NYXOAH SA

Unaudited condensed consolidated interim financial statements as of March 31, 2021 and for the three month periods ended March 31, 2021 and 2020

NYXOAH SA

Interim consolidated balance sheets
(in thousands)

	As of March 31		As of December 31	
	2021		**2020**	
ASSETS				
Non-current assets				
Property, plant and equipment	€	852	€	713
Intangible assets		17,247		15,853
Right of use assets		3,158		3,283
Deferred tax asset		41		32
Other long-term receivables		91		91
	€	**21,389**	€	**19,972**
Current assets				
Inventory		106		55
Trade Receivables		185		
Other receivables		1,699		1,644
Other current assets		1,064		109
Cash and cash equivalents		86,207		92,300
	€	**89,261**	€	**94,108**
Total assets	€	**110,650**	€	**114,080**
EQUITY AND LIABILITIES				
Capital and reserves				
Common shares		3,798		3,796
Share premium		150,986		150,936
Share based payment reserve		2,650		2,650
Currency translation reserve		79		149
Retained Loss		(66,010)		(60,341)
Total equity attributable to shareholders	€	**91,503**	€	**97,190**
LIABILITIES				
Non-current liabilities				
Financial debt		7,757		7,607
Lease liability		2,737		2,844
Pension Liability		37		37
	€	**10,531**	€	**10,488**
Current liabilities				
Financial debt		658		616
Lease liability		475		473
Trade payables		2,802		1,190
Other payables		4,681		4,123
	€	**8,616**	€	**6,402**
Total liabilities	€	**19,147**	€	**16,890**
Total equity and liabilities	€	**110,650**	€	**114,080**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NYXOAH SA

Interim consolidated Statements of Loss and Other Comprehensive Loss
(in thousands, except share and per share data)

	For the three month period ended March 31			
	2021		**2020**	
Revenue	€	185	€	—
Cost of goods sold		(52)		—
Gross Profit	**€**	**133**	€	—
General and administrative expenses		(1,818)		(1,178)
Research and development expenses		(852)		(7)
Clinical expenses		(342)		(177)
Manufacturing expenses		(901)		(62)
Quality assurance and regulatory expenses		(325)		(25)
Patents Fees & Related		(674)		(58)
Therapy Development expenses		(548)		(352)
Other operating income/(expenses)		4		(191)
Operating loss for the period	€	**(5,323)**	€	**(2,050)**
Financial income		4		19
Financial expense		(325)		(336)
Loss for the period before taxes	€	**(5,644)**	€	**(2,367)**
Income Taxes		(25)		(13)
Loss for the period	€	**(5,669)**	€	**(2,380)**
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss (net of tax)				
Currency translation differences		(70)		272
Total comprehensive loss for the year, net of tax	€	**(5,739)**	€	**(2,108)**
Loss attributable to equity holders	€	**(5,739)**	€	**(2,108)**
Basic Loss Per Share	€	(0.256)	€	(0.151)
Diluted Loss Per Share	€	(0.256)	€	(0.151)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NYXOAH SA

Interim consolidated Statements of Changes in Equity
(in thousands)

Attributable to owners of the parent

As of and for the three months period ended March 31, 2021	**Common Shares**	**Preferred Shares**	**Share premium**	**Share based payment reserve**	**Currency translation reserve**	**Retained earnings**	**Total**
Balance at January 1, 2021	**€ 3,796**	**-**	**€150,936**	**€ 2,650**	**€ 149**	**€ (60,341)**	**€ 97,190**
Loss for the period	-	-	-	-	-	(5,669)	(5,669)
Other comprehensive loss for the period					(70)		(70)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**€ (70)**	**€ (5,669)**	**€ (5,739)**
Issuance of shares for cash	2	-	50	-	-	-	52
Total transactions with owners of the Company recognized directly in equity	**€ 2**	**-**	**€ 50**	**-**	**-**	**-**	**€ 52**
Balance at March 31, 2021	**€ 3,798**	**-**	**€150,986**	**€ 2,650**	**€ 79**	**€ (66,010)**	**€ 91,503**

As of and for the three months period ended March 31, 2020	**Common Shares**	**Preferred Shares**	**Share premium**	**Share based payment reserve**	**Currency translation reserve**	**Retained earnings**	**Total**
Balance at January 1, 2020	**€ 1,122**	**€ 1,359**	**€ 47,668**	**€ 420**	**€ 207**	**€(48,415)**	**€ 2,361**
Loss for the period						(2,380)	(2,380)
Other comprehensive income for the period	-	-	-	-	272	-	272
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**€ 272**	**€ (2,380)**	**€ (2,108)**
Equity-settled share-based payments	-	-	-	147	-	50	197
Issuance of shares for cash	436	-	24,624	-	-	-	25,060
Transaction cost	-	-	(96)	-	-	-	(96)
Conversion of preferred shares to common shares	1,359	(1,359)	-	-	-	-	-
Total transactions with owners of the Company recognized directly in equity	**€ 1,795**	**(1,359)**	**€ 24,528**	**€ 147**	**-**	**€ 50**	**€ 25,161**
Balance at March 31, 2020	**€ 2,917**	**-**	**€ 72,196**	**€ 567**	**€ 479**	**€(50,745)**	**€ 25,414**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NYXOAH SA

Interim consolidated Statements of Cash Flows
(in thousands)

	For the three months period ended March 31			
	2021		**2020**	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax for the period	**€**	**(5,644)**	**€**	**(2,367)**
Adjustments for:				
Finance income		(4)		(19)
Finance expenses		325		336
Depreciation and impairment of property, plant and equipment and right-of-use assets		375		128
Share-based payment transaction expense		-		197
Other non-cash items		3		111
Cash used before changes in working capital	**€**	**(4,945)**	**€**	**(1,614)**
Changes in working capital:				
Increase in Inventory		(51)		-
Increase in trade receivables		(185)		-
Decrease/(Increase) in other receivables		(1,010)		402
Increase in Trade and other payables		2,170		35
Cash used for changes in operations	**€**	**(4,021)**	**€**	**(1,177)**
Interests received		1		2
Interests paid		(105)		(5)
Income tax paid		(34)		(17)
Net cash used in operating activities	**€**	**(4,159)**	**€**	**(1,197)**
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(169)		(84)
Capitalization of intangible assets		(1,606)		(1,694)
Increase of long-term deposits		-		1
Net cash used in investing activities	**€**	**(1,775)**	**€**	**(1,777)**
CASH FLOWS USED IN / GENERATED FROM FINANCING ACTIVITIES				
Payment of principal portion of lease liabilities		(135)		(105)
Repayment of other loan		(21)		(21)
Proceeds from issuance of shares, net of transaction costs		52		24,964
Net cash used in / generated from financing activities	**€**	**(104)**	**€**	**24,838**
Movement in cash and cash equivalents	**€**	**(6,038)**	**€**	**21,864**
Effect of exchange rates on cash and cash equivalents		(55)		155
Cash and cash equivalents at January 1	**€**	**92,300**	**€**	**5,855**
Cash and cash equivalents at March 31	**€**	**86,207**	**€**	**27,874**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NYXOAH SA

Notes to the unaudited condensed interim consolidated financial statements

1. General information

Nyxoah SA (the "Company") is a public listed company with limited liability (naamloze vennootschap/société anonyme) incorporated and operating under the laws of Belgium and is domiciled in Belgium. The Company is registered with the legal entities register (Brabant Walloon) under enterprise number 0817.149.675. The Company's registered office is in Rue Edouard Belin 12, 1435 Mont-Saint-Guibert, Belgium.

The Company is a medical technology company focused on the development and commercialization of innovative solutions to treat Obstructive Sleep Apnea, or OSA. Our lead solution is the Genio system, a CE-Marked, patient-centric, minimally invasive, next generation hypoglossal neurostimulation therapy for OSA. OSA is the world's most common sleep disordered breathing condition and is associated with increased mortality risk and comorbidities including cardiovascular diseases, depression and stroke.

The Genio system is the world's first and unique battery-free, minimally invasive and leadless neurostimulator implant and is capable of delivering bilateral hypoglossal nerve stimulation to keep the upper airway open. The product is intended to be used as a second-line therapy to treat moderate to severe OSA patients who have either not tolerated, failed or refused conventional therapy, including Continuous Positive Airway Pressure ("CPAP"), which, despite its proven efficacy, is associated with many limitations, meaning compliance is a serious challenge. In addition, other second-line treatments are more suitable to treat mild to moderate OSA (such as oral devices) or highly invasive. Compared to other hypoglossal nerve stimulation technologies for the treatment of OSA, the Genio system is a disruptive, differentiating technology that targets a clear unmet medical need thanks to its minimally invasive and quick implantation technique, its external battery and its ability to stimulate the two branches of the hypoglossal nerve.

Obstructive sleep apnea is the world's most common sleep disordered breathing condition. OSA occurs when the throat and tongue muscles and soft tissues relax and collapse. It makes a person stop breathing during sleep, while the airway repeatedly becomes partially (hypopnea) or completely (apnea) blocked, limiting the amount of air that reaches the lungs. During an episode of apnea or hypopnea, the patient's oxygen level drops, which leads to sleep interruptions.

The Company has established three wholly owned subsidiaries: Nyxoah Ltd, a subsidiary of the Company since October 21, 2009 (located in Israel and incorporated on January 10, 2008 under the name M.L.G. Madaf G. Ltd) and Nyxoah Pty Ltd since February 1, 2017 (located in Australia) and Nyxoah Inc. Since May 14, 2020 (located in the USA).

The interim condensed consolidated financial statements of Nyxoah SA and its subsidiaries (collectively, the Group) as of March 31, 2021 and for the three month periods ended March 31, 2021 and 2020 have been authorized for issue on 21 May 2021 by the Board of Directors of the Company.

2. Significant accounting policies

Basis of Preparation of the interim condensed consolidated financial statements

The Company's interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IFRS"), as issued by the International Accounting Standards Board (IASB). They do not include all the information required for complete annual financial statements and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2020.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2021, the accounting policies used for the preparation of the interim condensed consolidated financial statements are consistent with those used for the preparation of the Company's annual consolidated financial statements as of and for the year ended December 31, 2020.

The Consolidated Financial Statements are presented in thousands of Euros (€) and all values are rounded to the nearest thousand, except when otherwise indicated.

The preparation of the Interim Condensed Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, are areas where assumptions and estimates are significant to the Consolidated Financial Statements. The critical accounting estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended December 31, 2020.

An entity shall determine the net defined benefit liability (asset) with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. The current pension obligation results from defined benefit liability does not materially differ on a quarterly basis therefor the company has determined to recognize the net defined benefit liability on annual basis being at the end of the reporting period.

Going concern principle

As at March 31, 2021, the Company had cash and cash equivalents of €86.2 million. Based on cash flow forecasts for the years 2021 and 2022, which include significant expenses and cash outflows in relation to - among others- the ongoing clinical trials, the continuation of research and development projects, and the scaling-up of the Company's manufacturing facilities, the Company believes that this cash position will be sufficient to meet the Company's capital requirements and fund its operations for at least 12 months as from the date of this Interim Report.

New and amended standards and interpretations applicable.

Effective for the annual periods beginning on January 1, 2021

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Company:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

Significant events and transactions of the interim period:

The Company generated its first commercial sales in July 2020. In the three-month period ended March 31, 2021, the Company generated revenue in Germany. See note 16.

In the three-month perioded ended March 31, 2021, the Company entered into an exclusive license agreement with Vanderbilt University. This agreement allows Nyxoah to develop new neurostimulation technologies for the treatment of sleep disordered breathing conditions based on inventions and patents owned by Vanderbilt University, which will potentially expand Nyxoah's future pipeline. Under the agreement, the Company paid to Vanderbilt an upfront license issue fee of approximately $650,000. The Company may be required to make minimum annual royalty payments to Vanderbilt of up to $250,000 in 2024 and 2025, up to $500,000 in 2026 and 2027, and up to $1,000,000 in 2028 and each year thereafter, which are creditable against the earned royalties owed to Vanderbilt for the same calendar year. Additionally, Vanderbilt may be entitled to milestone payments of up to an aggregate of $13,750,000 in connection with patent issuance, clinical studies, regulatory approvals and net sales milestones. The Company may also be required to pay Vanderbilt a low to mid double digit percentage, not to exceed 40%, of any non-royalty sublicensing revenue that the Company receives. The Vanderbilt Agreement the royalty obligations thereunder, will continue on a licensed product-by-licensed product and country-by-country basis until the expiration date of the last-to-expire licensed patent in each country. Either the Company or Vanderbilt may terminate the Vanderbilt Agreement in connection with the other party's insolvency. Vanderbilt may also terminate the Vanderbilt Agreement in the event the Company fails to make a payment to Vanderbilt, breach or default the Company's diligence obligations or breach or default on any other material term, and if the Company fails to make such payment or cure such breach or default within 60 days of written notice from Vanderbilt. The Company may terminate the agreement by providing 120 days' advance notice to Vanderbilt. During the three-month perioded ended March 31, 2021, the Company issue fee and past patenting costs relating to this agreement are expensed as incurred. See note 16.

3. Critical accounting estimates and assumptions

The preparation of interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may significantly affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Refer to the disclosure note 5 from the Group's 2020 year-end consolidated financial statements for further details about the main critical accounting estimates and assumptions.

4. Segment Reporting

Based on the organizational structure, as well as the nature of financial information available and reviewed by the Company's chief operating decision makers to assess performance and make decisions about resource allocations, the Company has concluded that its total operations represent one reportable segment. The chief operating decision maker is the CEO.

5. Fair Value

The carrying amount of cash and cash equivalents, trade receivables, other receivables and other current assets approximate their value due to their short-term character. Derivatives financial instruments, such as foreign exchange forward contracts, are also measured at fair value. However, none of the contracts were on-going at year end.

The carrying value of current liabilities approximates their fair value due to the short-term character of these instruments.

The fair value of non-current liabilities (financial debt and other non-current liabilities) is evaluated based on their interest rates and maturity date. These instruments have fixed interest rates and their fair value measurements are subject to changes in interest rates. The fair value measurement is classified as level 3.

(in EUR 000)	**Carrying value**		**Fair value**	
	As at March 31, 2021	**As at December 31, 2020**	**As at March 31, 2021**	**As at December 31, 2020**
Financial Assets				
Other long-term receivables (level 3)	91	91	91	91
Trade and other receivables (level 3)	1,884	1,644	1,884	1,644
Other current assets (level 3)	1,064	109	1,064	109
Cash and cash equivalents (level 1)	86,207	92,300	86,207	92,300
Financial liabilities				
Financial debt (level 3)	292	313	268	250
Recoverable cash advances (level 3)	8,123	7,910	8,123	7,910
Trade and other payables (level 3)	7,484	5,313	7,484	5,313

6. Subsidiaries

For all periods that are mentioned in this report, the Company owns 100% of the shares of Nyxoah LTD, an Israeli Company located in Tel-Aviv that was incorporated in 2009 and has a share capital of NIS 1.00.

The Company also owns 100% of the shares of Nyxoah PTY LTD, an Australian Company located in Collingwood that was incorporated in 2017 and has a share capital of AUD 100.

In May 2020, the Company incorporated Nyxoah Inc, an American Company located in Delaware with a share capital of 100 USD. The Company owns 100% of the Shares of Nyxoah Inc.

7. Property Plant and Equipment

For the three-month period ended March 31, 2021 and 2020 respectively, acquisitions were mainly related to furniture and office equipment, and leasehold improvements and amounted to €169,000 (2020: €84,000).

The depreciation charge amounts to €32,000 in 2021 and €27,000 in 2020 for the three-month period ended March 31.

8. Intangible assets

There is only one development project: The Genio® system. Refer to note 1

(*in EUR 000*)	**Development Cost**	**Patents and licenses**	**Total**
Cost			
Opening Gross value at 01/01/2020	5,311	335	5,646
Additions	1,653	56	1,709
Gross value at 31/03/2020	**6,964**	**391**	**7,355**
Opening Gross value at 01/01/2021	15,185	591	15,776
Additions	1,598	-	1,598
Gross value at 31/03/2021	**16,783**	**591**	**17,374**
Amortization			
Opening amortization at 01/01/2020	-	-	-
Amortization	-	-	-
Amortization at 31/03/2020	-	-	-
Opening amortization at 01/01/2021	-	-	-
Amortization	(211)	-	(211)
Amortization at 31/03/2021	**(211)**	**-**	**(211)**
Opening Exchange differences at 01/01/2020	88	-	88
Exchange differences	(15)	-	(15)
Exchange differences at 31/03/2020	**73**	**-**	**73**
Opening Exchange differences at 01/01/2021	**77**	-	**77**
Exchange differences	7	-	7
Exchange differences at 31/03/2021	**84**	**-**	**84**
Net book value at 31/03/2020	**6,037**	**391**	**7,428**
Net book value at 31/03/2021	**16,656**	**591**	**17,247**

The Company has started amortizing the first-generation Genio system as of January 1, 2021. The amortization amounted to €211,000 for the three-month period ended March 31, 2021 and is included in Research and development expenses (€181,000) and in Clinical expenses (€30,000).

The Company continues to incur in 2021 development expenses with regard to the improved second-generation Genio System and clinical trials to obtain additional regulatory approvals in certain countries or to be able to sell the Genio System in certain countries. The total capitalized development expenses amounted to €1.6 million and €1.7 million for the three-month period ended March 31, 2021, and 2020, respectively.

9. Right of use assets and lease liabilities

For the three-month period ended March 31, 2021, the Company did not enter into new lease agreements. For the preceding period of three-month ended March 31, 2020, the impact of new leases was €432,000). The repayments of lease liabilities amounted to €135,000 (2020: €105,000). The depreciations on the right of use assets amounted to €132,000 and €101,000 for the three-month period ended March 31, 2021, and 2020, respectively.

10. Trade and Other receivables

(*in EUR 000*)	**As of March 31, 2021**	**As of December 31, 2020**
R&D Incentive receivable (Australia)	1,222	951
VAT receivable	398	607
Current tax receivable	28	(3)
Other	51	89
Total other receivables	**1,699**	**1,644**

R&D Incentive receivable relates to incentives received in Australia as support to the clinical trials and the development of the Genio system

The increase of € 185,000 in trade receivables in the three month perioded ended March 31, 2021 are due to generated revenue by the Company in Germany.

11. Other current assets

(*in EUR 000*)	**As of March 31, 2021**	**As of December 31, 2020**
Prepaid transaction costs	915	-
Other prepaid	149	109
Total other current assets	**1,064**	**109**

Prepaid transaction costs were incurred in anticipation of a potential issuance of equity instruments relating to the proposed public offering of its ordinary shares in the United States. The Company is deferring those costs and will subsequently reclassify them as a deduction from the equity when the equity instruments are issued or will recognize them in the income statement if the issuance of equity is aborted.

12. Cash and cash equivalents

(*in EUR 000*)	**As of March 31, 2021**	**As of December 31, 2020**
Short term deposit	28	28
Three months term deposit	6	6
Current accounts	86,173	92,266
Total cash and cash equivalents	**86,207**	**92,300**

13. Capital, Share Premium, Reserves

Evolution of the share capital and share premium over for the three-month period ended March 31, 2021, and 2020:

(Number of shares [1] except otherwise stated)	**Common Shares**	**Preferred Shares**	**Total of Shares**	**Par value (EUR)**	**Share Capital**	**Share Premium**
January 1, 2020 (adjusted for share split in 2020)	**6,728,500**	**8,150,000**	**14,879,000**	**0.17**	**2,481**	**47,668**
February 21, 2020 - Conversion of preferred shares to common shares	8,150,000	(8,150,000)	-	-	-	-
February 21, 2020 - Capital increase	2,100,000	-	2,100,000	0.21	436	24,624
March 31, 2020 (adjusted for share split in 2020)	**16,979,000**	**-**	**22,097,609**	**0.17**	**3,796**	**157,514**
September 7, 2020 – Exercise warrants	*44,500*		*44,500*	*0,17*	*8*	*222*
September 21, 2020 - IPO	4,335,000	-	4,335,000	0.17	745	72,950
September 21, 2020 - Convertible loan	65,359	-	65,359	0.17	11	989
September 29, 2020 - Exercise warrants	650,250	-	650,250	0.17	112	10,943
October 28, 2020 - Exercise warrants	23,500	-	23,500	0.17	4	117
December 31, 2020 (adjusted for share split in 2020)	**22,097,609**	**-**	**22,097,609**	**0.17**	**3,796**	**157,514**
February 22, 2021 – Capital increase	10,000	-	10,000	0.17	2	50
March 31, 2021 (adjusted for share split in 2020)	**22,107,609**	**-**	**22,107,609**	**0.17**	**3,798**	**157,564**

(1) The numbers for the common and preferred shares have been retrospectively adjusted for the stock split.

On February 21, 2020, the Company, its shareholders and a new investor (ResMed Inc.) signed a subscription agreement with respect to an aggregate capital increase in the Company of €25.1 million (including share premium) in exchange for 2,100,000 (after conversion) new shares in the Company.

Pursuant to the terms and conditions of the subscription agreement, the shareholders' meeting adopted on February 21, 2020 the following resolutions:

- the conversion of all preferred shares into common shares,
- the cancellation of the outstanding Series B Anti-Dilution Warrants and Series B2 Anti-Dilution Warrants,
- share split at a 500:1 ratio to reduce the value per individual share of the Company, and
- the amount of preferred and common shares above are adjusted for share split of 500:1.

On September 7, 2020, pursuant to the exercise of warrants, the aggregate capital of the Company increased with €230,110.39 (including share premium) in exchange for 44,500 new shares in the Company.

On September 21, 2020, we acknowledged the following transactions that were conditionally approved by the shareholders' meeting on September 7, 2020:

The Initial Public Offering (IPO) resulted in an aggregate capital increase in the Company of €73.7 million (including share premium) in exchange for 4,335,000 new shares in the Company at the price of EUR 17 per share. The conversion of a convertible loan of €1.0 million in shares resulted (triggered by the IPO) in an aggregate capital increase in the Company of €1.0 million (including share premium) in exchange for 65,359 new shares in the Company. The convertible loan was entered into between the Company and Noshaq SA ("Noshaq") on June 26, 2020 for an amount of €1.0 million. The convertible loan had a non-compounding interest rate of 2.50% per annum. The trigger events for a mandatory conversion were (i) an initial public offering, (ii) qualifying financing and (iii) a trade sale. If no mandatory conversion has taken place on or prior to the second anniversary of date of the loan, we will be able to opt for an optional conversion to force Noshaq to convert the entire outstanding Principal Amount at nominal value into new shares. The convertible loan was accounted for prior to conversion at fair value with changed in fair value through the profit or loss. Change in fair value of this conversion feature between the issue date and the conversion date is immaterial.

As part of the initial public offering, the Company incurred direct-attributable transaction costs of €6.5 million which have been deducted from the share premium. The proceeds from the IPO net of transaction costs amounted to €67.2 million. For the other capital increases the transactions costs amounted to €96,000.

On September 29, 2020, pursuant to the exercise of the "Over-allotment Warrant" that was conditionally issued on September 7, 2020, the aggregate capital of the Company increased with €11.1 million (including share premium) in exchange for 650,250 new shares in the Company.

On October 28, 2020, pursuant to the exercise of warrants, the aggregate capital of the Company increased with €121,510.04 (including share premium) in exchange for 23,500 new shares in the Company.

On February 22, 2021, the Company issued 10,000 new shares for an aggregate capital increase of €52,000 (including share premium).

14. Share-Based compensation

Equity-settled share-based payment transactions

As of March 31, 2020, the Company has four outstanding equity-settled share-based incentive plans, including (i) the 2013 warrants plan (the 2013 Plan), (ii) the 2016 warrants plan (the 2016 Plan), (iii) the 2018 warrants plan (the 2018 Plan), and (iv) the 2020 warrants plan (the 2020 plan). The Company had an extraordinary shareholders' meeting on February 21, 2020, where it was decided to achieve a share split in a ratio of 500:1. Per Warrant issued before February 21, 2020, 500 common shares will be issuable.

For the three- month period ended March 31, 2021, the Company has recognised €0 and €197,000 share-based payment expense for the three-month period ended March 31, 2021, and 2020, respectively. All equity-settled share-based payment transactions have fully vested and are fully exercisable as from September 7, 2020, i.e., ten business days prior to the IPO on September 21, 2020.

Cash-settled share-based payment transactions

The Company has signed service agreements with ActuaRisk Consulting SRL in 2014 and with Mr. Kezirian in 2015. Both arrangements qualify as a cash-settled share-based payment transaction.

The liability for the cash-settled share-based payment arrangements amount to €2.3 million at March 31, 2021 and €1.8 million at December 31, 2020, with an expense recognized in general and administrative expense of €498,000 and €253,000 in the three-month period ended March 31, 2021, and 2020, respectively. The total intrinsic value of the fully vested liability at December 31, 2020 is €1.8 million.

The arrangement with Mr. Kezirian has been exercised on 21 September 2020 following the IPO with a total payment of €1.5 million in September 2020. The arrangement with ActuaRisk Consulting SRL has vested in full on September 21, 2020 and will be exercisable as from March 21, 2021.

15. Financial Debt

Financial debt consists of recoverable cash advances and other loan. Related amounts can be summarized as follows:

(*in EUR 000*)	**As of March 31, 2021**	**As of December 31, 2020**
Recoverable cash advances – Non-current	7,590	7,149
Recoverable cash advances – Current	533	491
Total Recoverable cash advances	**8,123**	**7,910**
Other loan – Non-current	167	188
Other loan – Current	125	125
Total Other loan	**292**	**313**
Non-current	7,757	7,607
Current	658	616
Total Financial debt	**8,415**	**8,223**

Financial debt related to recoverable cash advances

Recoverable cash advances received

As at March 31, 2021 and as at December 31, 2020, the details of recoverable cash advances received can be summarized as follows:

(*in EUR 000*)	**Contractual Advances**	**Advances received**	**Amounts reimbursed**
Sleep apnea device (6472)	1,600	1,600	420
First Articles (6839)	2,160	2,160	84
Clinical Trial (6840)	2,400	2,400	-
Activation chip improvements (7388)	1,467	1,467	15
Total	**7,627**	**7,627**	**519**

During the period of the first three months of 2020 and 2021, the Company did not receive or pay any new amounts.

(*in EUR 000*)	**As of March 31, 2021**	**As of December 31, 2020**
Contract 6472	1,464	1,421
Contract 6839	2,272	2,214
Contract 6840	2,659	2,592
Contract 7388	1,728	1,683
Total Recoverable cash advances	**8,123**	**7,910**
Non-current	7,590	7,419
Current	533	491
Total Recoverable cash advances	**8,123**	**7,910**

The amounts recorded under "Current" caption correspond to the sales-independent amounts (fixed repayment) estimated to be repaid to the Walloon Region in the next 12 months period. The estimated sales-independent (fixed repayment) above 12 months as well as sales-dependent reimbursements (variable repayment) are recorded under "Non-current" liabilities. Changes in the recoverable cash advances can be summarized as follows:

(*in EUR 000*)	**2021**	**2020**
As of January 1	7,910	7,148
Initial measurement and re-measurement	(8)	100
Discounting impact	220	193
As of March 31, 2021	**8,123**	**7,442**

16. Other payables

(in EUR 000)	**As of March 31, 2021**	**As of December 31, 2020**
Holiday pay accrual	486	376
Salary	355	382
Accrued expenses	1,070	1,244
Other	2,769	2,121
Total other payables	4,680	4,123

For the three-month period ended March 31, 2021 and 2020, the increase of other payables is mainly due to the increase of liability related to a variable compensation (€2.3 million at March 31, 2021 and €1.8 million at December 31, 2020) of a cash-settled share based payment transaction.

17. Results of operation

Revenue and cost of goods sold

In the three-month perioded ended March 31, 2021, the Company generated revenue for the amount of €185,000 (2020: €0). Revenue is recognized at a point in time upon satisfaction of the performance obligation, being the moment control over the Genio system is transferred to the customer. All sales were generated in Germany.

Cost of goods sold for the three month periods ended March 31, 2021 and 2020:

(*in EUR 000*)	**2021**	**2020**
Purchases of goods and services	103	-
Inventory movement	(51)	-
Total Cost of goods sold	**52**	**-**

Operating expenses

The table below details the operating expenses for the three month periods ended March 31, 2021 and 2020:

(*in EUR 000*)	**Total Cost**	**Capitalized**	**Operating expense for the period**
General and administrative expenses	1,818	-	1,818
Research and development expenses	852	-	852
Clinical expenses	1,779	(1,437)	342
Manufacturing expenses	1,116	(215)	901
Quality assurance and regulatory expenses	458	(133)	325
Patents Fees & Related	674	-	674
Therapy Development expenses	548	-	548
Other operating expenses/(income)	(191)	187	(4)
For the three month period ended March 31, 2021	**7,054**	**(1,598)**	**5,456**

(*in EUR 000*)	**Total Cost**	**Capitalized**	**Operating expense for the period**
General and administrative expenses	1,178	-	1,178
Research and development expenses	318	(311)	7
Clinical expenses	745	(568)	177
Manufacturing expenses	640	(578)	62
Quality assurance and regulatory expenses	288	(263)	25
Patents Fees & Related	114	(56)	58
Therapy Development expenses	352	-	352
Other operating expenses/(income)	124	67	191
For the three month period ended March 31, 2020	**3,759**	**(1,709)**	**2,050**

General and Administrative expenses

(in EUR 000)	**For the three-month period ended March 31, 2021**	**For the three-month period ended March 31, 2020**
Staff costs	366	426
Consulting and contractors' fees	936	431
Legal fees	53	22
Rent	61	36
Facilities	24	21
Depreciation and amortization expense	161	124
ICT	112	26
Travel	25	56
Other expenses	80	36
Total General and Administrative expenses	1,818	1,178

General and administrative expenses increased by €641,000, or 54%, from €1.2 million for the three months ended March 31, 2020 to €1.8 million for the three-months ended March 31, 2021 mainly due to an increase in consulting expenses. The increase in consulting and contractors' fees includes variable compensations for an amount of €253,000 for the three months ended March 31, 2020 and €498,000 for the three-months ended March 31, 2021 related to a cash-settled share based payment transaction.

Research and Development expenses

(in EUR 000)	**For the three-month period ended March 31, 2021**	**For the three-month period ended March 31, 2020**
Staff costs	414	273
Outsourced developments	238	39
Depreciation and amortization expense	184	3
Travel	-	3
Other	16	-
Capitalized costs	-	(311)
Total Research and development expenses	852	7

Before capitalization of €311,000 for the three months ended March 31, 2020, research and development expenses increased by €0.5 million, or 168%, from €318,000 (or €7,000 after capitalization of €311,000) for the three months ended March 31, 2020 to €0.9 million for the three months ended March 31, 2021, due to an increase in staff and consulting costs to support our R&D activities.

Before capitalization of €1.4 million for the three months ended March 31, 2021 and capitalization of €568,000 for the three months ended March 31, 2020, clinical expenses increased by €1.1 million, or 139%, from €0.7 million (or €177,000 after capitalization of €568,000) for the three months ended March 31, 2020 to €1.8 million for the three months ended March 31, 2021 (or €342,000 after capitalization of €1.4 million). The increase in the expenses was mainly due to an increase in staff and consulting to support the completion of the BETTER SLEEP trial implantations, continuous recruitment for the EliSA trial and the ongoing DREAM IDE trial in the United States.

Manufacturing expenses

(in EUR 000)	**For the three-month period ended March 31, 2021**	**For the three-month period ended March 31, 2020**
Staff costs	313	179
Consulting and contractors' fees	-	-
Manufacturing	793	404
Travel	-	23
Other	10	34
Capitalized costs	(215)	(578)
Total Manufacturing expenses	901	62

Before capitalization of €215,000 for the three months ended March 31, 2021 and €578,000 for the three months ended March 31, 2020, manufacturing expenses increased by €0.5 million, or 74%, from €0.6 million (or €62,000 after capitalization of €578,000) for the three months ended March 31, 2020 to €1.1 million (or €901,000 after capitalization of €215,000) for the three months ended March 31, 2021. The increase was mainly due to an increase in staff, in the production and engineering team to support capacity and yield improvement, and in purchasing raw materials to support an increase in production.

Before capitalization of €133,000 for the three months ended March 31, 2021 and €263,000 for the three months ended March 31, 2020, quality assurance and regulatory expenses increased by €170,000, or 59%, from €288,000 (or €25,000 after capitalization of €263,000) for the three months ended March 31, 2020 to €458,000 (or €325,000 after capitalization of €133,000) for the three months ended March 31, 2021. The increase was mainly due to an increase in staff and QA & regulatory activities to support the manufacturing scaling-up process.

Before capitalization of €56,000 for the three months ended March 31, 2020, patent fees & related expenses increased by €446,000, or 491%, from €114,000 (or €58,000 after capitalization of €56,000) for the three months ended March 31, 2020 to €0.7 million for the three months ended March 31, 2021 due to expenses related to the in-licensing agreement with Vanderbilt University.

Therapy development expenses increased by €196,000, or 56%, from €352,000 for the three months ended March 31, 2020 to €548,000 for the three months ended March 31, 2021. The increase in the expenses was mainly due to an increase in staff and consulting, to support the launch the commercialization in Europe.

We had other operating expenses of €191,000 for the three months ended March 31, 2020 and €4,000 income for the three months ended March 31, 2021, the evolution being mainly due to the impact of the initial measurement and re-measurement of the financial debt. The impact of the recoverable cash advances is further detailed in note 14.

18. Earnings Per Share (EPS)

The Basic Earnings Per Share and the Diluted Earnings Per Share are calculated by dividing earnings for the year by the weighted average number of shares outstanding during the year. As the Company is incurring net losses, outstanding warrants have no dilutive effect. As such, there is no difference between the Basic and Diluted EPS.

EPS has been presented in the income statement taking into account resolutions adopted by the shareholders' meeting of 21 February 2020. All existing preferred shares were converted into common shares, and then a share split of 500:1 was approved by the shareholders' meeting.

	2021	**2020**
As at March 31, after conversion and share split		
Outstanding common shares at year-end	22,107,609	16,979,000
Weighted average number of common shares outstanding	22,101,766	15,789,000
Number of Shares resulting of the exercise of outstanding warrants	997,500	1,007,500

Basic and Diluted EPS for the three month period ended March 31 2021 and 2020, based on weighted average number of shares outstanding after conversion and share split are as follows:

	2021	2020
Loss of year attributable to equity holders (in EUR)	(5,669,000)	(2,380,000)
Weighted average number of common shares outstanding (in units)	22,101,766	15,789,000
Basic earnings per share in EUR (EUR/unit)	**(0.256)**	**(0.151)**
Diluted earnings per share in EUR (EUR/unit)	**(0.256)**	**(0.151)**

19. Other commitments

The Company has granted in October 2020 an amount of € 500,000 towards an institute under the Company's Sponsored Grant Program. The institute will have to perform over a total period of two years certain clinical and research activities and training and education activities. The future payment commitments amount to € 400,000 at 31 December 2020 which will be paid quarterly in instalments over the remaining period if the institute performs its activities. During the three-month period ended March 31, 2021 the Company recognized € 79,000 in Therapy Development expenses.

20. Related Party Transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in the notes.

Remuneration of Key Management

The remuneration of the senior management consists of the remuneration of the CEO of the Company for the three month period ended March 31:

(*in EUR 000*)	2021	2020
Short-term remuneration & compensation	69	61
Share based payment	-	-
Total	**69**	**61**

During the three-month period ended March 31, 2021 and 2020, ActuaRisk Consulting, a company owned by a member of executive management, invoiced Nyxoah SA for an amount of €89,100 and €57,500, respectively, for consulting services. Of the €89,100 invoiced in the first three months of 2020, €39,600 correspond to a variable compensation. The Company also recognized a share-based payment expense of €253,000 and €498,000 for the three-month period ended March 31, 2020 and 2021 respectively in related to a cash-settled share-based payment transaction.

No loans or other guarantees have been given to a member of the executive management team.

Transactions with Non-Executive Directors and Shareholders

(*in EUR 000*)	31/03/2021			31/03/2020	
	R&D Collaboration	Consulting services	Board remuneration	Consulting services	Board remuneration
Cochlear	-	-	-	-	-
Man & Science S.A	-	-	-	-	-
Medtech Execs LLC	-	-	-	-	3
Donald Deyo	-	-	11	-	-
Robert Taub	-	-	13	-	-
Kevin Rakin	-	-	8	-	-
Pierre Gianello	-	-	7	-	-
Jan Janssen	-	-	7	-	-
Jurgen Hambrecht	-	-	8	-	-
Total	-	-	54	-	3

Nyxoah and Cochlear Limited, or Cochlear, have entered into a collaboration agreement, dated November 2018, under which they agree to collaborate to further develop and progress commercialization of implantable treatments for sleep disordered breathing conditions. A new Statement of Work was entered into on June 8, 2020. Under this agreement, Cochlear is working with us in developing and enhancing the next generation implantable stimulator. This collaboration agreement did not let to any financial impact for the three-month periods ended March 31, 2021 and 2020, compared to €1.3 million as at December 31, 2020.

21. Events after the Balance-Sheet Date

After closing of the financial quarter, Nyxoah has confidentially submitted on 16 April 2021 a draft Registration Statement on Form F-1 to the Securities and Exchange Commission (the "SEC") relating to the proposed public offering of its ordinary shares in the United States. The number of ordinary shares to be offered and the price for the proposed offering have not yet been determined. The public offering is expected to take place after the SEC completes its review process, subject to market and other conditions.