

Company only balance sheet as at 31 December 2017

(before profit appropriation)

		2017	
EUR 000			
Fixed assets			
Financial fixed assets	A	39,159	
		<hr/>	39,159
Current assets			
Other receivables and prepaid expenses		335	
Cash and cash equivalents	B	81,254	
		<hr/>	81,589
			<hr/>
			120,749
			<hr/> <hr/>
Shareholders' equity			
Issued capital	C	2,858	
Share premium reserve		122,596	
Other reserves		581	
Net Result for the period		(6,606)	
		<hr/>	119,429
Current liabilities			
	D		1,320
			<hr/>
			120,749
			<hr/> <hr/>

Company only income statement for the period June 6, 2017 up to and including December 31, 2017

		June 6, 2017 – December 31, 2017
EUR 000		
Share of result of participating interest after tax	A	(2,496)
Other result after tax		(4,110)
Net loss		<hr/> (6,606) <hr/>

Notes to the 2017 company financial statements

General

The Company-only financial statements are part of the 2017 financial statements of InflaRx N.V. For the company only profit and loss account, use has been made of the exemption pursuant to Section 2:402 of the Netherlands Civil Code.

In so far as no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

Corporate restructuring

InflaRx N.V. ('InflaRx' or the 'Company') has its corporate seat in Amsterdam. The Company was founded as Fireman B.V. on June 6, 2017 as private company for the purpose of a corporate reorganization of InflaRx GmbH, Germany and converted its legal form under Dutch law to a public company with limited liability for an initial public offering of its common shares.

Prior to the consummation of the corporate reorganization on November 8, 2017 InflaRx N.V. or Fireman B.V. had not conducted any operations and had not held any assets or liabilities, including contingent liabilities, prior to the reorganization.

At the initial step of the corporate reorganization, the shareholders of InflaRx GmbH subscribed for 16,743,972 common shares in Fireman B.V and agreed to transfer their common shares and their preferred shares in InflaRx GmbH to Fireman B.V. in consideration therefore. As a result, InflaRx GmbH became a wholly owned subsidiary of Fireman B.V. The legal form of Fireman B.V. was converted from a private company with limited liability to a public Company with limited liability, which resulted in a name change into InflaRx N.V.

Beginning with the corporate reorganization on November 8, 2017 InflaRx N.V. employs only the Management Board which consists of Executive Directors (Prof. Niels C. Riedemann (CEO), since November 8, 2017, Prof. Renfeng Guo (CSO), since November 8, 2017) and Non-executive Directors (Nicolas Fulpius (Chairman, Chairman of the Audit Committee), since November 8, 2017, Mark Kübler (Member of the Audit Committee), since November 8, 2017, Katrin Uschmann, since November 8, 2017 (Member of the Audit Committee, until February 5, 2018), Anthony Gibney (Member of the Audit Committee), since February 6, 2018, Lina Ma, since November 8, 2017), all of them were working outside the Netherlands.

Reporting period

These are the first financial statements of the Company and have been prepared for the period June 6, 2017 up to and including December 31, 2017.

Accounting policies

The company-only financial statements of InflaRx N.V. have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. InflaRx N.V. has applied the option in article 2:362 (8) of Part 9 of the Dutch Civil Code to use the same accounting principles for the recognition and measurement of assets and liabilities and determination of results for the Company-only

financial statements as the consolidated financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board. Please see the notes to the consolidated financial statements for a description of these principles.

In case no other policies are mentioned, reference is made to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the Company-only financial statements of InflaRx N.V. should be read in conjunction with the consolidated financial statements.

Financial instruments

In the company only financial statements, financial instruments are presented on the basis of their legal form.

Participating interests in group company

The participating interests in group company is accounted for in company financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of result of participating interests

This item concerns the company's share of the profit or loss of its participating interest. Results on transactions involving the transfer of assets and liabilities between the company and its participating interest and mutually between participating interest themselves, are eliminated to the extent that they can be considered as not realized.

A Financial assets

Financial assets solely include the 100% investment of the Company in its fully owned subsidiary InflaRx GmbH, with statutory seat in Jena, Germany.

A summary of the movement in the value of this investment is given below:

(EUR 000)	InflaRx GmbH	Total
Opening net asset value June 6, 2017:	-	-
Contributed net asset value InflaRx GmbH	41,655	41,655
Share in result subsidiary	(2,496)	(2,496)
	<hr/>	<hr/>
Net asset value at December 31, 2017	39,159	39,159
	<hr/>	<hr/>

The investment was contributed on November 8, 2017 as part of the corporate restructuring.

B Cash and cash equivalents

Cash and cash equivalents are at free disposal of the Company.

C Equity

As of December 31, 2017 the number of issued shares is 23,812,100 with a par value of EUR 0.12 (or EUR 12ct) per share. All issued shares are fully paid. Besides the minimum amount of share capital to be held under Dutch law, there are no distribution restrictions applicable to equity of the Company.

As the structure of the equity components for the Company only financial statements is predominately based on legal aspects, the presentation of the movement in the shareholder's equity is different from the presentation in the consolidated financial statements. Furthermore, the net result of the Company covers the period June 6, 2017 up and including December 31, 2017.

The movement in shareholder's equity is as follows:

(EUR 000)	Issued capital	Share premium	Other reserves	Accumulated losses	Unappropriated result	Total equity
June 6, 2017	-	-	-	-	-	-
Issue of common shares on corporate reorganization	2,010	41,655	-	-	-	43,665
Issue of common shares	848	90,056	-	-	-	90,904
Share issuance costs	-	(9,115)	-	-	-	(9,115)
Net loss for the period	-	-	-	-	(6,606)	(6,606)
Share-based payments	-	-	581	-	-	581
December 31, 2017	2,858	122,596	581	-	(6,606)	119,429

Issued capital and share premium

As of November 8, 2017, upon consummation of the corporate reorganization, all common and preferred shares in InflaRx GmbH were exchanged for 16,743,972 common shares of InflaRx N.V. (see Note 12 of the consolidated financial statements). In addition, in the initial public offering, the Company issued an aggregate of 7,068,128 common shares at a price of USD 15.0 per share. In total, share premium of EUR 90.1 million was recognized.

According to the articles of association of the Company, up to 55,000,000 common shares and up to 55,000,000 preferred shares with a nominal value of EUR 0.12 (EUR 12 cent) per share are authorized to be issued. All shares are registered shares. No share certificates shall be issued.

Upon the consummation of the corporate reorganization an amount of EUR 43.7 million was recorded in equity. This amount relates primarily to the exchange of preferred shares in InflaRx GmbH for common shares of InflaRx N.V. and the modification of cash-settled share based payment awards granted prior to the corporate reorganization to equity-settled share based payment awards.

Other Reserves

The Company has adopted share-based compensation plans, pursuant to which the Company's directors, selected employees and consultants are granted the right to acquire common shares of the Company (note 13 of the consolidated financial statements). The share-based payment expenses are

recorded in the income statement. The plans are equity-settled. In case of an equity-settled plan, there is no obligation to transfer economic benefits, therefore the credit entry should be recognized as an increase in equity. The Company uses "Other reserves" as the equity classification.

Unappropriated result

The result after tax for 2017 is included in the item unappropriated result within equity.

Proposal for result appropriation

The General Meeting will be proposed to appropriate the result after tax for 2017 as follows: to deduct EUR 6.6 million from the other reserves.

D Current liabilities

	December 31, 2017
Salaries	264
Liabilities to its subsidiary InflaRx GmbH	24
Other liabilities	1,032
	<hr/>
Total	1,320
	<hr/> <hr/>

All current liabilities are due within one year. The liabilities to its subsidiary InflaRx GmbH is not interest bearing.

E Financial instruments

The Company's principal financial assets comprise short-term deposits at commercial banks with a maturity on inception of three months or less and investments in money-market funds. The main purpose of these financial instruments is to provide funds for the subsidiary's development activities. The Company's other financial instruments relate to other receivables and liabilities.

The risks associated with the Company financial instruments are similar to the ones disclosed in notes (1) – (3) of the consolidated financial statements.

G Remuneration of board of director's

The emolument as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial period to the company can be detailed as follows.

(EUR 000)	Periodically paid compensation	Retirement benefit expenses	Variable compensation	Share based expense 2017 Plan
Executive directors				
Prof. Niels C. Riedemann, CEO	77	4	298	214
Prof. Renfeng Guo, CSO	62	4	240	194
Non-executive directors				
Nicolas Fulpius, Chairman, and Chairman of the Audit Committee	15	-	-	11
Mark Kübler, Member of the Audit Committee	7	-	-	11
Katrin Uschmann, Member of the Audit Committee (until February 5, 2018)	7	-	-	11
Lina Ma	7	-	-	11
Total	175	8	538	452

For further details and other information with regard to related-party transactions as well as the Executive and Non-executive directors compensation, reference is made to note 16 of the consolidated financial statements.

Stock options granted under the 2017 Equity Incentive Plan

	Grant date	Number of options outstanding *	Strike price in USD	Expiration date
Beneficiary				
<i>Executive directors</i>				
Prof. Niels C. Riedemann	December 13, 2017	689,253	USD 18.05	December 13, 2025
Prof. Renfeng Guo	December 13, 2017	623,610	USD 18.05	December 13, 2025
Total		1,312,863		
<i>Non-executive directors</i>				
Nicolas Fulpius	December 13, 2017	34,464	USD 18.05	December 13, 2025
Mark Kübler	December 13, 2017	34,464	USD 18.05	December 13, 2025
Katrin Uschmann	December 13, 2017	34,464	USD 18.05	December 13, 2025
Lina Ma	December 13, 2017	34,464	USD 18.05	December 13, 2025
Total		137,856		

**There are no exercised or forfeited options as December 31, 2017*

For further disclosure related to the share-options we refer to note 13 of the consolidated financial statements. The Company aims to meet its obligation by virtue of the granted option rights by issuing new shares (no purchase of treasury shares).

H Audit fees

Audit fees in 2017 amounted to EUR 40,000 and relate to audit services provided by KPMG Accountants N.V. in connection with the audit of the year 2017 for the Company. No other services were provided by KPMG Accountants N.V.

I Income taxes

The Company has not recorded income tax gain in view of the negative operating results.

J Subsequent events

There are no subsequent events.

(signature page follows)

Board of directors:

N.C. Riedemann

R. Guo

N.F. Fulpius

M. Kuebler

K. Uschmann

L. Ma

A. Gibney

Other information

Auditor's report

The independent auditor's report is set forth on the next page.

Provisions in the Articles of Association governing the appropriation of profit

Under article 32 of the Company's Articles of Association, the profits of a financial year shall be appropriated as follows, and in the following order of priority:

- To the extent any preferred shares have been cancelled without having paid in full, an amount equal to any such (remaining) deficit shall be distributed to those who held those preferred shares at the moment of such cancellation become effective;
- To the extent that any preferred distribution in relation to previous financial years has not yet been paid in full, an amount equal to any such (remaining) deficit shall be distributed on the preferred shares;
- The preferred distribution shall be distributed on the preferred shares in respect of the financial year to which the annual accounts pertain;
- The Board of Directors shall determine which part of the remaining profits shall be added to the Company's reserves; and
- The remaining profits shall be at the disposal of the General Meeting for distribution on the ordinary shares.