Model of NOXXON Pharma AG (see Section 13 (*Management Board and Supervisory Board*)) (but no more than 10% of the Company's issued and outstanding share capital immediately following the Listing). Such designation provides for a repurchase price equal to the contribution originally made for each AG share, multiplied by the exchange ratio under the Corporate Reorganization (i.e. 1:2), for each Ordinary Share so to be repurchased.

Reduction of Share Capital

The General Meeting may, upon a proposal of the Management Board with the prior approval of the Supervisory Board, resolve to reduce the issued share capital by (i) cancelling Ordinary Shares or (ii) amending the Articles to reduce the nominal value of the Ordinary Shares. In either case, this reduction would be subject to applicable statutory provisions. Only Ordinary Shares held by the Company or Ordinary Shares for which it holds the depositary receipts may be cancelled. Under Dutch law, a resolution of the General Meeting to reduce the number of Ordinary Shares must designate the Ordinary Shares to which the resolution applies and must lay down rules for the implementation of the resolution. A resolution to reduce the issued share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued capital of the Company is present or represented at the General Meeting.

Pursuant to Dutch law, a reduction of the nominal value of the shares without repayment and without release from the obligation to pay up the shares must be effectuated proportionally on shares of the same class (unless all shareholders concerned agree to a disproportionate reduction). A resolution that would result in a reduction of capital requires approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced by the reduction. In addition, a reduction of share capital involves a two month waiting period during which creditors have the right to object to a reduction of share capital under specified circumstances. Certain aspects of taxation of a reduction of share capital are described in Section 17 (*Taxation*) of this Information Document.

Annual Accounts and Auditor

The fiscal year of the Company coincides with the calendar year. Annually within five months after the end of the fiscal year (unless by reason of special circumstances this term is extended by the General Meeting by not more than five months), the Management Board prepares the annual accounts. The annual accounts must be accompanied by an auditors' report, an annual report, a report by the Management Board and Supervisory Board and certain other information required under Dutch law and the Dutch Corporate Governance Code. All Management Board Directors and all Supervisory Board Directors sign the annual accounts and if one of them does not so sign, the reason for this must be stated. The Management Board must make the annual accounts available for inspection by the Shareholders at the offices of the Company from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting at the annual General Meeting, in which meeting also the release of liability of the members of the Management Board and the Supervisory Board shall be discussed and usually resolved upon. The adopted annual accounts by the General Meeting must be deposited with the Dutch Chamber of Commerce within eight calendar days from its adoption.

Within two months after the end of the first six months of the fiscal year, the Management Board must prepare semi-annual accounts and make them publicly available. If the semi-annual accounts are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual accounts.

Under current Dutch law, the Management Board must prepare an interim statement and make it publicly available, during a period between ten weeks after the start and six weeks before the end of each half of the fiscal year. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the fiscal year and publication of the interim statement and the consequences for the financial position of the Company, and its controlled entities. The interim statement also includes a general description of the financial position and the performance of the Company and its controlled entities during that period. It is expected that this requirement will be abolished with effect of 1 January 2016. When removed, the Company will not issue such interim statement.

Dividend and Other Distributions

General

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. The Company may only make distributions, whether a distribution of profits or of freely distributable reserves, to its Shareholders if its shareholders' equity exceeds the sum of the paid-up and called-up sharecapital plus the reserves required to be maintained by the Articles or Dutch law. See Section 5 (*Dividend Policy*) for a more detailed description regarding dividends.

Right to reserve

The Management Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits.

Exchange Controls and other Provisions relating to non-Dutch Shareholders

Under the Dutch law, subject to the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Ordinary Shares (except as to cash amounts). There are no special restrictions in the Articles or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Ordinary Shares.

The General Meeting

Annual General Meetings

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.

Place of General Meetings

General meetings will be held in Amsterdam or at Schiphol Airport, municipality of Haarlemmermeer, the Netherlands.

Convocation Notice and Agenda

General Meetings can be convened by the Management Board or the Supervisory Board by a notice which must be published through an announcement in a Dutch newspaper with national distribution. Notice will also be given by publication on the website of the Company and in any other manner that may be required in order to comply with the applicable stock exchange. The notice must specify the subjects to be discussed, the place and the time of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least such, 15 days prior to the day of the General Meeting. All convocations, announcements, notifications and communications to Shareholders are made in accordance with the relevant provisions of Dutch law and the convocation and other notices may also occur by means of sending an electronically transmitted legible and reproducible message to the address of those Shareholders which consented to this

method of convocation. If a proposal is made to amend the Articles, the convening notice will note this and a copy of the proposed amendment must be deposited at the office of the Company for inspection by the Shareholders until the end of the meeting.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the Company's annual accounts, the discussion of any substantial change in the Company's corporate governance structure and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of the laws of the Netherlands as described below). If the agenda of the General Meeting contains the item of granting discharge to the Management Board Directors and Supervisory Board Directors concerning the performance of their duties in the fiscal year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board, respectively.

Under the Articles and Dutch law, one or more Shareholders representing solely or jointly at least 3% of the Company's issued and outstanding share capital in value are entitled to request the Management Board to include items on the agenda of the General Meeting. The Management Board must agree to such requests, provided that (a) the request was made in writing and (b) was received no later than the 60th calendar day before the date of the General Meeting. In accordance with the Dutch Corporate Governance Code, a shareholder is expected to exercise the right of putting an item on the agenda only after consulting the Management Board in that respect. If one or more Shareholders intend to request that an item be put on the agenda that may result in a change in the Company's strategy, the Management Board may invoke a response time of a maximum of 180 days from the moment the Management Board is informed of the request. No resolutions will be adopted on items other than those which have been included in the agenda unless the resolution is adopted unanimously during a meeting where the entire issued capital of the Company is present or represented.

Admission and Registration

The General Meeting is chaired by the chairman of the Supervisory Board. Management Board Directors and Supervisory Board Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting. Minutes of the meetings shall be prepared.

All Shareholders, and each usufructuary and pledgee to whom the right to vote on Ordinary Shares accrues, are entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and exercise voting rights pro rata to their shareholding. Pursuant to our Articles of Association, the Management Board is authorized to determine a record date prior to a general meeting of shareholders to establish which Shareholders and others with meeting rights are entitled to attend and, if applicable, vote in the General Meeting. The record date, if any, and the manner in which shareholders can register and exercise their rights will be set out in the convocation notice of the general meeting. Under Dutch law, such record date is currently the 28th day before the day of the General Meeting. Our Articles of Association provide that if the Management Board has determined a record date, shareholders may exercise their rights, if they are the holders of Ordinary Shares on the record date, which is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper ultimately at a date set for that purpose by the Management Board which date may not be earlier than the seventh day prior to the General Meeting, specifying such person's name and the number of Ordinary Shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice must then state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

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.

The determination made by the chairman of the General Meeting with regard to the results of a vote at a General Meeting shall be decisive. However, where the accuracy of the chairman's determination is contested immediately after it has been made, a new vote shall take place if the majority of the General Meeting so requires or, where the original vote did not take place by response to a roll call or in writing, if any party with voting rights present at the General Meeting so requires.

The Management Board will keep a record of the resolutions passed at each General Meeting. The record shall be available at the offices of the Company for inspection by any person entitled to attend General Meetings and upon request a copy of or extract from the record will be provided to such person at no more than the cost price.

Identity of Shareholders

For the purpose of identifying the Shareholders, the Company is entitled to request from Euroclear France, under the conditions provided for by applicable laws and regulations, the identification of the Shareholders that have an immediate or future right to vote at the Company's General Meetings as well as the number of securities held by each of the Shareholders and any restrictions applicable thereto.

Dissolution and Liquidation

The General Meeting may resolve to dissolve the Company, upon a proposal of the Management Board thereto with the prior approval of the Supervisory Board, passed by a simple 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. If a resolution to dissolve the Company is to be put to the General Meeting, this must in all cases be stated in the notice convening the General Meeting. If the General Meeting has resolved to dissolve the Company, the members of the Management Board will be charged with the liquidation of the business of the Company. During liquidation, the provisions of the Articles will remain in force as far as possible.

Any surplus remaining after settlement of all debts and liquidation costs will be distributed to the Shareholders in proportion to the nominal value of their shareholdings.

Amendment of Articles

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 proposal to amend the Articles must be included in the notice convening the General Meeting. A copy of the proposal containing the proposed amendment must be available at the Company for inspection by every Shareholder and every holder of meeting rights until the end of the General Meeting.

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.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code applies to all companies which have their statutory seat in the Netherlands and which shares are listed on a regulated market (such as Euronext), a multilateral trading facility (such as Alternext) or a comparable system in a non-EEA member state.

The Dutch Corporate Governance Code contains principles and best practice provisions for the board, shareholders and General Meeting, financial reporting, auditors, disclosure, compliance and enforcement standards, and is based on a "comply or explain" principle. Accordingly, the Company will be required to disclose in its annual reports whether or not it is in compliance with the various principles and provisions of the Dutch Corporate Governance Code and, in the event that the Company does not apply a certain provision, to explain the reason why. It is expected that the Dutch Corporate Governance Code will be revised, effective as of 1 January 2017. A consultation procedure is currently

pending on the basis of a proposal dated 11 February 2016, which was prepared by the monitoring committee for the Dutch Corporate Governance Code.

The Company acknowledges the importance of good corporate governance. The Company fully endorses the underlying principles of the Dutch Corporate Governance Code and applies the Dutch Corporate Governance Code as the guiding principles for its corporate governance policy. The Company complies with all relevant best practice provisions of the Dutch Corporate Governance Code, except as noted below (or in the case of any future deviation, subject to explanation thereof at the relevant time):

- On the completion of the Listing, the Company will not comply with best practice provisions III 2.1 and III 5.1, which each requires that all Supervisory Board Directors, all members of the Supervisory Board's Audit Committee and all members of the Supervisory Board's Nomination and Corporate Governance Committee, respectively, in each case with the exception of not more than one person, shall be independent. Given the fact that the Company is a relatively young company, the continuity in the composition of the Board is of great importance. Once a stable framework has been established, the Company shall take appropriate measures to comply with this provision.

- The Company will not comply with best practice provision III 3.6, which requires that the Supervisory Board will draw up a retirement schedule in order to avoid, as far as possible, a situation in which many Supervisory Board Directors retire at the same time. Following completion of the Listing, Supervisory Board will adopt such retirement schedule made generally available and shall be posted on the Company's website (*www.noxxon.com*).

- The Company will not comply with best practice provision III 7.1, which requires 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 recognition of the substantial industry expertise they bring to the Company.

- Best practice provision IV.1.1 provides that the General Meeting may adopt a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or the Supervisory Board or a resolution to dismiss such member by an absolute majority of the votes cast. It may be provided that such majority should represent a given proportion of the issued capital, but this proportion may not exceed one third. In addition, best practice IV.1.1. provides that if such proportion of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of the nomination, a new General Meeting will be convened where the resolution may be adopted by absolute majority, regardless of the proportion of the share capital represented at the meeting. The Articles will 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.

Squeeze out

Pursuant to Section 2:92a of the Dutch Civil Code (*Burgerlijk Wetboek*) a Shareholder that, for its own account, holds at least 95% of the issued share capital of the Company may institute proceedings against the other Shareholders jointly for the transfer of their Ordinary Shares to it. The proceedings are held before the Enterprise Chamber of the Court of Appeal of Amsterdam (the "**Enterprise Chamber**") and can be instituted by means of a writ of summons served upon each of the minority Shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Enterprise Chamber may grant the claim for the squeeze out in relation to all minority Shareholders and will determine the price to be paid for the Ordinary Shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the Ordinary Shares of the minority Shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the Ordinary Shares must give written notice of the date and place of payment and the price to the holders of the Ordinary Shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation.

Market Abuse Rules

The Market Abuse Regulation (Regulation (EU) n°596/2014) (the "**MAR**") applies to the Company in relation to the trading on Alternext of its Ordinary Shares. The Company, the members of its Management Board and the Supervisory Board, other insiders and persons performing or conducting transactions in the Company's financial instruments, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging insider information and tipping, and the prohibition on market manipulation. In certain circumstances, the Company's investors may also be subject to market abuse rules.

Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to the Ordinary Shares in the Company or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have an effect on the price of the Ordinary Shares or the other financial instruments or on the price of related derivative financial instruments.

Pursuant to the MAR, a person that possesses inside information is prohibited to use that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, Ordinary Shares and other financial instruments of the Company. The use of inside information by cancelling or amending an order concerning Ordinary Shares or other financial instruments of the Company where the order was placed before the person concerned possessed the inside information, is also prohibited. In addition, a person is also prohibited to recommend another person to engage in insider dealing, or induce another person to engage in insider dealing, which arises where the person possesses inside information and (a) recommends, on the basis of that information, that another person acquire or dispose of Ordinary Shares or other financial instruments in the Company, or induces that person to make such an acquisition or disposal or (b) recommends, on the basis of that information, that another person cancel or amend an order concerning Ordinary Shares or other financial instruments of the Company, or induces that person to make such a cancellation or amendment. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for, or the price of the Ordinary Shares.

The Company will be under an obligation to make any inside information immediately public. However, the Company may defer the publication of inside information if it can guarantee the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the Company's legitimate interests and if the deferral does not risk to mislead the market. If the Company makes use of this deferral right, it needs to inform the French Financial Markets Regulator (*Autorité des Marchés Financiers*) thereof as soon as that information is made public.

Directors, other persons discharging managerial responsibilities and persons closely associated with them are covered by the MAR notification obligations. Directors and other persons discharging managerial responsibilities as well as persons closely associated with them, must notify the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**") of every transaction conducted on their own account relating to the shares or debt instruments of the Company, or to derivatives or other financial instruments linked to those shares or debt instruments. Notification must be made within three working days after the date of the transaction. Under MAR, no notification of a transaction needs to be made until transactions in a calendar year by that Director, persons discharging managerial responsibilities or persons closely associated with them exceed a threshold of €5,000 (without netting). Once the threshold has been reached, all transactions will need to be notified, regardless of amount and wherever concluded.

In addition, the Company has drawn up a list of those persons working for the Company who could have access to inside information on a regular or incidental basis and the Company has informed the persons concerned of the rules on insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

Non-compliance with the market abuse rules

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties and publication thereof. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed.

Net Short Positions

Pursuant to Regulation (EU) n°236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company must report it to the French Financial Markets Regulator (*Autorité des Marchés Financiers*). Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public via the short selling register of the French Financial Markets Regulator (*Autorité des Marchés Financiers*).

SECTION 16
THE LISTING

Listing and Trading on Alternext

Prior to the Listing there has been no public market for the Ordinary Shares. Application has been made to list all of the Ordinary Shares under the symbol "ALNOX" with ISIN NL0012044762 on Alternext.

Subject to acceleration or extension of the timetable for the Listing, trading in the Ordinary Shares on Alternext is expected to commence on the Listing Date of 30 September 2016.

Form and Delivery of the Ordinary Shares

The Ordinary Shares are in dematerialized form. Application has been made for the Ordinary Shares to be accepted for delivery through the book-entry facilities of Euroclear France. Euroclear France is located at 66 Rue de la Victoire, 75009 Paris, France.

Listing Agent

Invest Securities acts as the listing agent with respect to the listing of the Ordinary Shares on Alternext.

The Company and the Listing Agent will enter into the Listing Agreement on or about 30 September 2016 with respect to the listing of the Ordinary Shares.

Lock-up Arrangements

Where indicated below, the Listing Agent may in its sole discretion and at any time, waive the restrictions, including those on sales, issues or transfers of Ordinary Shares, described below. If the consent of the Listing Agent in respect of the lock-up arrangement is requested as described below, full discretion can be exercised by Listing Agent as to whether or not such consent will be granted.

Management Lock-up

Each member of the Management Board, the Supervisory Board and senior management and certain former managers have entered into a lock-up agreement with the Company and the Listing Agent on various dates in September 2016. Pursuant to the relevant lock-up agreement, each such member or manager has agreed that he or she will not for a period of 365 days from the Listing Date, except as set forth below:

(i) directly or indirectly offer, sell, contract to sell, grant or sell of options over, purchase any option, transfer, lend, charge, pledge, grant any right or warrant to purchase or otherwise transfer or dispose of, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or any other shares in the capital of the Company;

(ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares or any other shares in the capital of the Company, whether any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise;

(iii) vote in favor of or any submission to the General Meeting of a proposal to effect any of the foregoing; or

(iv) announce or otherwise publicize an intention to effect any such transaction.

The foregoing restrictions shall not apply to (a) any Ordinary Shares issued in connection with any contributions of cash to be made at any time after the date hereof (i.e. the restrictions will not apply to the Ordinary Shares issued in connection with the contributions of cash in the amount of approximately €2.8 million made in September 2016), (b) any Ordinary Shares acquired after the Listing Date (including by an issuance of new Ordinary Shares), (c) an acceptance of a general offer for the Ordinary Shares or the provision of an irrevocable undertaking to accept such an offer, (d) any disposal as a result of a legal merger or demerger of the Company, (e) the exercise of options for Ordinary Shares under awards granted under the Company's existing stock option plan as described in this Information Document and (f) any disposal to personal representatives of an individual who dies during the lock-up period, provided that such personal

representative shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations.

Under the above-mentioned lock-up agreement, the Company shall use best endeavors to procure that certain former employees, who are beneficial owners of Ordinary Shares pursuant to an issuance of Ordinary Shares under an equity incentive plan, also accede to the lock-up.

Shareholder Lock-up

Each of the previous shareholders of NOXXON Pharma AG (excluding certain minority shareholders which following the share conversion as part of the Corporate Reorganization do not hold shares of the Company and one minority shareholder who, following the Corporate Reorganization, holds less than 1% of the shares in the Company), Kreos Jersey, which will be issued Ordinary Shares in connection with the Kreos Debt Conversion, and a former managing director of NOXXON Pharma Inc., who has been granted a warrant to purchase Ordinary Shares under his separation agreement, have entered into a lock-up agreement with the Listing Agent on 21 September 2016. Pursuant to the lock-up agreement, each such Shareholder shall for a period of 365 days from the Listing Date (180 days in the case of Kreos Jersey) (the shareholder lock-up period) not:

(i) directly or indirectly offer, sell, contract to sell, grant or sell of options over, purchase any option, transfer, lend, charge, pledge, grant any right or warrant to purchase or otherwise transfer or dispose of, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or any other shares in the capital of the Company;

(ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares or any other shares in the capital of the Company, whether any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise;

(iii) vote in favor of or any submission to the General Meeting of a proposal to effect any of the foregoing; or

(iv) announce or otherwise publicize an intention to effect any such transaction.

The foregoing restrictions shall not apply to (a) any Ordinary Shares issued in connection with any contributions of cash to be made at any time after the date hereof (i.e. the restrictions will not apply to the Ordinary Shares issued in connection with the contributions of cash in the amount of approx. €2.8 million made in September 2016), (b) any Ordinary Shares acquired on Alternext after the Listing Date (including by an issuance of new Ordinary Shares), (c) an acceptance of a general offer for the Ordinary Shares in the capital of the Company or the provision of an irrevocable undertaking to accept such an offer, (d) any disposal as a result of a legal merger or demerger of the Company, (e) any disposal to personal representatives of an individual who dies during the lock-up period, provided that such personal representative shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations and (f) any transfer of Ordinary Shares to the shareholder's corporate affiliates, provided that each such transferee shall have entered into a lock-up agreement similar to this lock-up agreement or adheres to the provisions of this lock-up agreement and assumes all rights and obligations. Two Shareholders who have recently been issued Ordinary Shares against certain contributions in kind and hold approximately 0.51% and 0.14% of the share capital, respectively, are not subject to the above-described lock-up restrictions.

SECTION 17
TAXATION

Dutch Tax Considerations

The following summary outlines certain Netherlands tax consequences in connection with the acquisition, ownership and disposal of the Ordinary Shares. This taxation summary solely addresses the principal Netherlands tax consequences of the acquisition, the ownership and disposal of the Ordinary Shares by a (prospective) holder of Ordinary Shares. It does not consider every aspect of taxation that may be relevant to a particular holder of Ordinary Shares under special circumstances or who is subject to special treatment under applicable law.

For purposes of Netherlands income and corporate income tax, Ordinary Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement (a "**Third Party**"), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the "**Settlor**") or, upon the death of the Settlor, his/her beneficiaries (the "**Beneficiaries**") in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the "**Separated Private Assets**").

The summary does not address the tax consequences of a holder of Ordinary Shares who is an individual and who has a substantial interest in the Company. Generally, a holder of Ordinary Shares will have a substantial interest in the Company if he or she, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets, (i) the ownership of, (ii) certain other rights, such as usufruct, over, or (iii) rights to acquire (whether or not already issued), Ordinary Shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company.

In addition, a holder of Ordinary Shares has a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in the Company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

The summary does not address the tax consequences of holders of Ordinary Shares receiving income or realizing capital gains in their capacity as (former) employee, (former) director and/or (former) supervisory director.

The summary is based on the tax laws and practice of the Netherlands as in effect on the date of this Information Document, which are subject to changes that could prospectively or retrospectively affect the stated tax consequences. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

This summary does not address the Netherlands tax consequences of holders of Ordinary Shares that are a resident or deemed to be a resident of Bonaire, Sint-Eustatius or Saba, or have a permanent establishment or a permanent representative on Bonaire, Sint-Eustatius or Saba.

Prospective holders of Ordinary Shares should consult their own professional adviser with respect to the tax consequences of any acquisition, ownership or disposal of the Ordinary Shares in their individual circumstances.

Dividend Withholding Tax

General

Dividends distributed by the Company in respect of the Ordinary Shares are generally subject to dividend withholding tax imposed by the Netherlands at a rate of 15%. The expression "dividends distributed by the Company" as used herein includes, but is not limited to:

(a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital (*gestort kapitaal*) not recognized for Netherlands dividend withholding tax purposes;

(b) liquidation proceeds, proceeds of redemption of Ordinary Shares or, as a rule, consideration for the repurchase of Ordinary Shares by the Company in excess of the average paid-in capital recognized for Netherlands dividend withholding tax purposes;

(c) the par value of Ordinary Shares issued to a holder of Ordinary Shares or an increase of the par value of Ordinary Shares, to the extent that it does not appear that a contribution, recognized for Netherlands dividend withholding tax purposes, has been made or will be made; and

(d) partial repayment of paid-in capital, recognized for Netherlands dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (i) the General Meeting has resolved in advance to make such repayment and (ii) the par value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the articles of association.

Holders of Ordinary Shares Resident in the Netherlands

A holder of Ordinary Shares that is resident or deemed to be resident in the Netherlands, is generally entitled, subject to the anti-dividend stripping rules described below, to a full credit against its (corporate) income tax liability, or a full refund, of the Netherlands dividend withholding tax.

Holders of Ordinary Shares Resident Outside the Netherlands

A holder of Ordinary Shares that is resident in a country with which the Netherlands has a double taxation convention in effect, may, depending on the terms of such double taxation convention and subject to the anti-dividend stripping rules described below, be eligible for a full or partial exemption from, or full or partial refund of, Netherlands dividend withholding tax on dividends received.

A holder of Ordinary Shares, that is a legal entity (a) resident in (i) a Member State, or (ii) Iceland, Norway or Liechtenstein, and (b) that is in its state of residence under the terms of a double taxation agreement concluded with a third state, not considered to be resident for tax purposes outside the European Union, Iceland, Norway and Liechtenstein, is generally entitled, subject to the anti-dividend stripping rules described below, to a full exemption from Netherlands dividend withholding tax on dividends received if it holds an interest of at least 5% (in shares or, in certain cases, in voting rights) in the Company or if it holds an interest of less than 5% where a Netherlands holder of Ordinary Shares would have had the benefit of the participation exemption (this may include a situation where another related party holds an interest of 5% or more in the Company).

A holder of Ordinary Shares, that is an entity resident in (i) a Member State, or (ii) Iceland, Norway or Liechtenstein, or (iii) a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands (and such holder as described under (iii) holds its Ordinary Shares as a portfolio investment, *i.e.* such holding is not acquired with a view to the establishment or maintenance of lasting and direct economic links between the holder of Ordinary Shares and the Company and does not allow the holder of Ordinary Shares to participate effectively in the management or control of the Company), which is exempt from tax in its country of residence, and that would have been exempt from Netherlands corporate income tax if it had been a Netherlands resident, is generally entitled, subject to the anti-dividend stripping rules described below, to a full refund of Netherlands dividend withholding tax on dividends received. This full refund will in general benefit certain pension funds, government agencies, and certain government controlled commercial entities.

According to the anti-dividend stripping rules, no exemption, reduction, credit or refund of Netherlands dividend withholding tax will be granted if the recipient of the dividend paid by the Company is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the dividend as defined in these rules. A recipient of a dividend is not considered the beneficial owner of the dividend if, as a consequence of a combination of transactions, (i) a person (other than the holder of the dividend coupon), directly or indirectly, partly or wholly benefits from the dividend, (ii) such person directly or indirectly retains or acquires a comparable interest in the Ordinary Shares, and (iii) such person is entitled to a less favorable exemption, refund or credit of dividend withholding tax than the recipient of the dividend distribution. The term "combination of transactions" includes transactions that have been entered into in the anonymity of a regulated stock market, the sole acquisition of one or more dividend coupons and the establishment of short-term rights or enjoyment on the Ordinary Shares (e.g., usufruct).

Legislation has been passed as a result of which, as of 1 January 2016, the revised version of the Convention between the Kingdom of the Netherlands and the Federal Republic of Germany for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on Income, the "**DTT-GER/NL**", has entered into force. Under the

revised version of the DTT-GER/NL, a holder of Ordinary Shares will not be subject to Netherlands dividend withholding tax on dividends distributed by the Company, irrespective of the nature or form of such dividend and irrespective of such holder's place of residence (unless such holder is tax resident in the Netherlands), if and for as long as the Company is tax resident solely in Germany for the purpose of the revised version of the DTT-GER/NL. The Company intends to be tax resident solely in Germany for the purposes of the revised version of the DTT-GER/NL.

Taxes on Income and Capital Gains

Holders of Ordinary Shares Resident in the Netherlands: Individuals

A holder of Ordinary Shares, who is an individual resident or deemed to be resident in the Netherlands, will be subject to regular Netherlands income tax on the income derived from the Ordinary Shares and the gains realized upon the acquisition, redemption and/or disposal of the Ordinary Shares by the holder thereof, if:

(a) such holder of Ordinary Shares has an enterprise or an interest in an enterprise, to which enterprise the Ordinary Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the Ordinary Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a "lucrative interest"; *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realized on the disposal of Ordinary Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

If the above-mentioned conditions (a) and (b) do not apply, the holder of Ordinary Shares who is an individual resident or deemed to be resident in the Netherlands, will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*). This deemed income amounts to 4% of the individual's "yield basis" (*rendementsgrondslag*) at the beginning of the calendar year (minus a tax-free amount). The yield basis would include the fair market value of the Ordinary Shares. As from January 2017 the fixed rate of 4% will be replaced by three progressive rates, of which the first two (2.9% and 4.7% respectively) will be adjusted annually and the third (5.5%) may be adjusted after five years.

Holders of Ordinary Shares Resident in the Netherlands: Corporate Entities

A holder of Ordinary Shares that is resident or deemed to be resident in the Netherlands for Netherlands corporate income tax purposes, and that is:

(a) a corporation;

(b) another entity with a capital divided into shares;

(c) a cooperative (association); or

(d) another legal entity that has an enterprise or an interest in an enterprise to which the Ordinary Shares are attributable,

but which is not:

(a) a qualifying pension fund;

(b) a qualifying investment fund (under article 6a or 28 of the Netherlands Corporate Income Tax Act ("**CITA**")); or

(c) another entity exempt from corporate income tax,

will in general be subject to regular Netherlands corporate income tax, levied at a rate of 25% (20% over profits up to €200,000) over income derived from the Ordinary Shares and gains realized upon acquisition, redemption and disposal of the Ordinary Shares.

If and to the extent that such holder of Ordinary Shares is eligible for the application of the participation exemption *(deelnemingsvrijstellin*g) with respect to the Ordinary Shares, income derived from the Ordinary Shares and gains and losses (with the exception of liquidation losses under strict conditions) realized on the Ordinary Shares may be exempt from Netherlands corporate income tax.

Holders of Ordinary Shares Resident Outside the Netherlands: Individuals

A holder of Ordinary Shares, who is an individual not resident or deemed to be resident in the Netherlands, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realized on the disposal of Ordinary Shares (other than the dividend withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the Ordinary Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*) in the Netherlands or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a "lucrative interest"; *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realized on the disposal of Ordinary Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

Holders of Ordinary Shares Resident Outside the Netherlands: Legal and Other Entities

A holder of Ordinary Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands, Bonaire, Sint-Eustatius or Saba for Netherlands corporate income tax purposes, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realized on the disposal of Ordinary Shares (other than the dividend withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable and the participation exemption (*deelnemingsvrijstelling*) does not apply to any income or capital gain arising from such Ordinary Shares; or

(b) such holder has a substantial interest as described (see "—*Netherlands Tax Considerations*") in the Company, that (i) is held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

If one of the above-mentioned conditions applies, income derived from the Ordinary Shares and gains realized on the Ordinary Shares will, in general, be subject to regular corporate income tax levied at a rate of 25% (20% over profits up to €200,000), except that a holder as described under (b) will generally be subject to an effective corporate

income tax rate of 15% if it holds the substantial interest in the Company with the avoidance of Netherlands dividend withholding tax (but not Netherlands income tax) as (one of) the main purpose(s).

Gift, Estate and Inheritance Taxes

Holders of Ordinary Shares Resident in the Netherlands

Gift tax may be due in the Netherlands with respect to an acquisition of Ordinary Shares by way of a gift by a holder of Ordinary Shares who is resident or deemed to be resident in the Netherlands.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of Ordinary Shares by way of an inheritance or bequest on the death of a holder of Ordinary Shares who is resident or deemed to be resident in the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

Holders of Ordinary Shares Resident Outside the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Ordinary Shares by way of a gift by, or on the death of, a holder of Ordinary Shares who is neither resident nor deemed to be resident in the Netherlands, unless, in the case of a gift of Ordinary Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Certain Special Situations

For purposes of Netherlands gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his/her Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

Turnover Tax

No Netherlands turnover tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Ordinary Shares.

Other Taxes and Duties

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Ordinary Shares.

German Tax Considerations

The following discussion is a summary of the material German tax considerations which — as the Company has its place of management in Germany and is therefore tax resident in Germany — relate to the purchase, ownership and disposition of the Company's Ordinary Shares both by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) and by a shareholder without a tax domicile in Germany. This discussion does not cover the treatment of certain special companies such as those engaged in the financial and insurance sectors and pension funds.

The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax law in force in Germany as of the date hereof (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change—sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section cannot replace tailored tax advice to individual shareholders. They are therefore advised to consult their tax advisors regarding the tax implications of the acquisition, holding or transfer of Ordinary Shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax. Only such advisors are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

Income Tax Implications of the Purchase, Holding and Disposal of Shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares (see "—*Taxation of Dividends*") and taxation in connection with the sale of shares (see "—*Taxation of Capital Gains*") and taxation in connection with the mortis causa or inter vivos (munificent) transfer of shares (see "—*Inheritance and Gift Tax*").

Taxation of Dividends

Withholding tax

As a general rule, the dividends distributed to the shareholder are subject to a withholding tax (*Kapitalertragsteuer*) of 25% and a solidarity surcharge of 5.5% thereon (i.e. 26.375% in total plus church tax, if applicable). The withholding tax is withheld and discharged for the account of the shareholders by the Company. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) are generally not taxable in Germany and are not subject to withholding tax.

In general, the withholding tax must be withheld regardless of whether and to which extent the dividend is exempt from tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad. If shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the withholding tax is withheld and discharged for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit oder Finanzdienstleistungsinstitut*) (including domestic branches of foreign credit and financial services institutions), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps and administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or by the central securities depository to which the shares were entrusted for collective safe custody if the dividends are disbursed to a foreign agent by such central securities depository. The Company assumes liability for the withholding of taxes from sources (with the exception of church tax) on distributions, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes from the sources if it provides evidence that it has not breached its duties intentionally or grossly negligent.

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive may be refunded or exempted upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment of such a parent company resident in another Member State of the European Union or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company actually forms part of such permanent establishment's business assets. As further requirements for the refund or exemption of withholding tax under the Parent-Subsidiary Directive, the shareholder needs to hold at least a 10% direct stake in the company's registered capital for one year and to file a respective application with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel, An der Küppe 1, 53225 Bonn*) using an official form.

With respect to distributions made to other shareholders without a tax domicile in Germany, the withholding tax rate can be reduced in accordance with a double taxation treaty if Germany has entered into a double taxation treaty with the shareholder's state of residence and if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. Pursuant to most German tax treaties, including the income tax treaty between Germany and the

United States, the German withholding tax rate is reduced to 15% (or, in certain cases, to a lower rate) with respect to distributions received by shareholders eligible for treaty benefits. The withholding tax reduction is generally granted by the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty is refunded by the German Federal Central Tax Office.

Forms for the reimbursement and exemption from the withholding at source procedure are available at the German Federal Central Tax Office (*http://www.bzst.bund.de*) as well as at German embassies and consulates.

If dividends are distributed to corporations subject to limited tax liability, i.e. corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor form part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can generally be refunded even if the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant double taxation treaty are not fulfilled. The relevant application forms are available at the German Federal Central Tax Office (at the address specified above).

The exemption from withholding tax under the Parent-Subsidiary Directive as well as the aforementioned possibilities for a refund of withholding tax depend on certain other conditions being met (particularly the fulfilment of so-called substance requirements—*Substanzerfordernisse*).

Taxation of dividends of shareholders with a tax domicile in Germany

Shares held as non-business assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a flat tax at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e. 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is in general discharged by the withholding tax levied by the Company (flat tax—*Abgeltungsteuer*). Income-related expenses cannot be deducted from the capital investment income, except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly).However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income is taxed at his progressive income tax rate (instead of the flat tax on capital investment income) if this results in a lower tax burden. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court; a decision by the German Federal Tax Court (*Bundesfinanzhof*) is still pending), in this case as well income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

Exceptions from the flat tax apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and work for the Company in a professional capacity.

Shares held as business assets

Dividends from shares held as business assets by a shareholder with a tax domicile in Germany are not subject to the flat tax. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge thereon and church tax, if applicable) withheld and paid by the Company will be credited against the shareholder's income tax or corporate income tax liability (including the solidarity surcharge thereon and church tax, if applicable) or refunded in the amount of any excess.

Corporations

If the shareholder is a corporation with a tax domicile in Germany, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a total tax rate of 15.825%. In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, pursuant to the Act for the implementation of the ECJ's ruling dated October 20, 2011 (*Gesetz zur Umsetzung des EuGH-Urteils vom 20. Oktober 2011 in der Rechtssache C-284/09*), dividends that the shareholder received and receives after February 28, 2013, are no longer exempt from corporate income tax (including solidarity surcharge thereon), if the shareholder only held (or holds) a direct participation of less than 10% in the share capital of the distributing corporation at the beginning of the calendar year (hereinafter in all cases, a "Portfolio Participation"

(*Streubesitzbeteiligung*)). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a pro rata basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership. Shareholders affected by the rules for the taxation of dividends from Portfolio Participations are recommended to discuss the potential consequences with their tax advisors.

However, the dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. In this latter case, the dividends are not subject to trade tax; however, trade tax is levied on amounts considered to be non-deductible business expenses (amounting to 5% of the dividend). Trade tax ranges from 8% to approximately 18% depending on the municipal trade tax multiplier applied by the relevant municipal authority.

Sole proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge thereon) at a total tax rate of up to approximately 47.5% (plus church tax, if applicable), under the so-called partial income method (Teileinkünfteverfahren). Only 60% of the business expenses economically related to the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case the net amount of dividends, i.e. after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

If the shareholder is a genuine business partnership or a deemed business partnership (co-entrepreneurship) with a permanent establishment in Germany, the income tax or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation of every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the partner will be taxed in accordance with the rules applicable for corporations (see above "—*Corporations*"). If the partner is an individual, the taxation follows the rules described for sole proprietors, (see above "—*Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate reduced for earnings retained at the level of the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations (see above "—*Corporations*") might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisors. Under a literal reading of the law, if the partnership qualifies for the trade tax exemption privilege at the beginning of the relevant assessment period, the dividends should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should (after the deduction of business expenses economically related thereto) not be subject to trade tax.

Taxation of dividends of shareholders without a tax domicile in Germany

Shareholders without a tax domicile in Germany whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are also subject to tax in Germany on their dividend income. In this respect the provisions outlined

above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (—*Taxation of dividends of shareholders with a tax domicile in Germany—Shares held as business assets*). The withholding tax (including the solidarity surcharge thereon) withheld and passed on will be credited against the income or corporate income tax liability or refunded in the amount of any excess.

In all other cases, any German limited tax liability on dividends is discharged by withholding tax imposed by the Company. Withholding tax is only reimbursed in the cases and to the extent described above under "—*Withholding tax*".

Taxation of Capital Gains

Taxation of capital gains of shareholders with a tax domicile in Germany

Shares held as non-business assets

Gains from the disposal of shares acquired after December 31, 2008 by a shareholder with a tax domicile in Germany and held as non-business assets are generally—regardless of the holding period—subject to a flat tax on capital investment income at a rate of 25% (plus the solidarity surcharge of 5.5% thereon, i.e. 26.375% in total plus any church tax if applicable).

The taxable capital gain is computed as the difference between (a) the sale proceeds and (b) the acquisition costs of the shares and the expenses related directly and economically to the disposal.

Only an annual lump-sum deduction of €801 (€1,602 for married couples filing jointly) may be deducted from the entire capital investments income. It is not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses from disposals of shares may only be offset against capital gains from the disposal of shares.

If the disposal of the shares is executed by a domestic credit institution, or domestic financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of foreign credit and financial services institutions), domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), and such office pays out or credits the capital gains (a "*Domestic Paying Agent*"), the tax on the capital gains will in general be discharged for the account of the seller by the Domestic Paying Agent imposing the withholding tax on investment income at the rate of 26.375% (including the solidarity surcharge thereon) on the capital gain.

However, the shareholder can apply for his total capital investment income together with his other taxable income to be subject to his progressive income tax rate as opposed to the flat tax on investment income, if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court; a decision by the German Federal Tax Court (*Bundesfinanzhof*) is still pending), in this case as well income-related expenses cannot be deducted from the capital investment income, except for the aforementioned an annual lump-sum deduction. Further, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to the flat tax but to progressive income tax if a shareholder domiciled in Germany, or, in the event of a munificent transfer, their legal predecessor, or, if the shares have been munificently transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1% of the share capital of the Company (a "Qualified Holding"). In this case the partial income method applies to gains from the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax has to be withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not discharge the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax return. The withholding tax (including the solidarity surcharge thereon and church tax, if applicable) levied and paid will be credited against the shareholder's income tax liability as assessed (including the solidarity surcharge thereon and any church tax if applicable) or refunded in the amount of any excess.

Shares held as business assets

Gains from the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat tax. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship).

Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains from the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon) and trade tax, regardless of the size of the participation and the holding period, and 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a rate of 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between 7% and approximately 18%). As a rule, capital losses and other profit reductions in connection with shares (e.g. from a write-down) cannot be deducted for tax purposes.

Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations (as defined in *—Taxation of dividends of shareholders with a tax domicile in Germany—Corporations*). However, a discussion draft (dated 21 July 2015) published by the German Federal Ministry of Finance (*Bundesfinanzministerium*) proposed to abolish the 95% exemption set out above for disposals of Portfolio Participations after 31 December 2017 under the same conditions applicable to dividends (see "*—Taxation of dividends of shareholders with a tax domicile in Germany—Corporations*").

However, in the latest draft bill on the Investment Taxation Reform Act of 16 December 2015, the abolition of the capital gains tax exemption has no longer been proposed. Therefore, at present, it is unclear whether or not the capital gains tax exemption will be abolished.

Sole proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains from the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge thereon) at a total tax rate of up to approximately 47.5%, and, if applicable, church tax (partial-income method). Only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited against the shareholder's personal income tax liability, either in full or in part, by means of a lump-sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

If the shareholder is a genuine business partnership or a deemed business partnership (co-entrepreneurship) with a permanent establishment in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the capital gains from the shares as contained in the profit share of the partner will be taxed in accordance with the rules applicable to corporations (see above "*—Corporations*"). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above "*—Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings retained at the level of the partnership.

In addition, capital gains from the shares are subject to trade tax at the level of the partnership if the shares are attributed to a domestic permanent establishment of a business operation of the partnership generally, (i) at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and,(ii) currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Capital losses and other profit reductions in connection with the shares are currently not deductible for trade tax purposes if they are attributable to the profit share of a corporation; however, 60% of the capital losses are deductible subject to general limitations to the extent such losses are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method—depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Withholding tax

In case of a Domestic Paying Agent, the capital gains from shares held as business assets are not subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see "*—Taxation of capital gains of shareholders with a tax domicile in Germany—Shares held as non-business assets*"). Instead, the Domestic Paying Agent will not levy the withholding tax, provided that (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the Domestic Paying Agent using the designated official form and certain other requirements are met. If withholding tax is imposed by a Domestic Paying Agent, the withholding tax (including the solidarity surcharge thereon and church tax, if applicable) imposed and discharged will be credited against the income tax or corporate income tax liability (including the solidarity surcharge thereon and church tax, if applicable) or will be refunded in the amount of any excess. The Company assumes liability for the withholding of taxes from sources (with the exception of church tax) on capital gains, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes from the sources if it provides evidence that it has not breached its duties intentionally or grossly negligent.

Taxation of capital gains of shareholders without a tax domicile in Germany

Capital gains derived by shareholders not tax resident in Germany are only subject to German tax if the shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

In case of a Qualified Holding (as defined in *—Taxation of capital gains of shareholders with a tax domicile in Germany—Shares held as non-business assets*) by a foreign corporate shareholder, 5% of the gains from the disposal of the shares should currently be subject to corporate income tax plus the solidarity surcharge thereon (as regarding a potential abolition of the German capital gains tax exemption, see above – *Taxation of capital gains of shareholders with a tax domicile in Germany—Shares held as business assets—Corporations)*. If the shareholder is a private individual, only 60% of the gains from the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon (partial-income method). However, most double taxation treaties provide for exemption from German taxation and attribute the right of taxation to the shareholder's state of residence. Though, where the shares are held as assets of a domestic permanent establishment, as a rule, a taxation regime similar to German business investors should apply (see – *Taxation of capital gains of shareholders with a tax domicile in Germany—Shares held as business assets*). According to the tax authorities there is no obligation to levy withholding tax at source in the case of a Qualified Holding if the shareholder submits to the Domestic Paying Agent a certificate of residence issued by the competent foreign tax authority.

With regard to capital gains or losses from shares attributable to a domestic permanent establishment or fixed place of business or which form part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply mutatis mutandis (see "*—Taxation of capital gains of shareholders with a tax domicile in Germany—Shares held as business assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

Inheritance and Gift Tax

The transfer of shares to another person mortis causa or by way of munificent donation is generally subject to German inheritance or gift tax if:

The transfer of shares to another person mortis causa or by way of munificent donation is generally subject to German inheritance or gift tax if:

(i) habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German

national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany, or

(ii) the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed, or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The few German double taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

Other Taxes

No German financial transfer taxes, VAT, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, for VAT purposes, an entrepreneur may opt for taxation in relation to disposals of shares, which are in principle exempt from value-added-tax, if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

French Tax Considerations

Taxation in France

The following summary outlines certain French tax consequences in connection with the acquisition, ownership and disposal of the Ordinary Shares by shareholders (individuals or legal entities) which are fiscally resident in France.

This taxation summary does not purport to be comprehensive. In particular, it does not consider every aspect of taxation that may be relevant to a particular holder of Ordinary Shares under special circumstances or who is subject to special treatment under applicable law.

This summary is based on the laws in force as at the date of this Information Document and, therefore, is subject to any changes in the French legal provisions as interpreted by the French tax authorities.

Prospective holders of Ordinary Shares should consult their own professional adviser with respect to the tax consequences of any acquisition, ownership or disposal of the Ordinary Shares in their individual circumstances.

Dividend taxation

Individuals who are fiscally domiciled in France, who hold the Ordinary Shares in their personal portfolio and who do not carry on a trading activity in conditions which are similar to those of a professional trading activity

(a) Income tax

Dividends received by individuals who are fiscally domiciled in France are taken into account for the computation of their taxable income. They are subject to personal income tax at the progressive rates (ranging from 14% to 45%) and, subject to certain conditions, to the exceptional tax on high income (*contribution exceptionnelle sur les hauts revenus*). For taxpayers who are married or have entered into a civil partnership (*PACS*) and who are filing a joint tax return, the exceptional tax on high income applies at a rate of 3% on fiscal income (*revenu fiscal de référence*) of the fiscal household between €500,000 and €1,000,000 and at a rate of 4% on fiscal income above €1,000,000. For other taxpayers, the tax applies at a rate of 3% on fiscal income between €250,000 and €500,000 and at a rate of 4% on fiscal income above €500,000.

Pursuant to article 158 of the French *Code général des impôts* (the "**French Tax Code**"), a 40% rebate (*abattement de 40%*) is applicable to the gross amount of dividends received when the personal income tax liability is computed and certain costs and expenses may also be deducted.

Furthermore, dividends are generally subject to a 21% withholding tax set out under article 117 *quater* of the French Tax Code. Provided that the paying agent (the "**Agent**") is established outside France, the income is reported and the corresponding tax is paid within fifteen days from the end of the month during which the dividends are paid, either (i) by the taxpayer; or (ii) by the Agent, if the Agent is established in a Member State of the European Union or in a State party to the European Economic Area Agreement which has concluded with France an agreement covering administrative assistance against tax evasion and fraud, and provided the Agent has been mandated to do so by the taxpayer.

The 21% withholding tax is applicable to the gross amount of dividends paid and is deductible from the taxpayer's personal income tax liability in respect of the year during which the payment has been made. If the 21% withholding tax exceeds the amount of personal income tax due by the taxpayer, it may be reimbursed.

Persons belonging to a fiscal household with a fiscal income (*revenu fiscal de référence*) below €75,000, for taxpayers filing a joint return, and below €50,000, for other taxpayers, during the penultimate year preceding the payment of the dividends, can elect not to be subject to the 21% withholding tax. Furthermore, dividends paid on Ordinary Shares held in a personal equity plan (*plan d'épargne en actions* – see below) are exempt from the 21% withholding tax.

In application of the double tax treaty entered into between France and Germany on 21 July 1959, as amended (the "**DTT-FR/GER**"), a French resident individual shareholder should be entitled to claim a tax credit for the German withholding tax applicable to the dividends paid by the Company in respect of the Ordinary Shares. This foreign tax credit may be offset against his/her personal income tax, to the extent that the foreign tax credit does not exceed the amount of French tax attributable to the dividend payments and that the German withholding tax has been levied at the rate provided for in the DTT-FR/GER.

Given that the Company is expected to be tax resident in Germany, and based on the current French tax laws and regulations, it is however unclear on whether and to what extent a Netherlands withholding tax in respect to dividends paid by the Company (if any) may give rise to a tax credit in France under the double tax treaty entered into between France and the Netherlands on 16 March 1973, as amended (the "**DTT-FR/NL**").

(b) Social levies

The following social levies are applicable to the gross amount of the dividends:

- *contribution sociale généralisée* (*CSG*) at the rate of 8.2% (5.1% being deductible from the taxable income subject to personal income tax);
- *contribution au remboursement de la dette sociale* (*CRDS*), at the rate of 0.5% (not deductible from the taxable income subject to personal income tax);
- *prélèvement social* at the rate of 4.5% (not deductible from the taxable income subject to personal income tax);
- *contribution additionnelle au prélèvement social* at the rate of 0.3% (not deductible from the taxable income subject to personal income tax); and
- *prélèvement de solidarité* at the rate of 2% (not deductible from the taxable income subject to personal income tax).

The aggregate rate of the social levies equals 15.5%. Such levies are collected in the same way as the 21% withholding tax described above.

Legal entities subject to French corporation tax

(a) Shareholders not qualifying for the participation exemption (*régime des sociétés mères et filiales*)

Dividends received by shareholders who do not qualify for the participation exemption are subject to corporation tax at a rate of 33.33% to which is added a social surtax at a rate of 3.3% calculated on the amount of corporation tax due after a deduction of a yearly discount of €763,000. Besides, an additional contribution of 10.7% based on the amount of corporate tax as determined before the attribution of reductions, tax credits and tax receivables of any nature applies to companies having a turnover in excess of €250,000,000 (it being specified that such additional contribution should no longer apply for fiscal years closed on or after 31 December 2016).

Small and medium sized enterprises (i.e. enterprises whose turnover is lower than €7,630,000) may benefit, if the conditions specified under articles 219 I b) and 235 *ter* ZC of the French Tax Code, respectively, are met, from a 15% reduced rate of corporation tax on profits up to €38,120 and from an exemption of the 3.3% social surtax.

By application of the DTT-FR/GER, a French shareholder should be entitled to claim a tax credit for the German withholding tax applicable to the dividends paid by the Company in respect of the Ordinary Shares. This foreign tax credit may be offset against the French corporation tax due by the shareholder, to the extent that the foreign tax credit does not exceed the amount of French tax attributable to the dividend payments and that the German withholding tax has been levied at the rate provided for in the DTT-FR/GER.

Given that the Company is expected to be tax resident in Germany, and based on the current French tax laws and regulations, it is however unclear on whether and to what extent a Netherlands withholding tax in respect to dividends paid by the Company (if any) may give rise to a tax credit in France under the DTT-FR/NL.

(b) Shareholders qualifying for the participation exemption

Pursuant to articles 145 and 216 of the French Tax Code, legal entities that are (i) subject to corporation tax and (ii) holding at least 5% of the share capital of the Company (iii) for a continuing period of at least two years may benefit, upon election, from the participation exemption.

Under the participation exemption, dividends are exempt from corporation tax, save for an amount of 5% of the dividends received (including any foreign tax credit) which must be added back to the shareholder's taxable income (*quote-part de frais et charges*).

In such case, it should be noted that the potential foreign tax credit related to the German withholding tax may not be offset against the corporation tax due by the shareholder, as the dividends are not considered as part of the taxable income of the shareholder.

Capital gains and losses

Individuals who are fiscally domiciled in France, who hold the Ordinary Shares in their personal portfolio and who do not carry on a trading activity in conditions which are similar to those of a professional trading activity

In accordance with article 150-0 A of the French Tax Code, capital gains on the disposal of shares are subject to personal income tax at the progressive rates (up to 45%) and to social levies at the aggregate rate of 15.5%, as mentioned under paragraph "(b) Social levies", under "*Individuals who are fiscally domiciled in France, who hold the Ordinary Shares in their personal portfolio and who do not carry on a trading activity in conditions which are similar to those of a professional trading activity*" (see above "*—Dividend taxation*").

Pursuant to article 150-0 D-1 of the French Tax Code, capital gains realized upon the disposal of shares are reduced by a rebate equal to (i) 50% if such shares have been held between two and less than eight years, and (ii) 65% if such shares have been held for at least eight years. The rebate neither applies for the computation of the 15.5% social levies, nor of the exceptional tax on high income (*contribution exceptionnelle sur les hauts revenus*).

According to article 150-0 D of the French Tax Code, capital losses incurred in a given year may be offset against capital gains of the same kind realized during that year and during the ten following years.

The capital gains on the disposal of the Ordinary Shares may also be subject to the exceptional tax on high income (*contribution exceptionnelle sur les hauts revenus*), as mentioned under paragraph "(a) Income tax", under "*Individuals who are fiscally domiciled in France, who hold the Ordinary Shares in their personal portfolio and who do not carry on a trading activity in conditions which are similar to those of a professional trading activity*" (see above "*—Dividend taxation*").

Legal entities subject to French corporation tax

(a) General regime

Capital gains realized upon the disposal of the Ordinary Shares are subject to corporation tax, to the social surtax and to the additional contribution at the rates mentioned under paragraph "(a) Shareholders not qualifying for the participation exemption", under "*Legal entities subject to French corporation tax*" (see above "*—Dividend taxation*").

Capital losses are deductible from the taxable income.

(b) Special rules applicable to long-term capital gains and losses

Pursuant to article 219 I a) *quinquies* of the French Tax Code, long-term capital gains realized upon the disposal of shares qualifying as participating interest (*titres de participation*) and which have been held for at least two years, are exempt from corporation tax, except for an amount of 12% of the gross capital gains which must be added back to the shareholder's taxable income (*quote-part de frais et charges*).

Long-term capital losses are not deductible for corporation tax purposes and may not be set-off against long-term capital gains for the purposes of computing the *quote-part de frais et charges*.

Prospective investors should consult their own tax advisor as to the qualification of the Ordinary Shares as participating interest (*titres de participation*).

Wealth tax

Shares held by individuals fiscally domiciled in France in their personal portfolio are in principle included in the taxable basis for wealth tax (*impôt de solidarité sur la fortune*) purposes (however, wealth tax and similar taxes paid outside France on such Ordinary Shares may be deducted, to a certain extent, from the French wealth tax). French wealth tax is applicable at progressive rates to individuals whose net wealth exceeds €1,300,000 on 1 January of the relevant year.

The Ordinary Shares could qualify for the wealth tax exemption applicable to certain investments in qualifying small or medium-sized enterprises, as provided by article 885 I ter of the French Tax Code. The conditions for such exemptions will have to be reviewed on the basis of the facts and circumstances existing on the date of subscription of the Ordinary Shares and on 1st January of each year, and there is no certainty that the Ordinary Shares qualify for such wealth tax exemption.

Prospective investors in the Ordinary Shares should in any case consult their own tax advisor in this respect.

Gift and Inheritance Taxes

Subject to double tax treaties, Ordinary Shares acquired from individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France.

Subject to double tax treaties, Ordinary Shares acquired by individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France, where the beneficiary has been fiscally resident in France for at least six years during the ten-year period preceding that in which the inheritance or the gift occurs.

Subject to double tax treaties, potential double taxation would be avoided by setting off against the French tax liability any inheritance or gift tax paid abroad in respect of Ordinary Shares (article 784 A of the French Tax Code).

Special rules applicable to personal equity plans

Under certain conditions set out under article 163 quinquies D of the French Tax Code, the Ordinary Shares may be eligible for the personal equity plan (*plan d'épargne en actions*) (the "**PEA**") or the personal plan for equity of small and medium sized companies tax regimes (*plan d'épargne en actions destiné au financement des petites et moyennes entreprises et des entreprises de taille intermédiaire*) (the "**PEA PME-ETI**").

Holders of a PEA and PEA PME-ETI are, subject to certain conditions, entitled to an exemption from personal income tax on net income and net capital gains derived from investments held in the PEA and PEA PME-ETI provided that no withdrawal occurs during the five-year period following the opening of the PEA and PEA PME-ETI. Special rates of personal income tax apply to closing and withdrawals occurring before five years following the opening of the PEA and PEA PME-ETI. Social levies are due upon withdrawal from the PEA and PEA PME-ETI.

Capital losses incurred on shares held in a PEA and PEA PME-ETI may in principle only be offset against capital gains realized on other shares held in the plan.

Prospective investors should consult their custodian to determine if their Ordinary Shares are eligible to the PEA / PEA PME-ETI.

Stamp duties

The subscription of the Ordinary Shares does not give rise to stamp duties or other transfer taxes in France. The sale of the Ordinary Shares is not subject to stamp duties or other transfer taxes in France provided that the transfer is not evidenced by a written deed or agreement executed in France (in which case French *ad valorem* registration duties would be due at a rate of 0.1%).

Other situations

Prospective investors who are subject to taxation regimes other than those described above should consult their own tax advisor in respect of their specific situation.

SECTION 18
GENERAL INFORMATION ON THE COMPANY AND THE GROUP

Subsidiaries

The Company is now the holding company of the Group (after the completion of the Corporate Reorganization). The following are the Company's subsidiaries:

Name	Country of incorporation	Percentage ownership	Percentage voting rights
NOXXON Pharma AG	Germany	99.8%	99.98%
NOXXON Pharma Inc.	United States	99.8%	99.98%

Most of the remaining shares in NOXXON Pharma AG that were not contributed into the Company upon completion of the Corporate Reorganization are shares currently held by or for the account of NOXXON Pharma AG itself. As NOXXON Pharma AG is not entitled to vote on these shares, the percentage of the voting rights in respect of NOXXON Pharma AG held by the Company is higher than the percentage of ownership. NOXXON Pharma AG will hold all of the shares of NOXXON Pharma Inc.

Independent Auditor

The consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014 have been audited by Ernst & Young GmbH Wirschaftsprüfungsgesellschaft, Stuttgart, office Berlin, independent auditor with address at Friedrichstraße 140, 10117 Berlin, Germany ("**E&Y**"). E&Y has issued an unqualified independent auditor's report on the consolidated financial statements of NOXXON Pharma AG as of and for the fiscal years ended 31 December 2015 and 2014, which contains the following emphasis of matter paragraph, which has been included due to and referring to (i) the financing and resulting going concern risks stated by the management board of NOXXON Pharma AG in the note "*Going Concern*" under "*2.1. Basis of preparation*" in the notes of the consolidated financial statements as of and for the fiscal years ended 31 December 2015 and 2014 and (ii) the going concern assumptions underlying these consolidated financial statements that are set out in such note and consider the expectations of the management board of NOXXON Pharma AG at the preparation date of such consolidated financial statements (18 February 2016):

"We draw attention to Note 2.1 "*Going Concern*" in the Notes to the consolidated Financial Statements 2015 and 2014. In accordance with the Group's cash projections the minimum cash requirements to fund the Group's operations through the end of February 2017 is €9.8 million. Management is pursuing various avenues, including seeking additional investors and conducting a collaboration agreement for the development of NOX-A12. The future financing on which the going concern assumption is based, considers management's expectation to conduct a collaboration agreement in March 2016 with expected upfront payments of €8.0 million. Furthermore the current investors committed to invest up to further €2.0 million. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to complete the collaboration agreement or other financing alternatives before May 2016 and further, that the Group might not raise additional funding after February 2017. Our opinion is not qualified in respect of this matter."

The above-mentioned consolidated financial statements of NOXXON Pharma AG, together with the independent auditor's report thereon, are included in this Information Document beginning on page F-1.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin.

The Company will appoint Ernst & Young Accountants LLP (The Netherlands) as its statutory auditor starting with its financial statements as of and for the fiscal year ended 31 December 2016.

No Significant Change

There has been no significant change in the Group's financial or trading position since 31 December 2015, except for (i) the capital increases by way of issuances of tranches of series B preferred shares by NOXXON Pharma AG in the aggregate of approximately €4.7 million (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Related Party Transactions—Investment Agreement*), (ii) the Kreos Debt Conversion (see

Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Private Placement—Kreos Debt Conversion*) and (iii) the issuance of Ordinary Shares by the Company against contributions in cash of approximately €2.8 million.

Availability of Documents and Available Information

Copies of the Articles, in Dutch and an English translation, are available and can be obtained free of charge from the Company's website (*www.noxxon.com*).

Copies of this Information Document may be obtained free of charge from the Company's website (*www.noxxon.com*) for a period of 12 months following the date of this Information Document. This Information Document will also be made available to investors free of charge at the Company's registered office address at Max-Dohrn-Strasse 8-10, 10589 Berlin, Germany and can be obtained upon request from Invest Securities at 73 Boulevard Haussmann, 75008 Paris, France.

The posting of this Information Document on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Ordinary Shares. The electronic version may not be copied, made available or printed for distribution.

SECTION 19
SELECTED DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Information Document unless the context requires otherwise:

"2016 Stock Option and Incentive Plan"	a stock option and incentive plan of the Company expected to be adopted by the Management Board and approved by the General Meeting which will become effective immediately prior to the completion of the Listing
"ACR"	albumin-to-creatine ratio
"Addendum to Bridge Financing Agreement 2014/II" or the "Addendum to BFA 2014/II"	the addendum to the Bridge Financing Agreement entered into between NOXXON Pharma AG and certain of its shareholders on 2 June 2015
"Addendum to the Investment Agreement"	the addendum to the Investment Agreement in relation to envisioned further contributions by certain shareholders of up to €2.2 million of additional capital in further tranches by way of the issuance of series B plus preferred shares
"AFM"	Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
"Agent"	the paying agent
"Agilent"	Agilent Technologies, Inc., Boulder CO
"Alternext"	Alternext market of Euronext Paris
"Articles"	the articles of association of the Company as they will read following the execution of the Deed of Amendment
"Audit Committee"	the audit committee of the Company
"Avecia"	NittoDenko Avecia, Inc.
"BAV"	an employee-financed private pension scheme (*Betriebliche Altersvorsorg*)
"Beneficiaries"	the beneficiaries of the Settlor
"Bridge Financing Agreement 2013" or "BFA 2013"	the convertible debt financing entered into between NOXXON Pharma AG and certain of its shareholders on 11 January 2013
"Bridge Financing Agreement 2014/I" or "BFA 2014/I"	the addendum to the Bridge Financing Agreement 2013 entered into between NOXXON Pharma AG and certain of its shareholders on 9 July 2014
"Bridge Financing Agreement 2014/II" or "BFA 2014/II"	the bridge financing agreement entered into between NOXXON Pharma AG and certain of its shareholders on 24 November 2014
"Business Day"	any day (other than a Saturday or a Sunday) on which banks are generally open for business in the Netherlands and France
"CAR-T approaches"	cellular therapies involving an approach where a patient's own T-cells are transformed to produce chimeric antigen receptors
"Cash Placement"	contributions in cash by certain parties in an aggregate amount of approximately €2.8 million against the issuance of Ordinary Shares, as

	described in Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions—Cash Placement*)
"CET"	Central European Time
"CITA"	the Netherlands Corporate Income Tax Act
"CLL"	chronic Lymphocytic Leukemia
"CMS"	Centers for Medicare & Medicaid Services, an agency within the U.S. Department of Health and Human Services
"Company"	NOXXON Pharma N.V.
"Compensation Committee"	the compensation committee of the Company
"Competent Authority".....	a government body
"Convertible Shareholder Bonds".....	the Bridge Financing Agreement 2013, the Bridge Financing Agreement 2014/I and the Bridge Financing Agreement 2014/II
"Corporate Reorganization".....	the reorganization of the Company in preparation for the Listing as described in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions—Corporate Reorganization*)
"CRO"	Contract Research Organization
"CTA".....	Clinical Trial Application
"D&O".....	directors and officers
"Deed of Amendment"	the deed of amendment of the articles of association of the Company expected to be executed immediately after listing approval is received
"Directive"	Draft report published on 19 March 2013 by a committee of the EU Parliament, suggesting amendments to the Draft Directive
"Dutch Corporate Governance Code"...	the Dutch corporate governance code dated 10 December 2008 and in force as of 1 January 2009
"double-blind"	a design of a trial or study where neither the investigator nor the subject knows which medication or placebo the subject is receiving
"Draft Directive"	a proposal for a Council Directive on a common financial transaction tax
"DTT-FR/GER".....	the double tax treaty entered into between France and Germany, as amended
"DTT-FR/NL"	the double tax treaty entered into between France and the Netherlands, as amended
"DTT-GER/NL"	the double tax treaty entered into between the Kingdom of the Netherlands and the Federal Republic of Germany, as amended
"Enterprise Chamber".....	Enterprise Chamber of the Court of Appeal of Amsterdam
"EEA".....	the European Economic Area
"Elements".....	the disclosure requirements in a Summary
"EMA".....	the European Medicine Agency

"EU"	the European Union
"Euroclear France"	the French central securities depository with registered seat at 66 Rue de la Victoire, 75009 Paris, France
"Euronext Paris"	Euronext Paris, a regulated market operated by Euronext Paris S.A.
"E&Y"	Ernst & Young GmbH Wirschaftsprüfungsgesellschaft, independent auditor
"FCPA"	the U.S. Foreign Corrupt Practices Act
"FDA"	the U.S. Food and Drug Administration
"Financial Transaction Tax"	a common financial transaction tax within the European Union
"Fiscal Year 2014"	the fiscal year ended 31 December 2014
"Fiscal Year 2015"	the fiscal year ended 31 December 2015
"Fiscal Years 2015 and 2014"	the Fiscal Year 2015 and Fiscal Year 2014
"French Tax Code"	the French *Code général des impôts*
"Further Contributions"	contribution of certain receivables by two creditors to NOXXON Pharma AG of €200,000 and of €56,509 against the issuance of Ordinary Shares, as described in Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions—Further Contributions*)
"GCP"	the good clinical practices of the FDA
"General Meeting"	the body of the Company formed by its Shareholders and other persons entitled to vote, or the general or extraordinary meeting of Shareholders and other persons entitled to attend the general meetings of Shareholders, as the context may require
"GMP"	good manufacturing practices
"Group"	with regard to historical financial information as of and for the fiscal years ended 31 December 2015 and 2014, refers to NOXXON Pharma AG together with its consolidated subsidiaries, and otherwise refers to the Company, together with its consolidated subsidiaries after the Corporate Reorganization which has recently become effective (see Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transactions*), unless otherwise indicated
"HIPAA"	the U.S. federal Health Insurance Portability and Accountability Act of 1996
"IDO"	indoleamine-2,3 dioxygenase
"IFRS"	International Financial Reporting Standards, as adopted by the European Union
"IND"	Investigational New Drug
"IMPD"	investigational medicinal product dossier
"Insiders"	the Members of the Management Board and the Supervisory Board and any other person who has managerial responsibilities within the Company and in that capacity is authorized to make decisions affecting the future developments

	and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company
"Investment Agreement"	the investment agreement entered into between NOXXON Pharma AG and most of its shareholders on 17 July 2015
"Invest Securities"	Invest Securities S.A.
"IRB"	the institutional review board of the U.S. National Institutes of Health
"IRS"	the United States Internal Revenue Service
"JenKem"	JenKem Technology USA Inc. and JenKem Technology Co., Ltd
"Kreos"	KREOS CAPITAL IV (UK) Limited
"Kreos Debt Conversion"	the conversion of the Kreos debt into equity in the Company, as further described in Section 14 (*Corporate Reorganization, Existing Shareholders and Related Party Transaction—Private Placement—Kreos Debt Conversion*)
"Kreos Jersey"	KREOS CAPITAL IV (Expert Fund) Limited
"Listing"	admission to listing and trading of the Company's Ordinary Shares on Alternext
"Listing Agent"	Invest Securities
"Listing Agreement"	the listing agreement entered into between the Company and the Listing Agent
"Listing Date"	subject to acceleration or extension of the timetable for the Listing, the date on which trading in the Ordinary Shares on Alternext begins which is expected to be on 30 September 2016
"Listing Sponsor"	Invest Corporate Finance
"MAA"	Marketing Authorization Applications
"Management Board"	the management board of the Company
"Management Board Directors"	members of the Management Board
"Management Board Rules"	internal rules regulating its decision-making process and working methods that the Management Board may adopt in addition to the relevant provisions of the Articles
"MAR"	the Market Abuse Regulation (Regulation (EU) n°596/2014)
"Member State"	a member state of the EEA
"MM"	multiple myeloma
"NDA"	a new drug application
"Nomination and Corporate Governance Committee"	the nomination and corporate governance committee of the Company
"offer to the public"	the communication in any form and by any means of sufficient information on the terms of an offering and the Ordinary Shares to be offered so as to enable

	an investor to decide to purchase any Ordinary Shares
"open-label"	a study in which all parties (patient, physician and study coordinator) are informed of the drug and dose being administered. In an open-label study, none of the participants are given placebos. These are usually conducted with Phase 2 and 3 studies
"Ordinary Shares".....	the Ordinary Shares in the capital of the Company
"Participating Member States"	Member States within the European Union participating in a cooperation procedure
"PEA"	French personal equity plan tax regime (*plan d'épargne en actions*)
"PEA PME-ETI"	French personal plan for equity of small and medium sized companies tax regime (*plan d'épargne en actions destiné au financement des petites et moyennes entreprises et des entreprises de taille intermédiaire*)
"PEG"	polyethylene glycol
"PIP".....	Paediatric Investigation Plan
"pivotal trial"	usually a Phase 3 study which presents the data that the regulatory agency uses to decide whether or not to approve a drug. A pivotal trial will generally be well-controlled, randomized, of adequate size, and whenever possible, double-blind
"progression-free survival".....	the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"Private Placement"	is described in Section 14 (*Corporate Reorganization, Private Placement, Existing Shareholders and Related Party Transactions—Private Placement*)
"Information Document"	this Information Document as reviewed by Euronext Paris
"Prospectus Directive".....	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State
"Relevant Member State"	each Member State that has implemented the Prospectus Directive
"Second Addendum to the Investment Agreement".....	the second addendum to the Investment Agreement in relation in relation to envisioned further contributions by certain shareholders of up to €1.6 million of additional capital in one tranche by way of the issuance of series B preferred shares.
"Separated Private Assets"	the estate of the Settlor of such trust or similar arrangement
"Settlor".....	the (deemed) settlor, grantor or similar originator of the Ordinary Shares
"Shareholders".....	holders of shares of the Company
"Shareholders Agreement"	the shareholders agreement entered into between NOXXON Pharma AG and its shareholders on 17 July 2015
"Share Participation Model"	an equity participation program of the Group for employees, members of the management and supervisory boards of NOXXON Pharma AG and certain

	other individuals who perform services for NOXXON instituted in 2008
"SPC".....	supplementary protection certificate
"Stock Option Plan 2002".....	NOXXON Pharma AG's stock option plan of 2002
"Supervisory Board".....	the supervisory board of the Company
"Supervisory Board Directors"	members of the Supervisory Board
"Supervisory Board Rules"	internal rules regulating its decision-making process and working methods that the Supervisory Board may adopt in addition to the relevant provisions of the Articles
"Third Party"	Ordinary Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement
"TME"	the tumor microenvironment
"United States" or "US" or "U.S.".....	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia

SECTION 20
HISTORICAL FINANCIAL INFORMATION

Consolidated Financial Statements of NOXXON Pharma AG
as of and for the fiscal years ended 31 December 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

To NOXXON Pharma AG, Berlin

We have audited the accompanying consolidated financial statements of NOXXON Pharma AG, Berlin, and its subsidiaries, which comprise the consolidated statements of financial position as of 31 December 2015 and 31 December 2014, and the consolidated statements of comprehensive loss, the consolidated cash-flow statements, the consolidated statements of changes in shareholders' equity for the years then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the company and its subsidiaries as of 31 December 2015 and 31 December 2014, and of their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of Matter

We draw attention to Note 2.1 "Going Concern" in the Notes to the consolidated Financial Statements 2015 and 2014. In accordance with the Group's cash projections the minimum cash requirements to fund the Group's operations through the end of February 2017 is € 9.8 million. Management is pursuing various avenues, including seeking additional investors and conducting a collaboration agreement for the development of NOX-A12. The future financing on which the going concern assumption is based, considers management's expectation to conduct a collaboration agreement in March 2016 with expected upfront payments of € 8.0 million. Furthermore the current investors committed to invest up to further € 2.0 million. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to complete the collaboration agreement or other financing alternatives before May 2016 and further, that the Group might not raise additional funding after February 2017. Our opinion is not qualified in respect of this matter.

Berlin, 18 February 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schepers	Bilz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

NOXXON Pharma AG

Consolidated Statements of Financial Position as of 31 December 2015 and 2014

(in thousands of €)

Assets	Note	31 Dec. 2015	31 Dec. 2014
Non-current assets			
Intangible assets	(3)	47	88
Equipment	(4)	603	772
Financial assets	(5)	0	159
Deferred tax assets	(13)	27	4
		677	**1,023**
Current assets			
Inventories		13	38
Income tax receivable		1	1
Trade accounts receivable		3	0
Other assets	(6)	1,095	501
Financial assets	(5)	159	0
Cash and cash equivalents	(7)	4,093	1,527
		5,364	**2,067**
		6,041	**3,090**

Equity and liabilities	Note	31 Dec. 2015	31 Dec. 2014
Equity			
Subscribed capital	(8)	493	341
Additional paid-in capital	(8)	111,138	95,977
Accumulated deficit		-118,388	-102,286
Treasury shares	(8)	-275	-275
		- 7,032	**- 6,243**
Non-current liabilities			
Government grants	(10)	1	4
Financial liabilities	(11)	6,289	4,152
		6,290	**4,156**
Current liabilities			
Government grants	(10)	3	33
Financial liabilities	(11)	2,591	2,167
Income tax payable	(13)	0	7
Trade accounts payable		3,174	2,485
Other liabilities	(12)	1,015	485
		6,783	**5,177**
		6,041	**3,090**

NOXXON Pharma AG

Consolidated Statements of Comprehensive Loss for the Years Ended 31 December 2015 and 2014

(in thousands of €)

	Note	2015	2014
Revenues		43	25
Other operating income	(14)	74	80
Research and development expenses	(14)	-7,587	-10,154
General and administrative expenses	(14)	-7,319	-3,107
Foreign exchange losses		-41	-10
Loss from operations		-14,830	-13,166
Finance income	(11)	0	3
Finance cost	(11)	-1,294	-632
Loss before income tax		-16,124	-13,795
Income tax	(13)	22	-3
Net loss - all attributable to equity holders of the Company		-16,102	-13,798
Other comprehensive income		0	0
Total comprehensive loss		-16,102	-13,798
Loss per share in € per share (basic and diluted)	(16)	-42.43	-47.22

NOXXON Pharma AG
Consolidated Cash-Flow Statements for the Years Ended 31 December 2015 and 2014
(in thousands of €)

	Note	2015	2014
Operating activities			
Net loss before income tax		-16,124	-13,795
Income taxes paid		-1	-7
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense	(3, 4)	218	279
Finance income	(11)	0	-3
Finance cost	(11)	1,294	632
Gain/Loss on disposal of non-Current assets		1	0
Release of government grants	(14)	-33	-65
Employee stock based compensation	(9)	275	54
Other non-cash income and expense	(17)	0	-21
Changes in operating assets and liabilities:			
Inventories		25	1
Trade accounts receivable		-3	0
Deferred tax assets, other current assets, other financial assets and prepaid expense	(5, 6, 17)	38	-111
Income tax receivable and payable		-7	9
Trade accounts payable and other liabilities	(12)	835	568
Net cash used in operating activities		-13,482	-12,459
Investing activities			
Purchase of intangible assets	(3)	0	-5
Purchase of equipment	(4)	-8	-42
Cash received from investment grants	(10)	0	4
Interest received		0	2
Net cash used in investing activities		-8	-41
Financing activities			
Proceeds from issuance of restricted preferred stock, net	(8)	9,328	0
Proceeds from issuance of convertible bonds	(8)	5,701	3,033
Transaction costs for issuance of shares	(8)	-266	0
Transaction costs for issuance of convertible bonds	(8)	-43	-38
Proceeds from borrowings	(11)	3,000	7,000
Repayment of borrowings		-671	-305
Transaction costs for issuance of borrowings	(11)	-78	-228
Interest paid		-915	-546
Net cash provided by financing activities		16,056	8,916
Net change in cash and cash equivalents		2,566	-3,584
Cash at the beginning of year	(7)	1,527	5,111
Cash at the end of year	(7)	4,093	1,527

NOXXON Pharma AG
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2015 and 2014
(in thousands of €)

		Common and Preferred Shares			Additional Paid-In Capital				
	Note	Number of shares outstanding	Subscribed capital	Treasury Shares	Convertible Bonds	Other Additional Paid-In-Capital	Total	Accumulated Deficit	Total
1 January 2014		291	292	-275	12,267	80,441	92,708	-88,488	**4,237**
Net loss								-13,798	-13,798
Total comprehensive loss								-13,798	-13,798
Share-based compensation						54	54		54
Issuance of convertible bonds	(8)				3,031		3,031		3,031
Conversion of convertible bonds	(8)	49	49		-15,236	15,187	-49		0
Equity component compound instrument	(8)					295	295		295
Issuance costs	(8)				-62		-62		-62
31 December 2014		340	341	-275	0	95,977	95,977	-102,286	**-6,243**
Net loss								-16,102	-16,102
Total comprehensive loss								-16,102	-16,102
Share-based compensation						3	3		3
Equity settled termination benefits	(14)					*272*	*272*		272
Capital increases		*133*	*133*			*9,195*	*9,195*		9,328
Issuance of convertible bonds	(8)				5,701		5,701		5,701
Conversion of convertible bonds	(8)	18	18		-5,682	5,664	-18		0
Equity component compound instrument	(8)					92	92		92
Issuance costs capital increases	(8)					-65	-65		-65
Issuance costs convertible bonds	(8)				-19		-19		-19
31 December 2015		492	493	-275	0	111,138	111,138	-118,388	-7,032

NOXXON Pharma AG,

Notes to the Consolidated Financial Statements 2015 and 2014

1. Corporate Information

NOXXON Pharma AG (the "Company") and its consolidated subsidiaries (collectively, "NOXXON", or the "Group") is a biopharmaceutical company pioneering the development of a new class of proprietary therapeutics called Spiegelmers. Spiegelmers are chemically synthesized L-stereoisomer RNA aptamers, a non-immunogenic alternative to antibodies. NOXXON has a diversified portfolio of clinical-stage Spiegelmer® therapeutics.

NOXXON is headquartered in Berlin, Germany and is entered in the Berlin-Charlottenburg commercial register under HRB 65553 B with the registered address of Max-Dohrn-Str. 8-10, 10589 Berlin.

The consolidated financial statements for the years ended 31 December 2015 and 31 December 2014 of NOXXON were authorized by the Management Board for issuance on 18 February 2016.

2. Summary of Significant Accounting Policies

2.1. 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 year ended 31 December 2015 the Group incurred a net loss of € 16.1 million. As of 31 December 2015 the Group had generated an accumulated deficit of € 118.4 million as well as a net capital deficiency of € 7.0 million. 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 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 a compound by March 2016 in order to continue its operations.

Through 31 December 2015, the Company raised funds of € 167.5 million from several sources including its shareholders through the issuance of its common shares and preferred shares amounting to € 144.1 million (including the conversion of all convertible bonds issued up to 31 December 2015), borrowings of € 10.0 million and government grants amounting to € 13.4 million. See Notes 8 and 11 for funds raised during the year ended 31 December 2015.

In accordance with the Group's cash projections, the minimum cash requirements to fund the Group's operations through the end of February 2017 is € 9.8 million. Management is pursuing various avenues, including seeking additional investors and conducting a collaboration agreement for the development of NOX-A12. The future financing, on which the going concern assumption is based, considers management's

expectation to conduct a collaboration agreement in March 2016 with expected upfront payments of € 8.0 million. Furthermore the current investors committed to invest up to further € 2.0 million. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to complete the collaboration agreement or other financing alternatives before May 2016 and further, that the Group might not raise additional funding after February 2017. Management has considered the ability of the Group to continue as a going concern and is satisfied that the Group has adequate resources and prospects to fund current and future commitments in light of support from existing credit available to the Company as well as potential other sources of funds. Based on management's going concern assumption, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties. There is a material uncertainty that the Group will be able to continue as a going concern as the Group might fail to obtain the additional funds required to maintain its operational activities.

Statement of compliance

The consolidated financial statements of NOXXON Pharma AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Group has adopted all of the International Financial Reporting Standards that became effective for accounting periods beginning on or after 1 January 2015, 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 2015, and have been applied in preparing these consolidated financial statements.

STANDARD/INTERPRETATION	
Annual Improvements to IFRSs 2011-2013 Cycle	

None of these amendments to standards and new or amended interpretations had a 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 February 2015 and 1 January 2016, respectively.

STANDARD/INTERPRETATION	EFFECTIVE DATE
Amendment to IAS 19 Defined benefit Plans: Employee Contributions	1 February 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 February 2015
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IFRS 10, IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to IFRS 10, IFRS 12, IAS 28 Investment Entities: Applying the Consolidation Exception *	1 January 2016
Amendments to IAS 16 and IAS 38- Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 1 Disclosure Initiative	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financials Statements	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
IFRS 9, Financial Instruments 2014 *	1 January 2018
Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses *	1 January 2017
IFRS 15, Revenue from Contracts with Customers*	1 January 2018
IFRS 16 Leases*	1 January 2019

*not yet endorsed by European Union

The Amendments to IAS 1 that were developed as part of the IASB's disclosure initiative propose a number of changes to the standard that are intended to clarify the flexibility available to preparers when presenting their financial statements and related notes and to strengthen the application of the materiality principle in that context. The Company considered these amendments in preparing the current set of financial statements.

IFRS 15, Revenue from Contracts with Customers, replaces all current standards and interpretations dealing with revenue recognition and introduces a five-step model to account for revenue. As the Group is currently not generating material revenues, the Group will only be affected by IFRS 15 in the future when entering into collaborative arrangements or similar deals.

IFRS 16, Leases, introduces new accounting standards for lease arrangements which require lessees to recognize assets and liabilities for most leases. The main effect of

this standard is that many operating leases currently not recognized in the statement of financial position will be required to be recognized. The Group's lease commitments are currently limited (refer to Note 18).

As a result, none of these new or amended standards and interpretations is expected to have a significant effect on the consolidated financial statements of the Group.

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 Euros.

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 AG and its wholly owned and controlled subsidiaries at 31 December each year. 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 only subsidiaries, NOXXON Pharma Inc. and NOXXON Pharma N.V., have been consolidated from the date of incorporation, and have no significant operations as at 31 December 2015.

The consolidated Group is comprised of the following entities:

Name	Registered seat	Shareholding (%)
NOXXON Pharma AG	Berlin, Germany	parent company
NOXXON Pharma Inc.	Boston, MA, USA	100 %
NOXXON Pharma N.V.	Amsterdam, Netherlands	100 %

2.2. 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:

- Patents and Licenses: 5 to 16 years
- 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:

- Machinery and Equipment: 3 to 13 years
- Furniture and Fixtures: 3 to 23 years
- Others: 3 to 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. No impairments or reversals of impairments were recognized in 2015 and 2014.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials and supplies: purchase cost on a first-in, first-out basis;

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventories consist of raw materials and supplies used in the discovery process for potential collaboration and own projects.

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.

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.

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 at the amount expected to settle the obligation. The carrying amount of trade payables is a reasonable approximation of fair value.

Compound instruments

The Company has issued two compound financial instruments which arose from the loan agreements with detachable share purchase warrants (for further information refer to Note 11).

The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. 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. The equity component of a compound financial instrument is not re-measured. Interest related to the financial liability is recognized 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.

Convertible bonds

The Company has issued convertible bonds to finance its activities. The convertible bonds were classified as equity instruments from the date of issuance based on the terms of the contract. Refer to Note 2.3 for significant accounting judgments made.

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 2015 and 2014.

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 common and preferred shares combined because these share classes are entitled to the same dividend rights in the event of any distributable income. Loss per share is calculated by dividing the loss of

the period by the weighted average number of common and preferred 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 under the Stock Option Plan 2002, the fair value is determined by using a Monte-Carlo-Simulation while the fair value of share awards granted under share participation models is determined by the Group using 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

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date (i.e., whether the fulfillment of the arrangement depends on the use of a specific asset or assets or the arrangement conveys a right to use the asset).

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Company entered into operating leases for certain laboratory and office space, equipment and company cars in 2015 and 2014.

Operating lease payments are recognized as an expense in the statement of comprehensive loss on a straight-line basis over the lease term.

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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of chemical compounds

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company recognizes revenue from the sale of compounds when they have been shipped and the other recognition criteria have been met.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all conditions will be complied with. Grants from governmental agencies for the support of specific research and development projects are recorded as other operating income over the period necessary, to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the nominal amount of the grant is recorded as deferred income and is released in the profit and loss on a straight-line basis over the expected remaining useful life of the related asset.

A government grant that becomes repayable upon non-fulfilment of grant conditions is accounted for as a change in accounting estimate. Repayment of a grant related to income is applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recognised by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

Since its incorporation, the Company obtained significant grants from governmental agencies for the support of specific research and development projects whereas in the years ended 2015 and 2014 no grants were received.

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:

- salaries for research and development staff and related expenses, including management benefits and expenses for share-based compensation;
- costs for production of drug substances by contract manufacturers;
- service fees and other costs related to the performance of clinical trials and preclinical testing;
- costs of related facilities, materials and equipment;
- costs associated with obtaining and maintaining patents and other intellectual property;
- 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.

Finance income

Finance income includes interest income from interest bearing bank and rental deposits. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

2.3. 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.

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.

Classification of Convertible Bonds as equity

The Company issued convertible bonds in 2015 and 2014 pursuant to the Bridge Financing Agreements 2014 and 2013 and the Addenda to these agreements.

Management considered all of the characteristics of these financial instruments, in order to determine whether the convertible bonds should be classified as a financial liability or as equity.

Based on the conversion obligation at discretion of the Company, and that the Company is not obligated to deliver cash to the bond holders but a fixed number of shares, the bonds have been classified as equity in their entirety. All outstanding convertible bonds issued in 2014 and in prior years were converted into Preferred Shares series B of the Company as of 31 December 2014. All outstanding convertible bonds issued in 2015 were converted into Preferred Shares series B Plus by 31 December 2015.

Share-based payments

The Group has put in place a number of share-based payment plans (Participation Models). These plans are classified as equity-settled.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate assumptions related to inputs to the valuation model including the expected life of the awards, volatility and dividend yield. Additionally, management's judgment of the probability of certain future events (such an exit event, as defined in the agreements) is also taken into consideration, which led to a reduction of the grant date fair value as calculated by the valuation model. Vesting conditions were then taken into account by adjusting the number of equity instruments included in the measurement so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted under share participation models is based on the number of equity instruments that eventually vest. For this purpose the Group uses the best available estimate of the number of equity instruments expected to vest and revises that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The terms and conditions of the share participation models as well the assumptions made, and valuation model used are disclosed in Note 9.

The cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted pursuant to the Stock Option Plan 2002 (refer to Note 9) were measured using similar assumptions as used for the share participation models. The options granted are fully vested as of 31 December 2015 and 2014.

In 2015, the Company granted some equity-settled termination benefits. The cost of such termination benefits is measured by reference to the fair value of the equity instruments at the date at which they are granted and recognized in profit and loss immediately. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The terms and conditions of this termination agreement as well the assumptions made, and valuation model used are disclosed in Note 8 (under Additional paid-in capital).

Determining market interest rates for compound instruments

Loan agreements with detachable share purchase warrants entered into in March 2014 and in March 2015 were classified as compound financial instruments. The fair value of the financial liability component of these instruments, comprising the principal amount of the loan and the related interest, was determined by calculating the present value of these cash flows at the prevailing market interest rate for similar instruments without an equity conversion option. The prevailing market interest rate for the loan agreement entered into in March 2014 is 14.7 %, the prevailing market interest rate for the loan agreement entered into in March 2015 is 14.2 %. Due to the risk structure of the Company, the market interest rates were determined from the perspective of a holder of equity instruments in the Company. Given the risk of default of the Company, a lender must economically request to receive the same return that a shareholder would request. Accordingly, the weighted average cost of equity was calculated based on observable market and peer group parameters as of March 2014 and as of March

2015, respectively, the effective dates of the loan agreements. Refer to Note 11 for further details.

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 13.

3. Intangible Assets

During the fiscal years 2015 and 2014, intangible assets developed as follows:

in thousands of € **31 December 2015**	**Patents and Licenses**	**Other**	**Total**
Cost			
Balance at 1 January 2015	1,862	132	1,994
Additions	0	0	0
Disposals	44	0	44
Balance at 31 December 2015	1,818	132	1,950
Amortization			
Balance at 1 January 2015	1,778	128	1,906
Amortization expense	40	1	41
Disposals	44	0	44
Balance at 31 December 2015	1,774	129	1,903
Carrying amounts			
At 1 January 2015	84	4	88
At 31 December 2015	44	3	47

in thousands of €

31 December 2014	**Patents and Licenses**	**Other**	**Total**
Cost			
Balance at 1 January 2014	2,949	127	3,076
Additions	0	5	5
Disposals	1,087	0	1,087
Balance at 31 December 2014	1,862	132	1,994
Amortization			
Balance at 1 January 2014	2,791	125	2,916
Amortization expense	74	3	77
Disposals	1,087	0	1,087
Balance at 31 December 2014	1,778	128	1,906
Carrying amounts			
At 1 January 2014	158	2	160
At 31 December 2014	84	4	88

4. Equipment

During the fiscal years 2015 and 2014 the equipment developed as follows:

in thousands of €

31 December 2015	**Machinery and Equipment**	**Furniture and Fixtures**	**Other**	**Total**
Cost				
Balance at 1 January 2015	4,568	586	66	5,220
Additions	7	1	1	9
Disposals	0	1	1	2
Balance at 31 December 2015	4,575	586	66	5,227
Depreciation				
Balance at 1 January 2015	3,866	519	63	4,448
Depreciation expense	153	23	1	177
Disposals	0	0	1	1
Balance at 31 December 2015	4,019	542	63	4,624
Carrying amounts				
At 1 January 2015	702	67	3	772
At 31 December 2015	556	43	3	603

in thousands of € **31 December 2014**	**Machinery and Equipment**	**Furniture and Fixtures**	**Other**	**Total**
Cost				
Balance at 1 January 2014	4,562	592	76	5,230
Additions	8	31	3	42
Disposals	2	37	13	52
Balance at 31 December 2014	4,568	586	66	5,220
Depreciation				
Balance at 1 January 2014	3,695	530	73	4,298
Depreciation expense	173	26	3	202
Disposals	2	37	13	52
Balance at 31 December 2014	3,866	519	63	4,448
Carrying amounts				
At 1 January 2014	867	62	3	932
At 31 December 2014	702	67	3	772

5. Financial assets

Current financial assets consist of the invested interest bearing rental deposit (revolving short term deposits). The related operating lease agreements as of 31 December 2015 and 2014 expire mid of 2016, respectively.

The carrying amount of all financial assets is a reasonable approximation of the fair value.

6. Other assets

Other current assets consist of the following:

	31 December	
in thousands of €	**2015**	**2014**
VAT	274	219
Prepaid expenses and other	821	282
Total	**1,095**	**501**

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.

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

Prepaid expenses and other receivables include as of 31 December 2015 K€ 608 (and as of 31 December 2014: K€ 0) of deferred costs related to an anticipated equity transaction.

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

7. Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and on hand. As of 31 December 2015, 96.9 % of cash and cash equivalents are denominated in euro and 3.1 % in dollars. As of 31 December 2014, 95.3 % of cash and cash equivalents are denominated in euro and 4.7 % in dollars.

Bank balances earn interest at variable rates for overnight deposits.

During 2015 and 2014, the Group placed its available funds in short-term deposits and overnight deposits. Short-term deposits used in 2014 are for periods up to three months, depending on the respective liquidity requirements of the Group. These are interest bearing based on respective interest rates applicable for short-term deposits.

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 the fair value.

8. Equity

During the years 2015 and 2014 the Company engaged in a number of transactions with existing shareholders, in particular the issuance of convertible bonds that qualified as equity at issuance and the issuance of new shares raising a total amount of € 18.1 million (gross) in equity (thereof € 3.0 million gross in 2014).

In 2014 the Company issued several tranches of convertible bonds with a total nominal amount of € 3.03 million. The conversion price per share amounted to € 311.91. As of 31 December 2014, the holders of these convertible bonds converted all of their convertible bonds outstanding on that date. As a result 49,349 preferred shares series B were issued from Conditional Capital.

In the first half of 2015 the Company issued several tranches of convertible bonds with a total nominal amount of € 5.70 million. The agreed conversion price per share amounted to € 311.91. Furthermore, the Company issued preferred shares series B Plus in several tranches corresponding to € 9.26 million at a purchase price of € 147.67 per share. In light of this latter transaction, the price of convertible bonds issued in 2013, 2014 and 2015, was reduced under certain conditions from € 311.91 to € 147.67 by issuing preferred shares B Plus for € 1 in cash. By 5 October 2015, the holders of the convertible bonds issued in 2015 converted all of their convertible bonds into preferred shares series B Plus.

As a result 151,698 preferred shares series B were newly issued in 2015, all of them as preferred series B Plus shares. In addition, 44,869 preferred shares series B (issued prior to 2015) are treated as preferred shares series B Plus in accordance with the above mentioned transaction. As of 31 December 2015 196,567 preferred shares series B Plus were outstanding.

Subscribed Capital

	31 December	
in thousands of €	**2015**	**2014**
Common shares (45,606 authorized, issued and fully paid)	46	46
Preferred shares series A (133,701 authorized and issued) (2014: 133,701) thereof fully paid 112,974 (2014: 112,974)	134	134
Preferred shares series B (313,364 authorized and issued) (2014: 161,666) thereof fully paid 296,421 (2014: 144,723)	313	161
- *thereof preferred shares series B (116,797 authorized and issued) (2014: 161,666) thereof fully paid 99,854 (2014: 144,723)*	*117*	*161*
- *thereof preferred shares series B Plus (196,567 authorized and issued) (2014: 0) thereof fully paid 196,567 (2014: 0)*	*196*	*0*
Total	**493**	**341**

The Company's share capital comprises three legal stock classes and is thereby divided into common shares, shares series A and shares series B. In 2015 the Company established preferred shares series B Plus which are preferred shares series B with additional rights, but not representing statutorily a new class of shares. The additional rights of series B Plus comprise seniority to all other shares, preferred conversion upon specified anticipated equity offerings and adjusted liquidation payments. All classes of shares differ in their participation in liquidation events. In the event of the liquidation of the Company preferred shares have preferential rights over common shares, with series B Plus shares ranking highest.

All the Company's common and series A and series B preferred shares are registered notional no-par value voting shares with restricted transferability (*stimmberechtigte vinkulierte auf den Namen lautende Stückaktien*) with an imputed value of € 1.00 per share.

Authorized Capital

By resolution of the extraordinary shareholders' meeting on 17 September 2015, the Management Board is authorized to increase the share capital of the Company up until 31 August 2020 by the issue of up to 150,000 registered no-par value voting common shares and/or preference shares series B in return for cash contributions by a total of K€ 150.

The authorized, unissued capital amounts to K€ 114 as of 31 December 2015 and to K€ 30 as of 31 December 2014, respectively.

Conditional Capital

As of 31 December 2015, the conditional capital amounted to K€ 21 and as of 31 December 2014 to K€ 38, respectively.

Additional paid-in capital

Additional paid-in capital includes payments received by the Company in excess of the nominal amount of equity issued and of equity contributions by shareholders. It also includes payments received upon the issuance of convertible bonds under the Bridge Financing Agreements 2014 in the amount of K€ 5,701 in 2015 and K€ 3,031 in 2014, which were classified as equity, and related transaction costs. Further, share-based compensation of K€ 3 and K€ 54 was recorded in additional paid-in capital for 2015 and 2014, respectively.

Furthermore, the Company has granted a former managing director of NOXXON Pharma Inc. the option to subscribe for shares in NOXXON N.V. in an anticipated equity transaction or future change of control event. The option can be exercised for a specific number of NOXXON Pharma N.V. shares equivalent to 0.86 % of the outstanding equity of NOXXON Pharma AG as of 15 March 2015. The option is only exercisable in the event of an anticipated equity transaction or change of control event. The fair value at grant date related to this option is based on a Black Scholes model using the following assumptions: no dividend yield, risk-free interest rate of -0.20 %, expected life of 3.5 years and a volatility of 42.5 %. Volatility has been determined using historical share quotations of listed peer group companies. The fair value of K€ 273 was immediately recognised as termination benefit in general and administrative expenses with a corresponding increase of additional paid-in capital.

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

Treasury Shares

As of 31 December 2015 the Company held 810 common shares, and 83 preference shares B. As of 31 December 2014 the Company held 810 common shares, and 83 preference shares B.

9. Share-based Compensation

Stock Option Plan 2002

During the year ended 31 December 2002, the shareholders authorized Supervisory and Management Boards to grant share options to members of management and employees of the Group. Share options were issued under this plan until 2007.

Under the Stock Option Plan 2002 ("2002 Options"), the exercise price was determined based on the fair market value of the shares on the date of grant. The options vested over a three-year period and expire ten years after the date of grant. The option holders may only exercise their vested options if the shares of the Company are publicly traded, acquired in a trade sale or as defined under the terms of the plan. During the first year subsequent to an initial waiting period of two years, the share options may only be exercised if the market price of the Company's shares, as defined under the terms of the plan, exceeded the exercise price by at least 20 % for five consecutive trading days prior to the exercise of the options. During each subsequent year, the exercise hurdle increased in 5 % increments. Upon exercise, the management and supervisory boards may elect to settle the awards in either shares or cash.

	2015		2014	
	Options	Weighted Average Exercise Price in €	Options	Weighted Average Exercise Price in €
Outstanding on 1 January	2,010	296.77	2,010	296.77
Expired	260	100.00	0	N/A
Outstanding on 31 December	1,750	326.00	2,010	296.77
Exercisable on 31 December	0		0	

At 31 December 2015 and 2014 the 2002 Options had a weighted average remaining life of 1.0 years and 1.8 years, respectively.

The fair values related to 2002 Options, issued under this plan up to 2007, are based on a Monte-Carlo simulation using the following assumptions: no dividend yield, risk-free interest rate of 4.0 % and an expected life between 5 and 6 years and a volatility of 41 %. Volatility has been set using historical share quotations of peer group companies.

Share participation models

The share participation model is based on preference shares series A and series B, issued at fair market value, i.e. for a total price per share determined by the respective financing rounds.

The shares are issued via a trustee to employees, members of the management and supervisory boards who provide services for the Group.

The shares are held by a trustee on behalf of the individual beneficiaries. Upon the issuance of the shares to the beneficiary, the issuance amount of € 1.00 has to be paid immediately by the beneficiary. The balance *(*the difference between the € 1.00 paid and the exercise price*)* is deferred until an exit occurs (as specified in the participation model agreements) and is interest-free. Any proceeds exceeding the balance due to the beneficiaries from such exit events would be payable to the beneficiaries by selected investors and not by the Company. If the proceeds do not exceed the balance the beneficiaries are not obliged to pay the difference. The balance is also payable if the trustee relationship is ended, e.g. the employee decides to cancel the trustee relationship.

The shares are subject to a vesting period (mainly three year graded vesting in installments, tranches of one-third of the shares granted vest per year). For this purpose the Company has the option (but not an obligation) to repurchase the respective shares.

All beneficiaries are party to the Consolidated Shareholders' Agreement 2007 and the Consolidated Shareholders' Agreement 2010 and are fully subject to its regulations, including transfer restrictions, liquidation preference, obligation to grant power of attorney, etc.

In substance, the issuance of the shares under the share participation model represents a sale of a purchase option on the Company's shares with an exercise price of € 325.00 (preference shares series A) and € 365.95 (preference shares series B) at premium of € 1,00 per award, with no expiry date. The fair values of the shares issued

under the share participation model are based on a Black Scholes evaluation using the following assumptions: no dividend yield, risk-free interest rates, expected terms and volatility. Volatility has been set using historical share quotations of listed peer group companies. The likelihood of the occurrence of different future events was taken into consideration of the compensation expense and led to a reduction of this grant date fair value for accounting purposes.

The following table presents information about the share awards outstanding:

	2015		2014	
	Shares	Weighted Average Exercise Price in €	Shares	Weighted Average Exercise Price in €
Outstanding on 1 January	37,276	326.00 – 366.95	37,422	326.00 – 366.95
Granted	0	N/A	0	N/A
Forfeited	(49)	326.00 – 366.95	(146)	326.00 – 366.95
Outstanding on 31 December	37,227	326.00 – 366.95	37,276	326.00 – 366.95

The following table summarizes the fair value assumptions by model:

Fair value assumptions	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Dividend yield in %	0	0	0	0	0	0
Risk-free interest rate(s) in %	3.5	2.55	1.3	2.1 / 1.4	0.5	0.1
Expected option life(s) in years	5	4	2.75	2.25 / 2	2.5	2
Volatility in %	40	50	50	50	40	35
General vesting period in years	Fully vested	Fully vested	Fully vested	Fully vested	Fully vested	3
Weighted average full fair value* at grant date in €	1,397,603	952,285	891,775	777,587	660,547	50,618
Adj. weighted average full fair value* at grant date in €	139,760	190,457	178,355	233,276	198,164	15,185

* excludes share awards granted and forfeited in the year of issuance

The following table summarizes the assumptions regarding number of awards expected to vest by year:

Assumptions regarding number of awards expected to vest	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Employee turnover taken into account	Actual turnover	Actual turnover	Actual turnover	Actual turnover	Actual turnover	Actual and expected turnover of 20 %	Actual and expected overall turnover of 20 %

10. Government Grants

In prior years the Company applied for investment grants in accordance with the German tax provisions for federal investment grants (*Investitionszulagengesetz*) and for investment grants awarded by the Investitionsbank Berlin (*Verbesserung der regionalen Wirtschaftsstruktur GRW-Mittel*). Deferred government grants comprised of the following:

	31 December	
in thousands of €	**2015**	**2014**
Federal Investment grants	4	28
Investment grants of Investitionsbank Berlin	0	9
Government Grants	**4**	**37**
thereof non-current	1	4
thereof current	3	33

Federal Investment grants

The *Investitionszulagengesetz* limits grants to a percentage of eligible capital expenditures.

Under the terms of the *Investitionszulagengesetz*, the Company is obligated to fulfill certain requirements, including utilizing the assets acquired with the grant proceeds in its business for a period of five years after completion of the investment project. If the economic lives of the assets purchased are shorter than this period, then the assets must remain in use over the course of their economic lives. If the requirements of *Investitionszulagengesetz* are not fulfilled, the Company could be required to refund amounts previously granted.

Investment grants of Investitionsbank Berlin

In 2008, the Investitionsbank Berlin awarded the Company an investment grant totaling K€ 347 to partially fund the purchase of certain property and equipment. The total amount of the grant and the percentage cap of qualifying expenditure was adjusted in July 2011 and March 2012, so that the total grant amount was revised to K€ 163 and limited to 13.01 % of qualifying expenditure.

For a period of five years after completion of this project (in March 2011) the Company was originally obliged to employ 42 full-time employees. As a result of the restructuring executed in July 2015 and the related reduction in headcount the Company will not be able to meet this requirement in March 2016. Therefore, the Company has provided for the potential repayment obligation recorded in general and administrative expenses (see Note 12 and 14).

11. Financial liabilities

On 10 March 2014 the Company entered into a loan agreement of up to € 7.0 million for 36 months from the draw date of the respective tranches comprising of a first tranche of € 4.0 million drawn on 24 March 2014 and a second tranche of € 3.0 million drawn on 30 June 2014. The loan matures 36 months from the draw down date of the

respective tranche, or earlier at the Company's discretion. The interest rate on the loan is 10.5 % per annum. Concurrently, the Company issued bonds to the lender with a total notional amount of K€ 2 or € 1 for each bond. The bonds have a term of eight years but terminate upon earlier occurrence of specified events (bond term). The lender has the right to either request repayment of the notional amount of the bond or to purchase one Series B Preferred share per bond issued for a price of € 311.91 at any date during the bond term. The right to purchase shares represents share purchase warrants which were classified as equity (see Note 8).

On 20 March 2015 the Company entered into a further loan agreement of € 3.0 million for 36 months from the draw date. The tranche of € 3.0 million was drawn on 23 March 2015. The loan matures 36 months from the draw down date, or earlier at the Company's discretion. The interest rate on the loan is 11.0 % per annum. Concurrently, the Company issued bonds to the lender with a total notional amount of K€ 1 or € 1 for each bond. The bonds have a term of eight years but terminate upon earlier occurrence of specified events (bond term). The lender has the right to either request repayment of the notional amount of the bond or to purchase one Series B Preferred share per bond issued for a price of € 311.91 at any date during the bond term. The right to purchase shares represents share purchase warrants which were classified as equity (see Note 8).

Under both loan agreements, the Company has pledged its intellectual property rights, including patents owned and certain patent applications made for its product candidates in clinical and pre-clinical development, and the Company's trademarks and domain names, to the lender as security against its future payment obligations.

The loan agreements with detachable share purchase warrants were classified as compound financial instruments. The fair value of the respective financial liability component is the principal amount of the loan and the related interest payments, discounted using the prevailing market interest rate for similar instruments (without an equity conversion option) of 14.7 % for the first loan agreement and 14.2 % for the second loan agreement. These interest rates are based on observable market data for risk free interest rates and risk premiums derived from a peer group consisting of biopharmaceutical companies listed in the United States.

The difference between the net proceeds from the first loan of € 6.8 million and the fair value of the financial liability component of € 6.5 million amounting to € 0.3 million was allocated to equity and accounted for as additional paid-in capital (see Note 8). The related transaction costs of € 0.2 million were allocated between the financial liability and equity components and deducted from their initial fair values. The difference between the net proceeds from the second loan of € 2.9 million and the fair value of the financial liability component of € 2.8 million amounting to € 0.1 million was allocated to equity and accounted for as additional paid-in capital (see Note 8). The related transaction costs of K€ 78 were allocated between the financial liability and equity components and deducted from their initial fair values.

The financial liability components of both loan agreements are subsequently accounted for at amortized cost using the effective interest rate method.

On 9 October 2015, the lender agreed to defer repayments of principal due between 1 June 2015 and 28 February 2016 until 1 March 2016 under both loan agreements. The lender further agreed to a new repayment schedule for both loans combined starting on 1 March 2016 until 1 August 2018 and a higher nominal interest rate of 14.0 %. The modification of the repayment terms and nominal interest rate was not considered substantial in accordance with IAS 39 based on the fact that the cash flows in accordance with the modified terms and conditions do not differ significantly from the

original terms and conditions (less than 10 %). Furthermore, the Company assessed that the agreement has not materially changed from a qualitative perspective. The loan agreements are continued to be accounted for using the effective interest rate method applying the effective interest rate of approximately 18.0 % based on the modified terms and conditions.

As of 31 December 2015 and 2014 the fair value of the loan facilities (financial liabilities) amounted to € 9.2 million and € 6.3 million, respectively.

For the years 2015 and 2014 the Group recognised finance income of K€ 0 and K€ 3 and incurred finance cost of K€ 1,294 and K€ 632, mainly interest for financial liabilities, respectively.

12. Other Liabilities

Current other liabilities are comprised of the following:

	31 December	
in thousands of €	**2015**	**2014**
Employee benefits	543	481
Restructuring expenses and settlement benefits	468	0
Other	4	4
Total	**1,015**	**485**

The increase of other liabilities results significantly from restructuring expenses related to termination benefits (Note 14, General and administrative expenses), grants (see Note 10) and accrued settlement benefits (Note 14, General and administrative expenses).

13. Income Taxes

Germany

Deferred taxes of the German Company were calculated with a combined income tax rate charge of 30.18 % for the years ended 31 December 2015 and 2014. 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) 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.

The restrictions on the utilization of tax losses were mitigated through Economic Growth Acceleration Act (*Wachstumsbeschleunigungsgesetz*). According to the provisions of this act unused tax losses of a corporation are preserved to the extent they are compensated by an excess of the fair value of equity for tax purposes above its carrying amount of the Company.

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.

USA

In 2015 and 2014, the applicable tax rates employed for the US subsidiary is 21.8 %, comprised of the state corporate income tax of 8.0 % and the federal corporate income tax of 15.0 %.

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

in thousands of €	**2015**	**2014**
Current income tax expense	1	6
Deferred income tax income	(23)	(3)
Income tax expense	**(22)**	**3**

With respect to the Company, no income taxes were paid in the years ended 31 December 2015 and 2014. A deferred tax asset arising from unused tax losses of the parent Company was only recognized to the extent that the Company has sufficient taxable temporary differences in the year ended 31 December 2015 and 2014 since it was not probable that future taxable profit would be available against which they can be utilized.

The deferred income tax income results from reversal of NOXXON Inc.'s temporary differences (deferred payments for accrued expenses, capitalization of business start-up cost and organizational cost for US tax purposes).

Deferred tax assets and liabilities are comprised of the following:

	31 December	
in thousands of €	**2015**	**2014**
Deferred tax assets		
1. Deferred payments for accrued expenses (US)	27	3
2. Capitalized costs for tax purposes (US)	0	1
3. Deferred costs on compound financial instruments (Germany)	38	0
4. Net operating loss carry forwards (Germany)	146	21
Deferred tax liabilities		
5. Deferred costs on compound financial instruments (Germany)	0	21
6. Deferred costs in anticipation of an equity transaction (Germany)	184	0
Deferred tax assets	**27**	**4**

Deferred tax assets have not been recognized in respect of temporary differences which will never expire that relate to deferred costs on financial instruments. The resulting deferred tax asset amounts to K€ 38 in 2015 and K€ 0 in 2014.

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 €	2015			2014		
	Gross amount	Tax rate	Tax amount	Gross amount	Tax rate	Tax amount
Trade tax	151,365	14.35%	21,721	135,565	14.35%	19,454
Corporate income tax / solidarity surcharge	152,439	15.83%	24,131	136,349	15.83%	21,584
less offsetting with deferred tax liabilities			146			21
Unused tax losses for which no deferred tax asset is recognized			**45,706**			**41,017**

On 16 January 2015, NOXXON Pharma N.V. was incorporated as a subsidiary of the Company with the purpose to consummate a corporate reorganization, whereby substantially all of the equity interests in the Company will be exchanged for newly issued equity interests in NOXXON Pharma N.V. with the Company becoming an almost wholly-owned subsidiary of NOXXON Pharma N.V. There is a risk that the tax loss carry forwards of the Company, as disclosed above, 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 an excess of the Company's equity fair value over its book value exists. Deferred tax assets on unused net-operating loss carry-forwards of NOXXON Pharma N.V. net of offsetting deferred tax liabilities for deferred costs in anticipation of an equity transaction amount to K€ 123.

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 €	2015	2014
Loss before income tax	(16,102)	(13,795)
Group tax rate in % (p/y: %)	30.18	30,18
Theoretical tax benefit	(4,860)	(4,163)
Non-deductible expenses	15	16
Tax-free income	(7)	(14)
Costs associated with equity offering	(25)	(19)
Differences in interest rates	0	3
Share-based payment	82	16
Additions to / reductions in trade tax	42	24
Change in deferred tax assets not recognized (2015: thereof K€ 4,689 relating to NOXXON Pharma AG and K€ 37 relating to NOXXON Pharma N.V.)	4,726	4,146
Different tax rate in other countries	5	(6)
Income tax expense (income)	**(22)**	**3**
Effective tax rate	**0.42%**	**(0.08%)**

14. Income and Expenses

Other operating income

in thousands of €	2015	2014
Government grants related to assets	33	65
Other income	41	15
Total	**74**	**80**

Other income includes foreign exchange differences amounting to K€ 14 in 2015 and K€ 2 in 2014.

See Note 10 for a description of unfulfilled conditions and other contingencies related to government grants related to assets.

Research and development expenses

in thousands of €	2015	2014
Cost of raw materials, consumables and supplies	945	851
Cost of purchased services	1,697	2,827
Personnel expenses	3,052	3,878
Amortization / depreciation	199	257
Product candidate development expenses	53	124
Patent costs and consulting services	491	871
Infrastructure expenses (rent, rental related)	580	584
Maintenance expenses	208	257
Scientific event related expenses	181	300
Other	181	205
Total	**7,587**	**10,154**

General and administrative expenses

in thousands of €	2015	2014
Regular personnel expenses	1,151	1,264
Amortization / depreciation	18	22
Legal and consulting fees	4,158	1,087
Infrastructure expenses (rent, rental related)	170	165
Travel and advertising expenses	409	149
Restructuring expenses	510	0
Settlement benefits	521	0
Supervisory board remuneration	94	100
Recruitment expenses	0	129
Other	288	191
Total	**7,319**	**3,107**

The increase in general and administrative expenses in 2015 is mainly driven by higher legal and consulting expenses compared to 2014 related to the preparation of financing transactions amounting to K€ 3,859 and K€ 987, respectively. Further, in July 2015 management decided to focus NOXXON's business activities on the NOX-A12 clinical program. As a result of this restructuring and the related reduction in headcount executed in July 2015, the Company incurred restructuring costs, personnel and other expenses, amounting to K€ 510 in 2015. In addition, settlement agreements have been entered into leading to expenses of K€ 521 for benefits settled in cash and equity instruments.

Personnel expenses

in thousands of €	2015	2014
Regular salary	3,417	4,195
Restructuring expenses	293	0
Settlement benefits	521	0
Benefits	291	293
Share based compensation	3	52
Social security contribution	467	560
Other	25	42
Total	**5,017**	**5,142**

Social security contributions include contributions for statutory pension insurance in the amount of K€ 226 in 2015 and K€ 278 in 2014.

15. 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

Discovery activities, pre-clinical and clinical activities are conducted in Berlin.

The geographic information below analyzes the Group's revenue and non-current assets by the country of domicile and other countries. In presenting the following information, revenue has been based on the geographic location of the customers and assets were based on the geographic location of the assets.

Revenues in 2015 are generated in Germany with four customers. Revenues in 2014 are generated in Germany with three customers. The non-current assets, excluding deferred tax assets, are mainly located in Germany.

16. 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 common and preferred shares.

in thousands of €	2015	2014
Net loss	(16,102)	(13,798)
Weighted number of common and preferred shares outstanding	379	292
Loss per share, basic and diluted in € per share	**(42.43)**	**(47.22)**

There are no dilutive instruments outstanding. Share options under the share-based payment plans were excluded because these options were not exercisable during the period and shares to be issued under the conversion rights of the detachable warrants were excluded because the effect would be anti-dilutive. For details on all these instruments, see Note 8 and 9.

17. Notes to the Cash Flow Statement

Non-cash Transactions

In 2015, transaction costs amounting to K€ 407 relating to an anticipated equity transaction were not paid in 2015 rather, were accrued in the statement of financial position and recognized in other assets. This amount was not included in operating cash flow since it relates to financing activities.

In 2015 and 2014, convertible bonds were converted on a non-cash basis into preferred shares series B and series B Plus of the Company. See Note 8 for details of the conversion.

In 2014, transaction costs amounting to K€ 24 relating to the issuance of convertible bonds were not paid in 2014, accrued in the statement of financial position and recognized as a reduction of the carrying amount of the convertible bonds in equity.

18. Commitments and Contingencies

License Agreements

In 1997 and 1998, the Company entered into licensing and royalty agreements that allow the use of intellectual property related to Spiegelmer® technology in its products and processes. Under the terms of the agreements, the Group is required to pay licensing fees during the lifetime of the patent. Furthermore NOXXON bears the ongoing patent maintenance costs. The Company expects to settle all future obligations, including maintenance costs, connected to these agreements with estimated future payments not exceeding K€ 100.

In February 2001, the Group licensed intellectual property from an external party related to the patent “Identification of Enantiomeric Ligands”. The Group obtained rights to enantiomeric peptides and oligonucleotides for the use in therapeutic and non-

therapeutic products. In September 2001, the Group obtained an exclusive right for the oligonucleotides property. Under the terms of this agreement, the Group paid annual patent maintenance fees of US$ 50,000. The patent expired in May 2015.

In December 2001, the Group purchased an exclusive sublicense of the SELEX patent portfolio from an US-Corporation for research & development and commercialization of all products containing and processes that utilize Spiegelmer® technology, including, but not limited to, therapeutics and fine chemicals for use in affinity media, excluding rights for in vivo and in vitro diagnostics and radiopharmaceuticals. The Group pays on-going annual patent maintenance fees of US$ 50,000.

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*).

No royalties were paid during the years ended 31 December 2015 and 2014.

Commitments

During the years ended 31 December 2015 and 2014 the Group entered into several research, development and service agreements for its business operations as well as maintenance agreements for the laboratory equipment to run the ordinary course of business. The Group has entered into such agreements with third parties for services and inventories which amounted to K€ 1,344 in 2015 and K€ 1,751 in 2014. As of 31 December 2015 and 2014, the Group had outstanding commitments to purchase equipment and intangible assets with an amount of K€ 0 and K€ 5, respectively.

Operating Leases

The Group leases certain laboratory and office space, equipment and company cars under various non-cancellable operating leases with third parties. The lease agreements expire at various dates through 2018. Rent expense under these operating leases totaled K€ 734 and K€ 725 for the years ended 31 December 2015 and 2014, respectively.

Future minimum payments under non-cancellable operating leases with initial terms exceeding one year at 31 December 2015 and 31 December 2014, are as follows:

2015

In thousands of €	**Total**	2016	2017	2018	2019	2020	Thereafter
Operating Leases	**501**	495	5	1	0	0	0

2014

In thousands of €	**Total**	2015	2016	2017	2018	2019	Thereafter
Operating Leases	**1,258**	736	516	5	1	0	0

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.

19. Financial Risk Management Objectives and Policies

Financial instruments

The Group's principal financial instruments comprise bank balances, deposits, cash money market funds 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 fixed-term deposits with banks and money market funds seeking 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 and cash equivalents, fixed-term deposits with banks and money market funds. 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 receivable 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, thus the Group's exposure to currency risk is immaterial.

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 €)
2015	(10)	(231)
	+ 10	189
2014	(10)	(98)
	+ 10	80

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 €)
2015	(10)	(31)
	+ 10	25
2014	(10)	(16)
	+ 10	13

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. loans, 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.

Derivative Financial Instruments

Anti-dilution adjustments (conditional purchase options)

In connection with the shareholders' agreements dated 30 March 2007, 29 April 2010 and 17 July 2015, conditional rights and obligations were negotiated that are treated as embedded derivatives pursuant to IAS 39.10. The derivatives result from an anti-dilution protection clause for the holders of preference shares. The derivative is disclosed as "financial assets/liabilities" with a value of € 0.00. No premium was paid or

received for any of the derivatives. The fair value of this financial instrument cannot be determined reliably according to IAS 39.46 in connection with IAS 39 AG80, and AG81 and in connection with IAS 39.13. If new shares are issued for a consideration per share that is less than the issue price of the preferred shares (to the extent paid by the investors up to that date), the holders of preference shares are entitled to subscribe for additional shares in return for cash contributions at the portion of the Company's share capital attributable to one share to compensate the dilution based on a weighted average basis.

The shareholders' agreement dated 17 July 2015 replaced the shareholders' agreement dated 29 April, 2010 and all other shareholders' agreements and/or investment agreements among all or individual shareholders relating to their participation in the Company. This shareholders' agreement is effective for the period up to 31 December 2030 and thereafter may be terminated with six months' notice to the end of a calendar year.

Maturity profile of financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2015 and 2014 based on contractual undiscounted payments.

in thousands of €

Year ended 31 December 2015	**Total**	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Financial liabilities	10,966	0	538	3,335	7,093	0
Trade accounts payable	3,174	0	3,174	0	0	0

The maturity profile as of 31 December 2015 reflects the effect of the agreement reached with certain lenders on the repayment schedule and additional interest payments of financial liabilities as described in Note 11.

in thousands of €

Year ended 31 December 2014	**Total**	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Financial liabilities	7,676	0	184	2,772	4,720	0
Trade accounts payable	2,485	0	2,485	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 and convertible bonds, 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.

Significant additional funds were obtained from the issuance of convertible bonds which were classified as equity and from the issuance of shares (refer to Note 8 for details).

No changes were made in the objective, policies or processes for managing capital during the year ending 31 December 2015 and 2014.

Fair value hierarchy

The Group held financial liabilities for which fair values are disclosed in Note 11. 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.

20. Related Party Relationships

Shareholder with significant influence

As of 31 December 2015 and 2014, the Company had no shareholders with significant influence. The largest three shareholders hold 18.6 %, 18.6 % and 14.8 %, respectively and each of them has a seat on the Supervisory Board. The shareholders have not entered into an agreement which significantly influences the operating and financing activities of the Group. If the Supervisory Board has less than nine members the largest three shareholders would be able to block certain financing transactions that are subject to Supervisory Board consent with a 2/3 majority.

Supervisory Board

The members of the Supervisory Board:

Dr. Hubert Birner
Member of the Supervisory Board since 24 June 2015
(Chairman of the Supervisory Board since 8 July 2015)
Managing Partner of TVM Capital GmbH, Munich

Dr. Walter Wenninger
Chairman of the Supervisory Board (until 8 July 2015)
Consultant, Leverkusen

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

Iain Buchanan
Member of the Supervisory Board since 17 September 2015
Consultant, Winchester, Hampshire, United Kingdom

Dr. J. Donald de Bethizy
Member of the Supervisory Board since 18 November 2014
Consultant, Fredericksberg, Denmark

Dr. Peter Johann
Member of the Supervisory Board
Managing General Partner of NGN Capital LLC, Heidelberg

Dr. Jochen Knolle
Member of the Supervisory Board since 12 August 2014 and until 17 June 2015
Consultant, Frankfurt/Main

Dr. Olivier Litzka
Member of the Supervisory Board
Partner of Edmond de Rothschild Investment Partners, Paris

Denis Lucquin
Member of the Supervisory Board
Managing Partner of Sofinnova Partners, Paris

Dr. Axel Polack
Member of the Supervisory Board until 30 July 2014
General Partner of TVM Capital GmbH, Munich

Dr. Lawrence Posner until 30 September 2015
Member of the Supervisory Board
General Partner of Vedanta Capital LP, Greenwich, CT, USA

Management Board

The members of the Management Board:

Dr. Aram Mangasarian
Chief Business Officer (Chief Executive Officer since 1 July 2015)

Iain Buchanan
Chief Executive Officer (until 30 June 2015)

Dr. Matthias Baumann
Chief Medical Officer

Dr. Sven Klußmann
Chief Scientific Officer

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 2015 and 2014, 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.

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

In 2015, the short-term employee benefits for the management board comprise fixed and variable compensation (K€ 1,044, thereof accrued expenses K€ 298) and settlement payments (K€ 100, thereof accrued expenses of K€ 58). As of 31 December 2015, the number of outstanding options under Stock Option Plan 2002 for members of the management board was 1,750 options with an expiration date at the end of 2016 and an exercise price of € 326. No expenses were recognized during the reporting period. Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 0. Thus, the total compensation for the management board members was K€ 1,144 in 2015.

In 2014, the short-term employee benefits for the management board comprise fixed and variable compensation amounting to K€ 1,194 (thereof accrued expenses of K€ 150). As at 31 December 2014, the number of outstanding options under Stock Option Plan 2002 for members of the management board was 2,010 options with expiration dates between 2015 and 2016 and a weighted average exercise price of € 297 with an expense of K€ 0 recognized during the reporting period. Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 41. Thus, the total compensation for the management board members was K€ 1,235 in 2014.

Under the share participation models the Company did not issue any preferred shares to the members of the management board in 2015 and 2014, respectively.

In 2015, the remuneration for the supervisory board (including D&O insurance fees) amounted to K€ 103 (thereof accrued expenses of K€ 79). Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 0. Thus, the total compensation for the supervisory board members was K€ 103 in 2015.

In 2014, the remuneration for the supervisory board (including D&O insurance fees) amounted to K€ 104 (thereof accrued expenses of K€ 68). Under the share participation models, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 2. Thus, the total compensation for the supervisory board members was K€ 106 in 2014.

Under the share participation models the Company did not issue any preferred shares to the members of the supervisory board in 2015 and 2014, respectively.

21. Events after the balance sheet date

In February 2016, the Group entered into a commitment agreement whereby certain existing shareholders agreed to provide the Group additional cash resources, consisting of either equity or convertible bonds or loans with a term of at least 15 months, of up to € 2.0 million in order to bridge the period until the collaboration agreement can be completed or further financing is raised, and to meet the Group's obligations arising from ongoing operations and interest payments due under the outstanding debt financing until March 2017.

On 17 February 2016, the lender agreed to extend further the interest-only period until end of May 2016 resulting in a deferral of €860 thousand under two loan agreements (refer to note 11). The lender further agreed to a new repayment schedule starting on 1 June 2016 until 1 November 2018.

On 17 February 2016, the Group, the lender and the holder of the detachable share purchase warrants entered into an agreement that, subject to the determination of the offer price under an anticipated equity transaction, the lender would contribute a partial amount of € 4.0 million of its loan to the Group against the issuance of the then listed ordinary shares of NOXXON Pharma NV and the grant of a call option, subject to certain conditions, to purchase additional ordinary shares of NOXXON Pharma NV at an issuance price of €1 per ordinary share. Following the debt-to-equity swap and the netting of a further partial amount of € 0.4 million against certain advance payments made by NOXXON Pharma AG, a loan amount of € 5.0 million would remain outstanding, as to which the above parties have agreed to a revised payment schedule for the payment of all of the so reduced principal and interest over a period of 36 months from the completion of an anticipated equity transaction. The new payment schedule provides for monthly payments of € 169 thousand starting from the date on which the debt-to-equity swap takes effect. The further conditions to the loans as described above will continue to apply. By virtue of the same agreement, still subject to the determination of the offer price under the anticipated equity transaction, the aforesaid bonds issued or committed pursuant to the warrant agreements dated 10 March 2014 and 20 March 2015, respectively, will be cancelled and, instead, warrants to purchase ordinary shares of NOXXON Pharma NV will be issued upon terms equivalent to those of the warrants to purchase preference B shares of NOXXON Pharma AG.

Berlin, 18 February 2016

NOXXON Pharma AG

The Management Board

ANNEX 1 – REFERENCES

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