

NYMOX PHARMACEUTICAL CORP  
Form 20-F  
March 29, 2019

**United States**  
**Securities and Exchange Commission**  
**Washington, D.C. 20549**

**Form 20-F**

Registration Statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934

or

Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2018**

or

Transition Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

or

Shell Corporation Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of event requiring this Shell Corporation Report for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-12033**

**NYMOX PHARMACEUTICAL  
CORPORATION**

(Exact name of registrant as specified in its charter)

**Bahamas**

(Jurisdiction of incorporation or organization)

**Bay & Deveaux Streets**

**Nassau, The Bahamas**

(Address of principal executive offices)

**Contact person: Erik Danielsen**

**Tel. 800-936-9669, e-mail: edanielsen@nymox.com, fax: 514-332-2227**

(name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| <b>Title of each class</b> | <b>Name of each exchange on which<br/>registered</b>       |
|----------------------------|--|
| Common Stock               | The NASDAQ Stock Market LLC<br><br>(NASDAQ Capital Market) |

Securities registered or to be registered pursuant to Section 12(g) of the Act

**None**

Edgar Filing: NYMOX PHARMACEUTICAL CORP - Form 20-F

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

64,676,256 shares as of December 31, 2018

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website; if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Edgar Filing: NYMOX PHARMACEUTICAL CORP - Form 20-F

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

|                                 |  |                                |
|---------------------------------|--|--------------------------------|
|                                 | International Financial Reporting  |                                |
| U.S. GAAP <input type="radio"/> | Standards <input checked="" type="checkbox"/><br>as issued by the International<br>Accounting Standards Board. | Other <input type="checkbox"/> |

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

In this annual report, the terms "Nymox", "The Corporation", "The Company", "we" and "us" refers to both Nymox Pharmaceutical Corporation and its subsidiaries, Nymox Corporation and Serex Inc. Unless otherwise indicated all dollar amounts are in United States Dollars.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

You should be aware that this report contains forward-looking statements about, among other things, the anticipated operations, product development, financial condition and operating results of Nymox, proposed clinical trials and proposed transactions, including collaboration agreements.

By forward-looking statements, we mean any statements that are not statements of historical fact, including (but not limited to) statements preceded by or that include the words, “believes”, “expects”, “anticipates”, “hopes”, “targets” or similar expressions.

In connection with the “safe harbor” provisions in the Private Securities Litigation Reform Act of 1995, we are including this cautionary statement to identify some of the important factors that could cause Nymox’s actual results or plans to differ materially from those projected in forward-looking statements made by, or on behalf of, Nymox. These factors, many of which are beyond the control of Nymox, include Nymox’s ability to:

- Identify and capitalize on possible collaboration, strategic partnering or divestiture opportunities;
- Obtain suitable financing to support its operations and clinical trials;
- Successfully defend pending and/or unforeseeable future litigation;
- Manage its growth and the commercialization of its products;
- Achieve operating efficiencies as it progresses from a development-stage to a later-stage biotechnology corporation;
- Successfully compete in its markets;
- Realize the results it anticipates from the clinical trials of its products;
- Overcome negative results from its clinical trials; and eventually obtain regulatory clearance for its products.
- Succeed in finding and retaining joint venture and collaboration partners to assist it in the successful marketing, distribution and commercialization of its products;
- Achieve regulatory clearances for its products;
- Obtain on commercially reasonable terms adequate product liability insurance for its commercialized products and avoid product liability claims;

- Adequately protect its proprietary information and technology from competitors and avoid infringement of proprietary information and technology of its competitors;
- Assure that its products, if successfully developed and commercialized following regulatory approval, are not rendered obsolete by products or technologies of competitors; and
- Not encounter problems with third parties, including key personnel, upon whom it is dependent.

Although Nymox believes that the forward-looking statements contained in this annual report are reasonable, it cannot ensure that its expectations will be met. These statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. Factors that could cause such differences include, but are not limited to, those discussed under “Risk Factors.”

**Part I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not Applicable

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not Applicable

**ITEM 3. KEY INFORMATION****Selected Financial Data**

The following table sets forth selected consolidated financial data for Nymox for the periods indicated, derived from financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) the financial statements have been audited by Thayer O’Neal Company, LLC of Houston, Texas in the United States as of and for the year ended December 31, 2018, 2017, 2016 and 2015 and are reported in U.S. dollars. The data set forth below should be read in conjunction with the Corporation’s consolidated financial statements and notes thereto included in Part I, Item 8 of this report.

**NYMOX PHARMACEUTICAL CORPORATION****Selected Consolidated Financial Data (In U.S. dollars)**

| <b>Fiscal Year<br/>Ended December<br/>31,</b> | <b>2018</b>  | <b>2017</b> | <b>2016</b>  | <b>2015</b> | <b>2014</b>  |
|---|--------------|-------------|--------------|-------------|--------------|
| Total Assets                                  | \$ 8,075,988 | \$ 979,137  | \$ 2,057,253 | \$ 712,231  | \$ 1,422,566 |

Edgar Filing: NYMOX PHARMACEUTICAL CORP - Form 20-F

|  |                 |                 |                 |                 |                |
|--|-----------------|-----------------|-----------------|-----------------|----------------|
| Share Capital                            | \$ 126,684,101  | \$ 108,196,243  | \$ 92,125,364   | \$ 84,954,211   | \$ 81,227,058  |
| Total Equity                             | \$ 7,001,318    | \$ (1,251,350)  | \$ (641,420)    | \$ (2,753,009)  | \$ (4,180,943) |
| Sales                                    | \$ 299,412      | \$ 223,719      | \$ 283,611      | \$ 252,732      | \$ 331,909     |
| Total Revenues<br>(including sales)      | \$ 299,412      | \$ 223,719      | \$ 283,611      | \$ 2,761,265    | \$ 2,949,509   |
| Loss from<br>operating<br>activities     | \$ (10,640,620) | \$ (13,235,302) | \$ (12,869,398) | \$ (17,660,304) | \$ (4,724,705) |
| Net Loss                                 | \$ (10,593,859) | \$ (13,428,878) | \$ (13,109,608) | \$ (17,893,863) | \$ (4,594,093) |
| Loss per Share<br>(basic & diluted)      | \$ (0.18)       | \$ (0.26)       | \$ (0.28)       | \$ (0.48)       | \$ (0.13)      |
| Weighted Avg.<br>No. of Common<br>Shares | 60,466,449      | 52,647,913      | 46,155,018      | 37,402,598      | 35,253,879     |

Nymox has never paid any dividends and does not expect to do so in the foreseeable future.

## Risk Factors

Investing in our securities involves a significant degree of risk. You should carefully consider the risks described below, together with all of the other information in our publicly filed documents, before making an investment decision. If any of the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. In such an event, the trading price of our Common Shares could decline, and shareholders may lose part or all of their investment in our securities.

### **Our Clinical Trials for our Therapeutic Products in Development, Such as Fexapotide Trifluate (NX-1207), May Not Be Successful and We May Not Receive the Required Regulatory Approvals Necessary to Commercialize These Products**

Products requiring regulatory approval, such as Fexapotide Trifluate (NX-1207), will be approved for commercial sale only if governmental regulatory authorities are satisfied that our clinical trials are properly designed and conducted and that the results of those trials provide valid and acceptable evidence that the product is safe and effective for the conditions or diseases it is intended to treat. We do not know whether our already collected clinical trial results on a stand-alone basis and/or in combination with any future clinical trial results will demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals or will result in marketable products. Clinical trials are lengthy, complex, expensive and uncertain processes and failure can occur at any stage of testing. If we fail to adequately demonstrate the safety and efficacy of our products under development, we will not be able to obtain the required regulatory approvals to commercialize our product candidates. On November 2, 2014, following the completion of data verification and auditing procedures, top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation expects to continue its efforts to work on the development program.

Setbacks in our clinical trials or in our efforts to seek regulatory approval for NX-1207 or failure to obtain regulatory approval could cause the price of our shares to decline and adversely affect our business, operations, product development programs and financial condition. See “A Setback in Any of Our Clinical Trials Would Likely Cause a Drop in the Price of Our Shares”.

**Our Clinical Trials for Certain of Our Therapeutic Products May Be Delayed, making it Impossible to Achieve Anticipated Development or Commercialization Timelines and Our Development of Fexapotide Triflutate (NX-1207) for BPH Has Been Delayed Due To Negative Results In Phase III Clinical Trials.**

Delays in the initiation, conduct or completion of clinical trials are not uncommon. If one or more of our clinical trials is delayed, we may be unable to meet our anticipated development or commercialization timelines. Either circumstance could cause the price of our shares to decline, increase clinical trial and product development costs, and affect the Corporation's business, operations, product development programs and financial condition.

The design, conduct and completion of clinical trials is a complex process involving many third parties, including governmental authorities, institutional review boards, contract manufacturers, contract research organizations, consultants, investigators, patients, and data monitoring committees. The initiation, progress, completion and success of a clinical trial is in part dependent on third parties providing necessary approvals, agreements and consents, performing necessary tasks in a timely, competent manner, and complying with protocols, good clinical practices and applicable laws, rules and regulations. Failure of a third party to perform as expected or agreed upon may result in delays or failure in initiating or completing a clinical trial.

Our clinical trials are subject to prior approvals and continuing oversight by governmental regulatory authorities and institutional review boards. We must meet and comply with their requirements in order to start, continue and successfully complete a clinical trial. We may not be able to comply with one or more of these requirements or there may be delays in doing so. Governmental regulatory authorities may change approvals or requirements, resulting in changes to the design or conduct of a clinical trial or the need for new or further clinical trials.

On November 2, 2014, following the completion of data verification and auditing procedures and the unblinding and top line analysis of efficacy of the studies, Nymox announced that the NX02-0017 and NX02-0018 Phase 3 clinical trials had failed to meet their primary endpoints. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies and expects to continue its efforts to work on the development program. On July 27, 2015 Nymox announced that the Company's U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of fexapotide triflutate (NX-1207) for BPH have successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. The Company announced that Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the 2 studies. As a result of the clinical benefits observed in the long-term extension trial, the Company intends to meet with regulatory authorities in various jurisdictions around the world and in due course to proceed to file for approval where possible.

**A Setback in Any of Our Clinical Trials or Efforts to Obtain Regulatory Clearance for Our Products Would Likely Cause a Drop in the Price of Our Shares**

On November 2, 2014, following the completion of data verification and auditing procedures and the unblinding and top line analysis of efficacy of the studies, Nymox announced that the NX02-0017 and NX02-0018 Phase 3 clinical trials had failed to meet their primary endpoints. On November 3, 2014 the Corporation's stock fell approximately 82%, from \$5.14 to \$0.93.

The clinical testing of drug candidates is fraught with uncertainties and positive results from earlier clinical trials may not be repeated in later trials. As well, government regulators such as the U.S. Food and Drug Administration, or FDA, may require additional testing or further documentation relating to the preclinical testing, clinical studies, manufacturing or other issues at any time. These requirements may result in substantial delays in obtaining regulatory approval or make obtaining such approval much more difficult. Setbacks in any phase of the clinical development of our product candidates could have a negative impact on our business, operations, product development programs and financial condition, could jeopardize FDA or other regulatory approval and would likely cause a further drop in the price of our shares.

**We May Not be Able to Make Adequate Arrangements with Third Parties for the Commercialization of Our Product Candidates, such as NX-1207**

In order to commercialize our product candidates successfully, we intend, on a product-by-product basis, either to make arrangements with third parties to perform some or all of these services or to expand our existing sales, marketing and distribution capabilities. We currently have limited sales and marketing capabilities and limited experience in developing, training or managing a large marketing or sales force. We currently rely primarily upon distributors for the sales of our existing products. The cost of establishing and maintaining a larger sales force would be substantial and may exceed its cost effectiveness. In addition, in marketing our products, we would likely compete with many companies that currently have extensive and well-funded marketing and sales operations. Despite our marketing and sales efforts, we may be unable to compete successfully against these companies. We may make arrangements with third parties to market and sell some or all of our products under development in certain territories, rather than establish our own sales force. We may not be able to do so on favorable terms. If we contract with third parties for the sales and marketing of our products, our revenues will depend upon the efforts of these third parties, whose efforts may not be successful.

We anticipate entering into co-development and co-marketing agreements with one or more partners with established sales, marketing and regulatory capabilities in order to assist in the completion of the development and commercialization of NX-1207. We may not be able to do so on favorable terms. If we fail to establish or make adequate arrangements with third parties for such purposes, our business, operations, product development programs and financial condition will be materially adversely affected.

**We May Not Achieve Our Projected Development Goals in the Time Frames We Announce and Expect**

We make public statements regarding the achievement of our milestones, such as the commencement and completion of clinical trials, regulatory submission and approval dates and time of product launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in our clinical trials, the uncertainties inherent in the regulatory approval process and delays in achieving manufacturing or marketing arrangements sufficient to commercialize our products. There can be no assurance that our clinical trials will be completed, that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our current schedule for the launch of any of our products. If we fail to achieve one or more of these milestones as planned, for instance, such as the completion of our Phase 3 development of NX-1207 for BPH, which has been delayed due to certain negative results, the price of our shares could decline.

**Even If We Obtain Regulatory Approvals for Our Product Candidates, We Will be Subject to Stringent Ongoing Government Regulation**

Even if regulatory authorities approve any of our product candidates, the manufacture, marketing and sale of such products will be subject to strict and ongoing regulation. Compliance with such regulation will be expensive and consume substantial financial and management resources. For example, an approval for a product may be conditioned on our conducting costly post-marketing follow-up studies. In addition, if based on these studies, a regulatory authority does not believe that the product demonstrates a benefit to patients, such authority could limit the indications for which the product may be sold or revoke the product's regulatory approval.

We and our contract manufacturers will be required to comply with applicable current Good Manufacturing Practice ("cGMP") regulations for the manufacture of our products. These regulations include requirements relating to quality assurance, as well as the corresponding maintenance of records and documentation. Manufacturing facilities must be approved before we can use them in commercial manufacturing of our products and are subject to subsequent periodic inspection by regulatory authorities. In addition, material changes in the methods of manufacturing or changes in the suppliers of raw materials are subject to further regulatory review and approval.

If we or any marketing collaborators or contract manufacturers fail to comply with applicable regulatory requirements, we may be subject to sanctions including fines, product recalls or seizures, injunctions, total or partial suspension of production, civil penalties, and withdrawals of previously granted regulatory approvals and criminal prosecution. Any of these penalties could delay or prevent the development, marketing or sale of our products.

### **It is Uncertain When, if Ever, We Will Make a Profit**

We first began operations in 1995 and are only in the early stages of commercial marketing of our diagnostic products, NicAlert™ and TobacAlert™. We have never made a profit. We incurred a net loss of approximately \$13.4 million in 2017 and \$10.6 million in 2018. As of December 31, 2018, Nymox's accumulated deficit was approximately \$155.1 million and we have Negative cash flows from operations of \$7,800,946 for the year ended December 31, 2018. As of December 31, 2018, we had positive working capital of \$6,952,000.

We cannot say when, if ever, Nymox will become profitable or operate with positive cash flows from operations. Profitability will depend on our uncertain ability to generate revenues from the sale of our products and the licensing of our technology that will offset the significant expenditures required for us to advance our research, protect and extend our intellectual property and develop, manufacture, license, market, distribute and sell our technology and products successfully. Similar types of expenditures in the past have contributed to the net losses reported above.

### **We Will Continue as a Going Concern**

The Corporation will require additional funds to pursue its operations as a going concern for the fiscal year ending December 31, 2018 and beyond, some of the funds of which would be used to conduct further research and development, schedule clinical testing, obtain regulatory approvals and the commercialization of its product candidates. The Corporation had available cash of approximately \$7,946,487 and a positive working capital of \$6,952,000 as of December 31, 2018. Cash flows used in operations during 2018 were \$7,800,946.

Management believes that current cash balances as at December 31, 2018 and anticipated funds from product sales will be sufficient to fund its planned business operations and research and development programs over the next 12 months. However, the Corporation's primary sources of financing since 2003 has been the Common Stock Private Purchase Agreement, which expired in November 2015 and was not renewed. If necessary, the Corporation intends to seek additional equity or finance through the existing private placements and/or other sources of capital in order to fund these operations and activities over the next year.

There can be no assurance that any additional funding will be available at terms that are acceptable to the Corporation to enable the Corporation to continue to pursue its operations. Considering recent developments and the need for additional financing, there exists a material uncertainty that casts substantial doubt about the Corporation's ability to continue as a going concern. Our consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption is not appropriate, then adjustments may be necessary to the carrying value and classification of assets and liabilities and reported results of

operations and such adjustments could be material.

We have incurred operating losses throughout our history. Management believes that such operating losses will continue for at least the next few years as a result of expenditures relating to research and development of our potential therapeutic products.

### **We Face Challenges in Developing, Manufacturing and Improving Our Products**

We are still developing many of our products and have not yet brought them to market. We cannot make any assurances that we will be able to develop our products and to market them successfully. Developing and improving our diagnostic products is challenging. The science and technology of the detection and measurement of very small amounts of biochemicals in bodily fluids and tissue is evolving rapidly. We may need to make significant expenditures in research and development costs and licensing fees in order to take advantage of new technologies. If any major changes to our testing technologies used in our NicAlert™ or TobacAlert™ tests are made, further validation studies will be required. Developing new diagnostic products is more challenging, requiring identification and validation of the biochemical marker being detected by the new product in the clinical context and the development and validation of the product designed to detect the marker.

We anticipate outsourcing at least some of the manufacturing required for new products we may develop in order to control start-up and operating costs and to take advantage of the existing manufacturing capabilities and capacity in the large contract manufacturing sectors in the pharmaceutical and diagnostic industries. There are risks associated with this strategy, including difficulties in the transfer of manufacturing, the possibility of production interruption due to causes beyond our control and the need to arrange alternative suppliers. We currently out-source some of the manufacturing services required for our NicAlert™ and TobacAlert™ products to a contract manufacturer. We do not anticipate any significant risk of long-term interruption of manufacture due to this arrangement. The services supplied are not unique or unduly complicated and other contract manufacturers are available to provide similar services.

### **Our Products and Services May Not Receive Necessary Regulatory Approvals**

Our diagnostic products, NicAlert™ and TobacAlert™, and our products in development, are subject to a wide range of government regulation governing laboratory standards, product safety and efficacy. The actual regulatory schemes in place vary from country to country and regulatory compliance can take several years and involve substantial expenditures.

We cannot be sure that we can obtain necessary regulatory approvals on a timely basis, if at all, for our products in development and all of the following could have a material adverse effect on our business:

- failure to obtain or significant delays in obtaining requisite approvals;
- loss of or changes to previously obtained approvals; and
- failure to comply with existing or future regulatory requirements.

Any changes in the Centers for Medicare and Medicaid Services (“CMS”) or state law requirements or in the U.S. Food and Drug Administration (“FDA”) regulations could have a detrimental impact on our ability to offer or market any reference laboratory services and/or on our ability to obtain reimbursement from the Medicare and Medicaid programs and providers.

Similar requirements exist in many other countries. Obtaining these approvals and complying with the subsequent global regulatory requirements can be both time-consuming and expensive.

In the United States, our drugs in development will require final FDA approval before their sale or distribution. Such approval comes only at the end of a lengthy, expensive and often arduous process. In September, 2006, we announced the successful completion of a multi-center, double-blind, placebo-controlled Phase 2 trial of NX-1207, our lead candidate for the treatment of BPH, a common disorder of older men. In February 2008, the Corporation reported positive results in a 32 site U.S. Phase 2 prospective randomized clinical trial, with statistically significant improvement compared to an approved BPH drug (finasteride). Subsequent to the completion of the Phase 2 studies, the Corporation has reported positive results in several follow-up studies of BPH patients that participated in the Phase 2 studies. In February 2009, the Corporation reported concluding a positive and productive End of Phase 2 (“EOP2”) meeting with the FDA concerning the Phase 3 program for NX-1207. In June 2009, the Corporation began conducting the first of two pivotal double blind placebo controlled Phase 3 trials for NX-1207 that incorporate the specific protocol design recommendations provided to the Corporation by the FDA. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not

statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies, and expects to continue its efforts to work on the development program. On July 27, 2015 Nymox announced that the Company's U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of fexapotide trifluate (NX-1207) for BPH have successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. The Company announced that Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the 2 studies. As a result of the clinical benefits observed in the long-term extension trial, the Company has to met with regulatory authorities in various jurisdictions around the world and has filed for regulatory approval in Europe and intends to file with the FDA later this year. Nevertheless, we cannot predict with any certainty the outcome of this program, what further steps may be required or whether regulatory authorities will ultimately grant us such approval.

### **We Face Significant and Growing Competition**

The modern pharmaceutical and biotechnology industries are intensely competitive. Our treatments under development for enlarged prostate BPH face significant competition from existing products. There are at least nine drugs approved for treatment of BPH: five proprietary drugs (dutasteride (Avodart®), tamsulosin (Flomax®), alfuzosin, (Uroxatral®), silodosin (Rapaflo®), and tadalafil (Cialis®)), a combination of two drugs (dutasteride and tamsulosin) (Jalyn™), and four generics (finasteride, terazosin, doxazosin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the passage leading from the bladder through the penis through which men urinate). The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat, energy or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted. In 2013, the FDA approved the Urolift™ system, a permanent surgical implant designed to pull back prostate tissue to improve urination in men with BPH.

The diagnostic testing industry is also highly competitive. The FDA has approved two radioactive diagnostic agents for Positron Emission Tomography (“PET”) imaging as an aid to the evaluation of patients with signs of Alzheimer’s disease: Amyvid® (florbetapir), marketed by Lilly, and VizamyI® (flutemetamol), marketed by GE Healthcare. Other companies are also developing similar technologies. The introduction of other diagnostics products for tobacco product use that are cheaper, easier to perform, more accurate or otherwise more attractive to the physicians, health care payers or other potential customers would have a significant impact on the sales of our NicAlert™ or TobacAlert™ products.

### **We May Not Be Able to Successfully Market Our Products**

To increase our marketing, distribution and sales capabilities both in the United States and around the world, we will need to enter into licensing arrangements, contract sales agreements and co-marketing deals. We cannot assure you that we will be able to enter into agreements with other companies on terms acceptable to us, that any licensing arrangement will generate any revenue for the Corporation or that the costs of engaging and retaining the services of a contract sales organization will not exceed the revenues generated.

### **Protecting Our Patents and Proprietary Information is Costly and Difficult**

We believe that patent and trade secret protection is important to our business, and that our success will depend, in part, on our ability to obtain strong patents, to maintain trade secret protection and to operate without infringing the proprietary rights of others.

Obtaining and maintaining our patent position is costly. We pay for the filing, prosecution and fees of several hundred patents and patent applications in countries around the world, including the United States, Europe, Japan, Canada, Australia, New Zealand and South Korea.

While we believe that we have strong patent protection for the products we sell and for our product development programs and we are in the process of extending that patent protection to cover more countries or new discoveries or products, we cannot assure you that additional patents covering new products or improvements will be issued or that any new or existing patents will be of commercial benefit or be valid and enforceable if challenged.

We believe that the patents issued to date should not preclude Nymox from developing and marketing our products; however, it is impossible to predict the extent to which licenses from third parties will be necessary. If Nymox were to need licenses from third parties there can be no assurance that we could obtain such licenses on commercially reasonable terms, if at all.

In the fields of diagnostic methods and diagnostic tests for common human diseases and conditions, where Serex has many of its patents, there are many patents issued covering many areas of diagnostic methods, tests and technologies. We believe that these patents issued to date to other companies will not preclude Serex from developing and marketing its products but you should be aware that it is often difficult to determine the nature, breadth and validity of competing patent claims in these fields, that there has been significant litigation in some of these areas (not involving Serex) and that, if and when Serex's products become more commercially successful, Serex's products or patents may become the subject matter of litigation. If Serex were to need licenses from third parties there can be no assurance that it could obtain such licenses on commercially reasonable terms, if at all.

We are not currently involved in patent litigation. In the pharmaceutical and biotechnology industry patent disputes are frequent and can preclude the commercialization of products. Patent litigation is costly and the outcome often difficult to predict. It can expose us to significant liabilities to third parties and may require us to obtain third-party licenses at a material cost or cease using the technology or product in dispute.

### **We Face Changing Market Conditions**

The healthcare industry is in transition with a number of changes that affect the market for therapeutic and diagnostic test products. The U.S. federal and various state governments have under consideration a number of proposals that may have the effect of directly or indirectly limiting drug prices in the U.S. markets. In March 2010, the United States enacted health care reform legislation, the Patient Protection and Affordable Care Act. Important market reforms have begun and will continue through full implementation in 2016 and beyond. The new law is expected to expand access to health care to more than 32 million Americans by the end of the decade. These changes may adversely affect the prices we may charge for any therapeutic drug we develop. Funding changes and budgetary considerations can lead major health care payers and providers to make changes in reimbursement policies for our products. These changes can seriously impact the potential for growth for the market for our products, either favorably when the decision is to offer coverage for our products at a reasonable price or negatively when the decision is to deny coverage altogether. Changes in the healthcare delivery system have resulted in consolidations and in the formation of multi-hospital alliances, reducing the number of institutional customers for therapeutic and diagnostic test products. There can be no assurance that Nymox will be able to enter into and/or sustain contractual or other marketing or distribution arrangements on a satisfactory commercial basis with these institutional customers.

### **Health Care Plans May Not Cover or Adequately Pay for Our Products and Services**

Throughout the developed world, both public and private health care plans are under considerable financial and political pressure to contain their costs. The two principal methods of restricting expenditures on drugs and diagnostic products and services are to deny coverage or, if coverage is granted, to limit reimbursement. For single-payer government health care systems, a decision to deny coverage or to severely restrict reimbursement for one of our products can have an adverse effect on our business and revenues.

In the United States, where, to a significant degree, the patient population for our products is elderly, Medicare and Medicaid are sources of reimbursement. In general, any restriction on reimbursement, coverage or eligibility under either program could adversely affect reimbursement to Nymox for products and services provided to beneficiaries of the Medicare and/or Medicaid programs. Many elderly people are covered by a variety of private health care organizations either operating private health care plans or Medicare or Medicaid programs subject to government regulation. These organizations are also under considerable financial constraints and we may not be able to secure coverage or adequate reimbursement from these organizations. Without coverage, we will have to look to the patients

themselves who may be unwilling or unable to pay for the product; in turn, doctors may be reluctant to order or prescribe our products in the absence of coverage of the product for the patient.

**We Are Subject to Continuing Potential Product Liability Risks, Which Could Cost Us Material Amounts of Money**

We may be subject to product liability which could task our critical resources, delay the implementation of our business strategy, result in products being recalled or removed from the market, and materially and adversely harm our business and financial condition due to the costs of defending such legal actions or the payment of any judgments or settlements relating to such actions or both. Our business exposes us to the risk of product liability claims that is inherent in the development and marketing, distribution, and sale of pharmaceutical and diagnostic products. If any of our product candidates or marketed products harms people, or is alleged to be harmful, we may be subject to costly and damaging product liability claims brought against us by clinical trial participants, consumers, patients, health care providers, corporate partners or others.

We have product liability insurance covering our ongoing clinical trials and marketed products. Our insurance coverage may not be sufficient to cover fully all potential claims, nor can we guarantee the solvency of any of our insurers. If our claims experience results in higher rates, or if product liability insurance otherwise becomes costlier because of general economic, market or industry conditions, then we may not be able to maintain product liability coverage on acceptable terms. If sales of our products increase materially, or if we add significant products to our portfolio, then we will require increased coverage and may not be able to secure such coverage at reasonable rates or terms. If our insurance coverage is not sufficient to cover fully all potential claims, the Corporation would be exposed to the risk that our litigation costs and liability could exceed our total assets and our ability to pay.

### **The Issuance of New Shares May Dilute Nymox's Stock**

The Corporation relies almost exclusively on financing to fund its operations. In order to achieve the Corporation's business plan and realization of its assets and liabilities in the normal course of operations, the Corporation anticipates the need to raise additional capital and/or achieve sales and other revenue generating activities. The Corporation has historically primarily depended on financing under the Common Stock Private Purchase Agreement as well as direct private placements of its Common Stock to qualified investors to fund its operations. The Corporation issued convertible notes in the amount of \$1,070,000 on December 16, 2014, has converted into 2,007,504 common shares of the Corporation by the year end of December 31, 2017 at a conversion price of \$0.533 per share that has diluted our common stock. Moreover, Nymox may use its shares as currency in acquisitions. The issuance of further shares and the eligibility of issued shares for sale will dilute our common stock and may lower its share price. There were 67,676,256 common shares of Nymox issued and outstanding as of March 26, 2019. In addition, 5,740,000 share options are outstanding, of which 5,710,000 are currently vested. Expiry dates for Nymox options range from 3.5 years to 8.0 years (see note 11 to our consolidated financial statements). These options have been granted to employees, officers, directors and consultants of the Corporation.

### **If We Fail to Maintain Compliance with the Requirements for Continued Listing on The NASDAQ Stock Market, Our Common Shares Could be Delisted from Trading on the NASDAQ Stock Market, Which Would Adversely Affect the Liquidity of Our Common Shares and Our Ability to Raise Additional Capital.**

Our common shares are currently listed for quotation on the NASDAQ Stock Market. We are required to meet specified financial requirements in order to maintain our listing on the NASDAQ Stock Market. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation will consider an alternate trading platform for its common shares. Any potential delisting of our common shares from the NASDAQ Stock Market would make it more difficult for our shareholders to sell our shares in the public market and would likely result in decreased liquidity, limited availability of market quotations for common shares, limited availability of news and analyst coverage regarding our company, a decreased ability to issue additional securities and increased volatility in the price of our common shares. Further, if we were no longer listed on the NASDAQ Stock Market or any other U.S. exchange, our ability to raise additional capital could be impeded and thus have a material adverse effect on our business and operations.

**We Face Potential Losses Due to Foreign Currency Exchange Risks**

Nymox incurs certain expenses, principally relating to salaries and operating expenses at its Bahamian, U.S. and Canadian offices. Most of our expenses are derived in U.S. dollars. As a result, we are exposed to the risk of losses due to fluctuations primarily in the exchange rates between the U.S. dollar and the Canadian dollar. We protect ourselves against this risk by maintaining cash balances in both currencies. We do not currently engage in hedging activities. The Corporation may suffer losses as a result of unfavorable fluctuations in the exchange rates between the United States dollar and Canadian dollar.

**We Have Never Paid a Dividend and are Unlikely to do so in the Foreseeable Future**

Nymox has never paid any dividends and does not expect to do so in the foreseeable future. We expect to retain any earnings or positive cash flow in order to finance and develop Nymox's business.

### **Differences between Bahamas and NASDAQ Corporate Governance Practices**

Nymox Pharmaceutical Corporation is subject to corporate governance requirements imposed by NASDAQ because Nymox Pharmaceutical's Shares are listed on the Nasdaq Capital Market.

Nymox Pharmaceutical Corporation is incorporated in the Bahamas. Under NASDAQ Marketplace Rule 5615(a)(3), NASDAQ-listed non-US companies may, in general, follow their home country corporate governance practices in lieu of certain NASDAQ corporate governance requirements. A NASDAQ-listed non-U.S. company is required to provide a general summary of the significant differences between its home country corporate governance practices and NASDAQ corporate governance requirements to its shareholders, either in the company's annual report filed on Form 20-F or on the company's website. Nymox is committed to a high standard of corporate governance. As such, Nymox endeavors to comply with most of the NASDAQ corporate governance practices, with the following exceptions. Under NASDAQ Marketplace Rule 5635(c), shareholders must be given the opportunity to vote on any material amendment to the terms of a company's equity compensation plan (i.e., an amendment to the plan to include repricing provisions). There is no requirement under Bahamas law that equity compensation plan, or any material amendment thereto, be subject to shareholder approval. Nymox will continue to follow the Bahamas practice and require any material amendment to the terms of its plan to be subject only to approval by its board of directors.

Also under NASDAQ Marketplace Rule 5635(d), shareholders must be given the opportunity to vote prior to the issuance of securities in connection with a transaction other than a public offering involving: (1) the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or substantial shareholders of the Company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or (2) the sale, issuance or potential issuance by the Company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock. There is no requirement under Bahamas law that stock issuances pursuant to private placements be subject to shareholder approval. Nymox will continue to follow the Bahamas practice and require private placement transactions to be subject only to approval by its board of directors.

## **ITEM 4. INFORMATION ON THE CORPORATION**

### **History of the Corporation**

Nymox Pharmaceutical Corporation was incorporated under the Canada Business Corporations Act in May 1995 to acquire all of the common shares of DMS Pharmaceutical Inc., a private Corporation which had been carrying on research and development since 1989 on diagnostics and drugs for brain disorders and diseases of the aged with an emphasis on Alzheimer's disease. In 2015, the Corporation changed domicile to The Bahamas.

We have funded our operations and projects primarily by selling shares of Nymox's common stock. On December 1, 1996, our common shares began trading on the Nasdaq Stock Market. Nymox's common shares also traded on the Montreal Exchange from December 18, 1995 to November 19, 1999. In total through December 31, 2018, Nymox has raised over \$123 million through the issuance of common stock or securities exercisable for shares of common stock since its incorporation in May 1995.

### **Organizational Structure**

Nymox has two subsidiaries: one wholly-owned subsidiary named Nymox Corporation and the other a majority owned subsidiary named Serex, Inc., acquired in 2000. Both subsidiaries are based in the same building in Hasbrouck Heights, New Jersey. Nymox Corporation also opened a new office in California (USA) in August, 2018. Nymox Corporation conducts some research and development as well as maintain all Quality Assurance activities, while Serex conducts research and development, and some of the manufacturing for NicAlert™ and TobacAlert™.

Nymox's offices are located at:

Nymox Pharmaceutical Corporation

Bay & Deveaux Sts., Nassau, The Bahamas

Phone: (800) 936-9669 Fax: (514) 332-2227

Nymox's registered agent in the United States is:

CT Corporation System

111 Eighth Avenue, 13<sup>th</sup> Floor

New York, NY, 10011

Nymox's two subsidiaries are located at:

Nymox Corporation

777 Terrace Avenue

Hasbrouck Heights, NJ, USA 07604

Serex, Inc.

777 Terrace Avenue

Hasbrouck Heights, NJ, USA 07604

## **Business Overview**

Nymox Pharmaceutical Corporation is a biopharmaceutical company focused on developing its drug candidate, NX-1207, for the treatment of BPH and the treatment of low-grade localized prostate cancer. The Corporation currently markets NicAlert™ and TobacAlert™, tests that use urine or saliva to detect use of tobacco products. The Corporation also has an extensive patent portfolio covering its marketed products, its investigational drug as well as other therapeutic and diagnostic indications.

Nymox also has U.S. and global patent rights for the use of statin drugs for the treatment and prevention of Alzheimer's disease. On March 24, 2015, the Corporation announced that it would hold a special shareholders meeting on April 15, 2015 in Montreal for a motion to transfer the Corporation's head office from Montreal (Quebec) to the Bahamas. Over 94% of the shareholders agreed to move the Corporation Domicile from Canada to The Bahamas. On October 6, 2015, the Canada authority issued certification for discontinuance of the Canada Business Corporations to the Corporation and the Corporation was deemed to be continued in the commonwealth of the Bahamas as an International Business Company.

## **Products**

### ***NicAlert™ for Tobacco Product Use and TobacAlert™ for Second-Hand Smoke Exposure***

Nymox has developed and markets NicAlert™ and TobacAlert™, which are inexpensive, simple-to-use test strips for determining whether a person is using tobacco products (NicAlert™) or has been recently exposed to second-hand smoke (TobacAlert™). Both NicAlert™ and TobacAlert™ employ Serex, Inc.'s patented technology to provide an accurate read-out of levels of cotinine, a by-product of the body's breakdown of nicotine and generally regarded as the best indicator of tobacco exposure for smokers and nonsmokers. The technology can be used with saliva as well as urine samples in order to detect tobacco product use. NicAlert™ and TobacAlert™ do not require instruments or special training to use and offer a quick, convenient means to test on-site whether a person, such as a child, teenager, student athlete or insurance applicant, is using a tobacco product or has been exposed to second-hand smoke.

Smoking and other tobacco product use is a serious public health problem around the world. Smoking kills. According to the Centers for Disease Control and Prevention, cigarette smoking is responsible for more than 443,000 deaths per year in the United States alone. Smoking can cause cancer of the lung, mouth, bladder, larynx, esophagus and other organs, as well as heart disease and stroke and chronic lung disease. Every year, exposure to second-hand smoke (environmental tobacco smoke or ETS) causes an estimated 3,400 nonsmoking Americans to die of lung cancer and up to 300,000 American infants and small children to suffer from lower respiratory tract infections.

NicAlert™ received clearance from the FDA in October 2002 for medical use to determine if an individual has been exposed to tobacco products. In January, 2006, Nymox announced the certification of the urine-based version of NicAlert™ with a CE Mark making it eligible for sale in the European Union and in May, 2006 the certification of the saliva-based version of NicAlert™ with a CE Mark. In September, 2003, Nymox launched TobacAlert™ for nonmedical testing for second hand smoke exposure in the U.S.



We market the NicAlert™ and TobacAlert™ tests through our own marketing arm and distributors in North America, Europe and Asia. TobacAlert™ is also available online at [www.tobacalert.com](http://www.tobacalert.com). Nymox has entered into distribution and marketing agreements with companies and organizations in the U.S. for these products.

Our NicAlert™ and TobacAlert™ products face competition from clinical laboratories such as LabCorp and Quest Diagnostics which provide off-site lab testing for cotinine, the by-product of the body's breakdown of nicotine measured by NicAlert™ and TobacAlert™, and from assay suppliers, including immunoassay developers such as OraSure Technologies Inc. and Abraxis LLC, and diagnostic system manufacturers such as Roche Diagnostics, Abbott and Siemens Medical Solutions. NicAlert™ and TobacAlert™ also face competition from distributors who supply yes-no smoking status tests such as NicQuick, and QuickScreen, from NicCheck™ I, an FDA-cleared smoking status test being marketed by Mossman & Associates Ltd, from SmokeScreen, a chemical color-based tobacco test being marketed by GFC Diagnostics Ltd. in the United Kingdom, and from carbon monoxide ("CO") monitors such as SmokeCheck.

NicAlert™ and TobacAlert™ products are currently partly manufactured through out-sourcing arrangements with contract manufacturers. To date, we have not experienced any significant interruptions in the manufacture of these products and the cost of the manufacturing services has not been volatile. The manufacturing services supplied by our current contract manufacturers are not unique or unduly complicated and other contract manufacturers are available to provide similar services in the event that our current contract manufacturers fail to meet our needs.

The technology used in these products is covered by patents and patent applications held by Nymox's subsidiary, Serex, Inc., both in the U.S. and elsewhere in the world

***AlzheimAlert™; an Aid to the Diagnosis of Alzheimer's disease***

We have developed AlzheimAlert™, a proprietary urine assay that can aid physicians in the diagnosis of Alzheimer's disease. We have developed a kit version of the AlzheimAlert™ assay for sale in Europe. The AlzheimAlert™ kit has the CE Mark. The kit allows clinical reference laboratories to perform the AlzheimAlert™ assay on site with urine samples sent directly to the laboratory.

**Products in Development:**

***NX-1207 for Enlarged Prostate (BPH)***

We are developing treatments for BPH, using novel compounds. Our lead candidate NX-1207 successfully completed a multi-center, double-blind, placebo-controlled Phase 2 trial in September 2006. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. The Corporation is in the process of further data analysis and assessments of the two studies and expects to continue its efforts to work on the development program. We cannot predict with any certainty the outcome of this program, what further steps may be required in order to apply for final FDA approval for this drug or whether the FDA will ultimately grant us such approval.

We believe, there is a significant need for an effective treatment for BPH. More than half of men in their sixties and as many as 90% of men in their seventies and eighties have the symptoms or signs of BPH according to the 2010 AUA Guideline on the Management of Benign Prostatic Hyperplasia, American Urological Association. Symptoms include more frequent urination (especially at night), difficulty urinating, incomplete emptying of the bladder and sometimes complete inability to urinate. More serious cases may require surgical intervention to reduce the size of the prostate. There is a need for a simple, effective treatment for BPH, particularly in cases where existing drug treatments have proven to be ineffective and where more intrusive procedures such as surgery may be inadvisable or bring unacceptable risks.

In July 2012, Nymox reported positive results from a study of long-term treatment outcomes for men who had received a single injection of NX-1207 2.5 mg for treatment for their BPH. The study analysis found that a statistically significant greater number of men who had received NX-1207 2.5 mg reported positive treatment outcomes as compared to men who had received a placebo. The study involved the latest blinded follow-up study data (an average of 57 months post-injection) from the completed clinical trials for these treatment groups. A positive treatment outcome was seen if the patient was not using other BPH medications and no surgical treatment (including MIST) for BPH was reported at any time during the post-injection follow-up period. The statistical analysis of blinded study data showed NX-1207 2.5 mg to have a lasting benefit in terms of positive treatment outcomes that was significantly superior to placebo.

Completed Phase 2 studies have shown that a single administration of NX-1207 resulted in symptomatic improvements which reached statistical significance compared to double-blinded placebo and study controls. The drug is administered by a urologist in an office setting in a brief procedure that does not require anesthesia, sedation, or catheterization and involves little or no pain or discomfort. NX-1207 treatment has not been found to have the sexual, blood pressure, or other side effects associated with the use of the approved drugs for the treatment of BPH. Follow-up studies have shown clinical efficacy effects lasting up to 7½ years after a single treatment.

In February 2009, the Corporation reported concluding a positive and productive EOP2 meeting with the FDA concerning the Phase 3 program for NX-1207. In June 2009, the Corporation began conducting the first of two pivotal double blind placebo controlled Phase 3 trials for NX-1207 that incorporate the specific protocol design recommendations provided to the Corporation by the FDA. On November 2, 2014, following the completion of data verification and auditing procedures and the unblinding and top line analysis of efficacy of the studies, Nymox announced that the NX02-0017 and NX02-0018 Phase 3 clinical trials had failed to meet their primary endpoints. Top-line results of the Phase 3 NX02-0017 and NX02-0018 U.S. clinical trials of NX-1207 for BPH at 12 months post-treatment were not statistically significant compared to placebo. At the time, the Corporation announced that it was in the process of performing further data analysis and assessments of the two studies. The Company further announced that it expects to continue its efforts to work on the development program.

On July 27, 2015 Nymox announced initial clinical results from its ongoing analysis and assessment of its Phase 3 development program in BPH. The Company announced that the U.S. long-term extension prospective double-blind Phase 3 BPH studies NX02-0017 and NX02-0018 of fexapotide triflutate (NX-1207) for BPH had successfully met the pre-specified primary endpoint of long-term symptomatic statistically significant benefit superior to placebo. Fexapotide showed an excellent safety profile with no evidence of drug-related short-term or long-term toxicity nor any significant related molecular side effects in the 2 studies. As a result of the clinical benefits observed in the long-term extension trial, the Company announced that it intends to meet with regulatory authorities in various jurisdictions around the world and in due course explore the possibility to proceed to file for approval where possible.

Our treatments under development for enlarged prostate (benign prostatic hyperplasia or BPH) face significant competition from existing products. There are nine drugs approved for treatment of BPH: five proprietary drugs

(dutasteride (Avodart®), tamsulosin (Flomax®), alfuzosin (Uroxatral®), silodosin (Rapaflo®), and tadalafil (Cialis®)) a combination of two drugs (dutasteride and tamsulosin) (Jalyn™), and four generics (finasteride, terazosin, doxazosin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the passage leading from the bladder through the penis through which men urinate). The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted. In 2013, the FDA approved the Urolift™ system, a permanent surgical implant designed to pull back prostate tissue to improve urination in men with BPH.

### *NX-1207 for Prostate Cancer*

We are also developing NX-1207 as a focal treatment for certain types of cancer. In March 2012, we initiated a Phase 2 U.S. clinical trial enrolling a total of 147 patients at 28 clinical centers across the U.S. to evaluate the Corporation's NX-1207 drug for the treatment of low grade localized prostate cancer. The trial was initiated in accordance with an Investigational New Drug ("IND") application filed with the FDA and specific direction and guidance provided by the FDA in pre-IND meetings. Initial positive results from this trial were reported in 2014.

The Corporation is in the process of working towards definitive studies for this indication.

### **Preclinical Studies of NX-1207 for Hepatocellular Carcinoma**

Preclinical studies of NX-1207 also showed positive results when given to animals with hepatocellular carcinoma (“HCC”). In the experimental studies, the cancers were significantly reduced in size after 2 local injections of NX-1207. The Corporation intends to advance NX-1207 into human clinical trials for the treatment of HCC.

We cannot predict with any certainty whether the use of NX-1207 for any oncological indication will successfully complete preclinical testing, whether government regulatory agencies, such as the FDA, will permit such products to proceed to human trials, or whether ultimately the use of NX-1207 for any such indications will be granted approval for sale and marketing in the U.S., Canada, or elsewhere in the world. The development of cancer therapeutics in particular is associated with high risks and many uncertainties and a drug candidate that shows efficacy in pre-clinical testing and in animal models may fail in human trials or take a long period (7 years or more) to achieve regulatory approval.

### **Research and Development of New Products**

#### ***New Therapeutics for Alzheimer’s disease***

Nymox has a number of proprietary drug development programs aimed at treatments for Alzheimer’s disease and other indications including research on NTP and its role in the extensive brain cell loss associated with AD and another program based on spherons, which Nymox researchers regard as a source of senile plaques, the characteristic abnormality found in abundance in the brains of patients with AD and widely believed to play a major role in the cause and course of the illness.

At present, there is no cure for Alzheimer’s disease.

Nymox’s research into drug treatments for Alzheimer’s disease is aimed at compounds that could arrest the progression of the disease and therefore are targeted for long term use.

#### ***New Diagnostic Products***

Nymox has a number of proprietary diagnostic markers and technologies, including a patented platform for point-of-care testing, and has tests utilizing these technologies in the early stages of development. The Corporation also owns patent rights to several novel biochemical indicators for Alzheimer's disease.

### Historical Expenditures for Research and Development Activities

Since 2005, expenses have primarily related to the development and clinical trials of NX-1207, our candidate for the treatment of BPH. The breakdown of research and development costs for these periods is as follows:

| <b>Period</b> | <b>Amount<br/>(In<br/>Thousands<br/>of US\$)</b> |
|---------------|--|
| Prior to 2005 | \$ 18,507  |
| 2005          | 2,293  |
| 2006          | 3,171  |
| 2007          | 3,468  |
| 2008          | 2,389  |
| 2009          | 3,043  |
| 2010          | 4,552  |
| 2011          | 6,602  |
| 2012          | 6,586  |
| 2013          | 5,698  |
| 2014          | 3,859  |
| 2015          | 2,967  |
| 2016          | 2,722  |
| 2017          | 5,284  |
| 2018          | 4,925  |
| <b>Total</b>  | <b>\$ 76,066</b>                                 |

Total research and development expenditures to date, excluding stock-based compensation and depreciation expenses, are \$76,066,000.

According to industry statistics, on average it takes 10 to 15 years to research, develop and bring to market a new prescription medicine in the United States. In light of the steps and complexities involved, the successful development of our product candidates is highly uncertain. Actual product timelines and costs are subject to enormous variability and are very difficult to predict. Accordingly, we cannot provide reliable estimates of the nature, timing and estimated costs of the efforts necessary to complete our programs. This is particularly the case for our programs in early stage development. The risk of failure to complete any such program is high because of uncertain feasibility and commercial viability, long lead times to program completion and potentially high costs in relation to anticipated returns. We update and change our product development programs to reflect the most recent preclinical and clinical data and other relevant information. Many of our products under development require regulatory approval before being sold. The process of obtaining such approvals is often lengthy and uncertain and requires the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business. We cannot assure you that any such approvals required will be obtained on a timely basis, if at all.

### **Manufacturing Arrangements**

Our NicAlert™ and TobacAlert™ products kits are currently partly manufactured through out-sourcing arrangements with contract manufacturers. To date, we have not experienced any significant interruptions in the manufacture of these products and the cost of the manufacturing services has not been volatile. The manufacturing services supplied by our current contract manufacturer are not unique or unduly complicated and other contract manufacturers are available to provide similar services in the event that our current contract manufacturer fails to meet our needs.

### **Governmental Regulation**

All our products – approved and under development - are subject to extensive government regulation in the United States and in international markets. Any changes in any national or regional legislation could have an impact on our future ability to offer or market any pharmaceutical and/or diagnostic product and thus have a negative effect on our ability to obtain reimbursement from any health insurance programs and providers.

Our therapeutic products under development by Nymox would also have to receive regulatory approval. This is a costly, lengthy and risky process. In the United States, in order for a product to be marketed, it must go through four distinct development and evaluation stages:

Product Evaluation

We must conduct preliminary studies of potential drug candidates using various screening methods to evaluate them for further testing, development and marketing.

Optimization of Product Formulation

The activities in this stage of development involve consultations between us and investigators and scientific personnel. Preliminary selection of screening candidates to become product candidates for further development and further evaluation of drug efficacy is based on research based biochemical measurements. Extensive formulation work and in vitro testing are conducted for each of various selected screening candidates and/or product candidates.

### Clinical Screening and Evaluation

During this phase of development, portions of which may overlap with product evaluation and optimization of product formulation, initial clinical screening of product candidates is undertaken and full scale clinical trials commence. The FDA must approve any clinical testing on healthy subjects (Phase 1) and on patients (Phase 2 and 3).

### Final Product Development

The activities to be undertaken in final product development include performing final clinical evaluations, conducting large-scale experiments to confirm the reproducibility of clinical responses, making clinical lots for any additional extensive clinical testing that may be required, performing any further safety studies required by the FDA, carrying out process development work to allow pilot scale production of the product, completing production demonstration runs for each potential product, filing new drug applications, product license applications, investigational device exemptions (and any necessary supplements or amendments) and undergoing comprehensive regulatory approval programs and processes.

We cannot assure you that we will successfully complete the development and commercialization of any therapeutic products.

In the United States, obtaining the necessary FDA approval for any drug is a lengthy, expensive and often arduous process. We cannot predict with any certainty the amount of time the FDA will take to approve one of our drugs or even whether any such approval will be forthcoming. Similar requirements exist in many other countries.

In the United States, the FDA approval procedure is a two-step process. We must file an IND application for each product with the FDA before beginning the initial (Phase 1) clinical testing of the new drug in healthy subjects. If the FDA has not commented on or questioned the application within 30 days of its filing, initial clinical studies may begin. If, however, the FDA has comments or questions, the questions must be answered to the satisfaction of the FDA before initial clinical testing can begin. In some instances, this process could result in substantial delay and expense. Phase I studies are intended to demonstrate the functional characteristics and safety of a product.

After Phase 1 testing, we must conduct extensive clinical trials with patients in order to establish the efficacy and safety of our drug. Once we complete the required clinical testing, we expect to have to file a new drug application for FDA approval in order to market most, if not all, of our new drugs. The application is complicated and detailed and

must include the results of extensive clinical and other testing, the cost of which is substantial. The FDA conducts an extensive and often lengthy review of such applications. The agency is required to review applications within 180 days of their filing, but, during the review, frequently requests that additional information be submitted. This starts the 180-day regulatory review period anew when the requested additional information is submitted and, as a result, can significantly extend the review period. Until the FDA actually approves the new drug application, there can be no assurance that the agency will consider the information requested and submitted to justify approval. The packaging and labeling of products are also subject to FDA regulation. Accordingly, it is impossible to anticipate when the FDA will approve a new drug application.

Our lead candidate is NX-1207, a treatment for BPH and for low grade localized prostate cancer. We cannot predict with any certainty what further steps may be required in order to apply for final FDA approval for this drug or whether the FDA will ultimately grant us such approval.

We must also obtain approval for our drugs or diagnostic devices from the comparable regulatory authority in other countries before we can begin marketing our product in that country. The approval procedure varies from country to country and can involve additional testing. The time required may differ from that required for FDA approval. Although there are some procedures for unified filings for certain European countries, in general each country has its own procedures and requirements, many of which are time-consuming and expensive. Thus, there can be substantial delays in obtaining required approvals from both the FDA and foreign regulatory authorities after the relevant applications are filed.

After such approvals are obtained, further delays may be encountered before the products become commercially available. If, subsequent to approval, new information becomes available concerning the safety or effectiveness of any approved product, the regulatory authority may require the labeling for the affected product to be revised or the product to be withdrawn. Our manufacturing of any approved drug must conform with the FDA's good manufacturing practice regulations which govern the production of pharmaceutical products and be subject to inspections and compliance orders.

Government regulation also affects our ability to receive an appropriate level of reimbursement for our products. Throughout the developed world, both public and private health care plans are under considerable financial and political pressure to contain their costs. The two principal methods of restricting expenditures on drugs and diagnostic products and services are to deny coverage or, if coverage is granted, to limit reimbursement. For single-payer government health care systems, a decision to deny coverage or to severely restrict reimbursement for one of our products can have an adverse effect on our business and revenues.

In the United States, where, to a significant degree, the patient population for our products is elderly, Medicare and Medicaid are sources of reimbursement. In general, any restriction on reimbursement, coverage or eligibility under either program could adversely affect reimbursement to Nymox for products and services provided to beneficiaries of the Medicare and/or Medicaid programs. Many elderly people are covered by a variety of private health care organizations either operating private health care plans or Medicare or Medicaid programs subject to government regulation. These organizations are also under considerable financial constraints and we may not be able to secure coverage or adequate reimbursement from these organizations. Without coverage, we will have to look to the patients themselves who may be unwilling or unable to pay for the product; in turn, doctors may be reluctant to order or prescribe our products in the absence of coverage of the product for the patient.

In March 2010, the United States enacted sweeping health care reform legislation, the Patient Protection and Affordable Care Act. Important market reforms have begun and continued through full implementation in 2014. These changes may adversely affect the prices we may charge for any therapeutic drug we develop. The long-term impact of legislative changes in terms of their efficiency, effectiveness and financial viability in delivering health care services to an aging population is uncertain at present. Any legislative or regulatory actions to reduce or contain federal spending under either the Medicare or Medicaid programs could adversely affect our ability to participate in either program as a provider or supplier of services or products and the amount of reimbursement under these programs potentially available to us.

### **Patents and Proprietary Information**

We believe that patent and trade secret protection is important to our business, and that our success will depend, in part, on our ability to obtain strong patents, to maintain trade secret protection and to operate without infringing the

proprietary rights of others. The commercial success of products incorporating our technologies may depend, in part, upon our ability to obtain strong patent protection. We cannot assure you that additional patents covering new products or improvements will be issued or that any new or existing patents will be of commercial benefit or be valid and enforceable if challenged.

We pursue a policy of seeking patent protection for valuable patentable subject matter of our proprietary technology and require all employees, consultants and other persons who may have access to its proprietary technology to sign confidentiality agreements.

Nymox has issued patents in the main European markets, including Great Britain, Germany, France, Italy, The Netherlands, Sweden and Spain among others and in other countries such as Japan, Canada and Australia. These patents cover much of our current product development and technologies.

Nymox's subsidiary, Serex, has patents issued or allowed in the United States and a corresponding patents worldwide. These patents and patent applications cover such areas as Serex's proprietary diagnostic technologies and methodologies

The Corporation has issued U.S. patents and other countries covering NX-1207 that relate to the composition of the compound, its formulation and its methods of use. The earliest expiry date for these U.S. patents is in 2022. Under current U.S. laws, if NX-1207 is approved for marketing by the FDA, the product is eligible for a patent term extension of up to five years or more depending on the jurisdiction. The Corporation does not license any material patents related to NX-1207 from any third parties.

We also rely upon trade secrets, know-how, and continuing technological advancement to develop and maintain our competitive position. We control the disclosure and use of our know-how and confidential information through agreements with the parties involved. In addition, we have confidentiality agreements with our key employees, consultants, officers and directors. There can be no assurance, however, that all confidentiality agreements will be honored, that others will not independently develop equivalent technology, that disputes will not arise as to the ownership of intellectual property, or that disclosure of our trade secrets will not occur. Furthermore, there can be no assurance that others have not obtained or will not obtain patent protection that will exclude us from using our trade secrets and confidential information. To the extent that consultants or research collaborators use intellectual property owned by others in their work with us, disputes may also arise as to the rights to related or resulting know-how or inventions.

## **Competition**

Rapidly evolving technology and intense competition are the hallmarks of modern pharmaceutical and biotechnology industries. Our competitors include:

- Major pharmaceutical, diagnostic, chemical and biotechnology companies, many of which have financial, technical and marketing resources significantly greater than ours;
- Biotechnology companies, either alone or in collaborations with large, established pharmaceutical companies to support research, development and commercialization of products that may be competitive with ours; and
- Academic institutions, government agencies and other public and private research organizations which are conducting research into Alzheimer's disease and which increasingly are patenting, licensing and commercializing their products either on their own or through joint ventures.

Our NicAlert™ and TobacAlert™ products face competition from clinical laboratories such as LabCorp and Quest Diagnostics which provide off-site lab testing for cotinine, the by-product of the body's breakdown of nicotine measured by NicAlert™ and TobacAlert™, and from assay suppliers, including immunoassay developers such as OraSure

Technologies Inc. and Abraxis LLC, and diagnostic system manufacturers such as Roche Diagnostics, Abbott and Diagnostic Products Corporation. NicAlert™ and TobacAlert™ also face competition from distributors who supply simple yes-no smoking status tests such as NicQuick, and QuickScreen, from NicCheck™ I, an FDA-cleared smoking status test being marketed by Mossman & Associates Ltd, from SmokeScreen, a chemical color-based tobacco test being marketed by GFC Diagnostics Ltd. in the United Kingdom, and from CO monitors such as SmokeCheck.

Our treatments under development for BPH face significant competition from existing products. There are eight drugs approved for treatment of BPH: five proprietary drugs (tadalafil (Cialis®), dutasteride (Avodart®), tamsulosin (Flomax®), alfuzozin (Uroxatral®), and silodosin (Rapaflo®)) a combination of two drugs (dutasteride and tamsulosin) (Jalyn™), and four generics (finasteride, terazozin, doxazosin, and prazosin). There are a number of thermal treatments on the market designed to shrink the enlarged prostate by heating its tissue with a device inserted through the urethra (the tube leading from the bladder through the penis through which men urinate) or through the abdomen. The devices on the market use microwave energy (Prostatron®, Targis Therapy® or TherMatrx®), low level radiowaves (TUNA System®), lasers (Indigo LaserOptic Treatment System® or Laserscope GreenLight PVP™), direct heat or hot water to heat or burn away prostate tissue. A variety of surgical procedures exist to surgically reduce or remove the prostate or to widen the urethra. These include procedures to cut away prostate tissue such as TURP (transurethral resection of the prostate) and using a resectoscope with an electrical loop inserted through the penis to cut the prostate tissue. A small device used to widen the constricted urethra called a prostatic stent can also be inserted. In 2013, the FDA approved the Urolift™ system, a permanent surgical implant designed to pull back prostate tissue to improve urination in men with BPH.

## Marketing

At present, we do most of our marketing ourselves. To increase our marketing, distribution and sales, we will need to enter into licensing arrangements, contract sales agreements and co-marketing deals. We cannot assure you that we will be able to enter into agreements with other companies on terms acceptable to us, that any licensing arrangement will generate any revenue for the Corporation or that the costs of engaging and retaining the services of a contract sales organization will not exceed the revenues generated.

If successfully developed and approved, we plan to market and sell our therapeutic and diagnostic products directly or through co-promotion arrangements or other licensing arrangements with third parties. In cases where we have sole or shared marketing rights, we plan to build a small, focused sales force if and when such products approach marketing approval in some markets, including Europe. Implementation of this strategy will depend on many factors, including the market potential of any products we develop as well as on our financial resources. To the extent we will enter into co-promotion or other licensing arrangements, any revenues received by us will be dependent on the efforts of third parties.

## Principal Markets

The Corporation markets its products for sale principally in the United States, Canada and overseas. Set forth below is a breakdown of the Corporation's revenues by geographic market for the last three years.

| <b>Revenue by Geographic Market</b> |               |                      |                           |              |
|-------------------------------------|---------------|----------------------|---------------------------|--------------|
| <b>Year Ended</b>                   | <b>Canada</b> | <b>United States</b> | <b>Europe &amp; Other</b> | <b>Total</b> |
| 2018                                | \$ 1,390      | \$ 275,685           | \$ 22,337                 | \$ 299,412   |
| 2017                                | \$ 4,926      | \$ 197,462           | \$ 21,331                 | \$ 223,719   |
| 2016                                | \$ 296        | \$ 232,319           | \$ 50,996                 | \$ 283,611   |

## Property and Equipment

Nymox Pharmaceutical Corporation leases office and in St. Laurent, Quebec, Canada that comprise of approximately 3,070 square feet of leased space. A new lease was signed in September 2018 and expires in August 2020. This space is primarily used to store records including records related to clinical trials. Nymox Corporation and Serex, Inc. facilities in Hasbrouck Heights, New Jersey comprise 4,799 square feet of leased space. That lease agreement expires

in October 31, 2020. In July, 2018, Nymox Corporation leased a new office in California that comprised of approximately 2,408 square feet of leased space. That lease agreement expires in December 31, 2019.

Nymox Pharmaceutical Corporation and its two US subsidiaries Nymox Corporation and Serex, Inc. own equipment used in research and development work. Nymox believes that its facilities in Quebec and New Jersey are adequate for its current needs and that additional space, if required, would be available on commercially reasonable terms.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

##### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(In US dollars)**

This Management's discussion and analysis ("MD&A") comments on the Corporation's operations, performance and financial condition as of and for the years ended December 31, 2018, 2017 and 2016. This MD&A should be read together with the audited Consolidated Financial Statements and the related notes. This MD&A is dated March 27, 2019. All amounts in this report are in U.S. dollars, unless otherwise noted.

Except as otherwise indicated, all financial information contained in this MD&A and in the Consolidated Financial Statements has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Consolidated Financial Statements and this MD&A were reviewed by the Corporation’s Audit Committee and were approved by our Board of Directors.

Additional information about the Corporation can be obtained on EDGAR at [www.sec.gov](http://www.sec.gov) or on SEDAR at [www.sedar.com](http://www.sedar.com).

All figures are presented in U.S. dollars, unless otherwise stated.

## **Overview**

We have incurred substantial operating losses since our inception due in large part to expenditures for our research and development activities. Management believes that such operating losses will continue for at least the next few years as a result of expenditures relating to research and development of our potential products.

As of December 31, 2018, we had an accumulated deficit of \$155 million. Even our total assets exceeded our total liabilities. However our current level of annual expenditures exceeds the anticipated revenues from sales of goods and may not be covered by additional sources of funds. Management believes that such operating losses will continue for at least the next few years because of expenditures relating to research and development of our potential therapeutic products.

Management believes that current cash balances as at December 31, 2018 and anticipated funds from product sales are sufficient to fund substantially all its planned business operations and research and development programs over next 12 months. However, if necessary, the Company intends to seek additional equity or other financing, should the Company’s liquidity needs change.

## **Critical Accounting Policies**

The Consolidated Financial Statements of the Corporation have been prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board. The Corporation’s functional and presentation

currency is the United States dollar. Our accounting policies are described in the notes to our annual audited consolidated financial statements which are included later in this report.

## **Operating Results**

### Results of Operations – 2018 compared to 2017

Net losses were \$10,593,859, or \$0.18 per share, for the year ended December 31, 2018, compared to \$13,428,878, or \$0.26 per share, for the year ended December 31, 2017. Net loss includes stock and stock option compensation charges of \$3,882,671 in 2018 and \$6,297,178 in 2017.

### Revenues

Revenues from sales of goods amounted to \$299,412 for the year ended December 31, 2018, compared with \$223,719 for the year ended December 31, 2017. The development of therapeutic candidates and of moving therapeutic product candidates through clinical trials is a priority for the Corporation currently. The growth of sales will become more of a priority once these candidates have reached the marketing stage. The Corporation expects that revenues will increase if and when product candidates pass clinical trials and are launched on the market.

### Research and Development

Research and development expenditures were \$6,677,388 for the year ended December 31, 2018, compared with \$7,874,262 for the year ended December 31, 2017. Research and development expenditures include costs incurred mainly for advancing Nymox's BPH and prostate cancer product candidate NX-1207 through clinical trials, as well as demonstrating product efficacy and regulatory compliance prior to launch. Research and development expenditures also include stock and stock option compensation charges of \$1,818,676 for the year ended December 31, 2018 and \$2,589,102 for the year ended December 31, 2017. For the year ended December 31, 2018, a decrease of \$608,816 in clinical trial expenditures combined with a decrease of \$770,426 in stock and stock option compensation charges offset with increase of \$418,991 regulatory compliance prior to launch expense contribute to the decrease of expenses compared to the same period in 2017.

The Corporation expects that research and development expenditures will decrease as a result of the Corporation's U.S. BPH trial activity reduction, pending the evaluation of the data. Because of the early stage of development and the uncertainty related to the Corporation's R&D projects, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete these projects, nor the anticipated completion dates for these projects. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate of the costs and timing necessary to complete projects include the risks inherent in any field trials, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture the products in accordance with current good manufacturing requirements (cGMP) and in sufficient quantities both for large scale trials and for commercial use as further described in the section entitled "Risk Factors". A drug candidate that shows efficacy can take a long period (7 years or more) to achieve regulatory approval. There is also uncertainty whether we will be able to successfully adapt our patented technologies or whether any new products we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such products at a commercially competitive price. In addition, given the very high costs of development of therapeutic products, we anticipate having to partner with larger pharmaceutical companies to bring therapeutic products to market. The terms of such partnership arrangements along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such products will likely not be within our sole control.

### Marketing Expenses

Marketing expenditures were \$52 for the year ended December 31, 2018 compared with \$7,628 for the year ended December 31, 2017. The Corporation expects that marketing expenditures will increase if and when new products are launched on the market.

### General and Administrative Expenses

General and administrative expenses were \$4,124,577 for the year ended December 31, 2018, compared with \$5,428,248 for the year ended December 31, 2017. General and administrative expenditures also include stock compensation charges of \$2,063,995 for the year ended December 31, 2018 and \$3,708,076 in the comparative period in 2017. The decrease of \$1,308,171 in expenses for the year ended December 31, 2018 is primarily due to a decrease of \$1,644,082 in stock compensation charges offset with an increase of \$424,605 in professional fees compared to the same period in 2017. The Corporation expects that general and administrative expenditures will increase if and when product development leads to expanded operations.

#### Finance Costs

Finance income was \$46,760 for the year ended December 31, 2018, compared with finance costs of \$193,576 for the year ended December 31, 2017. The decrease of \$240,336 mainly due to convertible note accretion expense decrease of \$152,237 caused by note fully conversion in year 2017 and interest income increase of 60,473.

The Corporation incurs expenses in the local currency of the countries in which it operates, which include the United States, Canada and the Bahamas. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2018 or 2017.

### Inflation

The Corporation does not believe that inflation has had a significant impact on its results of operations.

### Results of Operations – 2017 compared to 2016

Net losses were \$13,428,878, or \$0.26 per share, for the year ended December 31, 2017, compared to \$13,109,608, or \$0.28 per share, for the year ended December 31, 2016. Net loss includes stock compensation charges of \$6,297,178 in 2017, \$9,074,044 in 2016.

### Revenues

Revenues from sales of goods amounted to \$223,719 for the year ended December 31, 2017, compared with \$283,611 for the year ended December 31, 2016. The development of therapeutic candidates and of moving therapeutic product candidates through clinical trials is a priority for the Corporation currently. The growth of sales will become more of a priority once these candidates have reached the marketing stage. The Corporation expects that revenues will increase if and when product candidates pass clinical trials and are launched on the market.

During year 2017 and 2016, no amount was recognized as revenue relating to the upfront payment received from Recordati in December 2010 compared with \$2,508,533 for the year ended December 31, 2015.

### Research and Development

Research and development expenditures were \$7,874,262 for the year ended December 31, 2017, compared with \$6,797,768 for the year ended December 31, 2016. Research and development expenditures include costs incurred mainly for advancing Nymox's BPH and prostate cancer product candidate NX-1207 through clinical trials. Research and development expenditures also include stock compensation charges of \$2,589,102 for the year ended December 31, 2017 and \$4,072,474 for the year ended December 31, 2016. For the year ended December 31, 2017, an increase of \$2,562,153 in clinical trial expenditures combined with a decrease of \$1,483,372 in stock compensation charges contribute to the increase of expenses compared to the same period in 2016.

The Corporation expects that research and development expenditures will decrease as a result of the Corporation's U.S. BPH trial activity reduction, pending the evaluation of the data. Because of the early stage of development and the uncertainty related to the Corporation's R&D projects, it is impossible to outline the nature, timing or estimated costs of the efforts necessary to complete these projects, nor the anticipated completion dates for these projects. The facts and circumstances indicating the uncertainties that preclude us from making a reasonable estimate of the costs and timing necessary to complete projects include the risks inherent in any field trials, the uncertainty as to the nature and extent of regulatory requirements both for safety and efficacy, and the ability to manufacture the products in accordance with current good manufacturing requirements (cGMP) and in sufficient quantities both for large scale trials and for commercial use as further described in the section entitled "Risk Factors". A drug candidate that shows efficacy can take a long period (7 years or more) to achieve regulatory approval. There is also uncertainty whether we will be able to successfully adapt our patented technologies or whether any new products we develop will pass proof-of-principle testing both in the laboratory and in clinical trials, and whether we will be able to manufacture such products at a commercially competitive price. In addition, given the very high costs of development of therapeutic products, we anticipate having to partner with larger pharmaceutical companies to bring therapeutic products to market. The terms of such partnership arrangements along with our related financial obligations cannot be determined at this time and the timing of completion of the approval of such products will likely not be within our sole control.

#### Marketing Expenses

Marketing expenditures were \$7,628 for the year ended December 31, 2017 compared with \$6,752 for the year ended December 31, 2016. The Corporation expects that marketing expenditures will increase if and when new products are launched on the market.

### General and Administrative Expenses

General and administrative expenses were \$5,428,248 for the year ended December 31, 2017, compared with \$6,174,465 for the year ended December 31, 2016. General and administrative expenditures also include stock compensation charges of \$3,708,076 for the year ended December 31, 2017 and \$5,001,570 in the comparative period in 2016. The decrease of \$754,918 in expenses for the year ended December 31, 2017 is primarily due to a decrease of \$1,293,494 in stock compensation charges and an increase of \$541,309 in professional fees compared to the same period in 2016. The Corporation expects that general and administrative expenditures will increase if and when product development leads to expanded operations.

### Finance Costs

Finance costs were \$193,576 for the year ended December 31, 2017, compared with \$240,210 for the year ended December 31, 2016.

The Corporation incurs expenses in the local currency of the countries in which it operates, which include the United States, Canada and the Bahamas. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2017 or 2016.

## **Liquidity and Capital Resources**

### **Financial Position**

#### Liquidity and Capital Resources

As of December 31, 2018, cash and receivables totaled \$7,960,000 compared with \$938,000 and \$2,027,000 at December 31, 2017 and 2016, respectively. We experienced a significant increase in cash from sales of our common stock in 2018. However, our operating expenses of demonstrating product efficacy and regulatory compliance prior to launch have also increased during this period.

Cash and cash equivalents amounted to \$7,946,000, \$851,000 and \$2,018,000 as of December 31, 2018, 2017 and 2016, respectively.

We used cash in our operating activities in the amounts of \$8 million, \$6 million and \$5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Investing activities have been insignificant and substantially all cash flows have been provided by financing activities, specifically proceeds from the issuance of common stock.

A detailed analysis of our capital activities for the years ended December 31, 2018, 2017 and 2016 is included in the footnotes to the financial statements.

### **Capital disclosures**

The Corporation's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Corporation defines capital as total equity. To fund its activities, the Corporation has followed an approach that relied almost exclusively on the issuance of common shares. Since inception, the Corporation has financed its liquidity needs primarily through private placements and, In February 2016, the Corporation filed a prospectus supplement and accompanying prospectus related to the potential issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales have been made under an equity distribution agreement, dated February 5, 2016, between the Corporation and Chardan, which we refer to as the equity distribution agreement.

## Contractual Obligations

We have contractual obligations under long-term lease commitments for our premises in New Jersey (United States) of \$9,998 per month until October 2020, in Canada of \$4,755 per month until August 2020, and a short-term lease commitment for our premises in California (United States) of \$7,344 per month until December 2019. Our contractual obligations are summarized in the table below.

| Contractual Obligations              | Total      | Payments Due by Period |            |           |
|--------------------------------------|------------|------------------------|------------|-----------|
|                                      |            | Less than 1 year       | 1-3 years  | 4-5 years |
| Rent for laboratory and office space | \$ 394,537 | \$ 260,840             | \$ 133,697 | \$ -      |
| Insurance premium installments       | 66,679     | 66,679                 |            |           |
| Operating                            | 4,378      | 1,592                  | 2,786      |           |
| Total                                | \$ 465,594 | \$ 329,111             | \$ 136,483 | \$ -      |

## Off-Balance Sheet Arrangements

The Corporation has no binding commitments for the purchase of property, equipment or intellectual property. The Corporation has no commitments that are not reflected in the statement of financial position except for operating leases and insurance premium installments.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### Directors and Senior Management

Paul Averback, M.D., D.A.B.P., 68, President and Director since September 1995 and Chairman since June of 2001, is the founder of Nymox and the inventor of much of its initial technology. Prior to founding Nymox, Dr. Averback served as President of Nymox's predecessor, DMS Pharmaceuticals Inc. He received his M.D. in 1975 and taught pathology at universities, including Cambridge University, England (1977-1980), during which time he initiated his research on Alzheimer's disease. He has practiced medicine in numerous institutions as well as in private practice. Dr. Averback has published extensively in the scientific and medical literature.

Randall Lanham, Esquire, 54, has been a director since June 8, 2006. He attained his Juris Doctor from Whittier College School of Law in 1991 and a Bachelor of Science degree from the University of Delaware in 1987. Mr. Lanham has vast experience in both domestic and international corporate legal matters. Currently Mr. Lanham manages his own law office in California specializing in corporate mergers and acquisitions. In addition, Mr. Lanham has a broad base of entrepreneurial experience and currently owns and operates several small entertainment companies.

Professor David Morse, Ph.D., 62, has been a director since June 8, 2006. He is a world expert in the biochemistry, proteomics and genomics of cell function particularly as it relates to circadian regulation in single cell organisms. He received a Ph.D. from McGill University in 1984, completed a post-doctoral fellowship at Harvard University in 1989 and has been a Full Professor at the University of Montreal since 2001. He has published extensively in the peer-reviewed scientific literature, including papers in journals such as Science, Cell, Proceedings of the National Academy of Science, Journal of Biological Chemistry, and Nature. Dr. Morse has previously collaborated with Nymox scientists in research and development projects.

Mr. James G. Robinson, 83, CEO of Morgan Creek Productions, which for over 25 years has continued to be one of the leading and most successful independent production entities in the film business. Under Robinson's leadership, Morgan Creek has produced an assortment of highly successful and critically acclaimed feature films.

Richard Cutler, Esq. 61, is a graduate of Brigham Young University and Columbia University School of Law. Mr. Cutler has worked at several major national law firms, and in 1996, formed Cutler Law Group in Newport Beach, California and subsequently Atlanta, Georgia and Houston, Texas, a firm which specializes in corporate and securities law, as well as international business transactions.

Mr. Erik Danielsen, Chief Financial Officer, 55, is a graduate from University de Fribourg with a Master's in Business Law and Corporate Finance. Mr. Danielsen a former Senior Auditor for Price Waterhouse and has extensive experience in international business. Mr. Danielsen is a former Credit Suisse Equity Strategist.

## **Compensation**

### **Named Executive Officers**

The Summary Compensation Table and Outstanding Incentive Plan Awards tables below for Named Executive Officers summarize the total compensation paid during the Corporation's financial year ended on December 31, 2018 to the Named Executive Officers of the Corporation and all incentive plan awards outstanding at December 31, 2018 for the Named Executive Officers. The Named Executive Officers are the Corporation's Chief Executive Officer, Chief Financial Officer, and two most highly compensated executive officers.

On July 17, 2015, the Corporation approved the long-term employment agreement of Dr. Paul Averbach as President and Chief Executive Officer. Dr. Averbach has not taken a salary since November of 2014. The employment agreement retains the services of Dr. Averbach for an initial period of seven years. Dr. Averbach has agreed to forgo 100% of his salary until the Company receives a significant increase in its financing to expand its operations and execute its business plans at which time Dr. Averbach will have the option to receive a cash salary or to continue the equity compensation. Dr. Averbach received 3,000,000 restricted shares on July, 2015 and shall receive 250,000 restricted stock each month for the duration of the contract, totaling up to 21,000,000 restricted shares, in lieu of cash salary. The Corporation determined that a grant date for all of the restricted shares occurred on July 17, 2015 and established the fair value of each share at \$1.36. The Corporation is recording the expense on a pro-rata basis and recorded an expense of \$11.4 million in fiscal 2015. The unrecognized compensation cost as of December 31, 2018, which will be recognized on a pro-rata basis over the duration of the employment contract as services are performed assuming Dr. Averbach continued to elect equity compensation is \$4.47 million. On May 14, 2015, the CEO was also granted 5,025,000 options.

Erik Danielsen, the Chief Financial Officer received option grant totaling 250,000 options. Randall Lanham, Secretary received total 200,000 in options; James G. Robinson received 100,000; Richard Cutler received 10,000 and, David Morse received 125,000; On July 27, 2017, the Chief Financial Officer and Secretary received 200,000 and 50,000 shares as stock compensation as share-based awards respectively. The Corporation does not have a share-based incentive plan, other than its stock option plan as described below, non-equity incentive plan or pension plan for its executive officers. The Corporation has not made any agreements or arrangements with any of its executive officers in connection with any termination or change of employment or change of control of the Corporation.

## Compensation Discussion and Analysis

The Human Resources and Compensation Committee of the Board of Directors oversees the compensation of executive officers of the Corporation. The members of the Human Resources and Compensation Committee for the financial year ended December 31, 2018 were James G. Robinson, Dr. David Morse and Richard Cutler, Esq.

The Corporation's current compensation policy for its executive officers, including the Chief Executive Officer and the Named Executive Officers, emphasizes the granting of options over base salary as a means of attracting, motivating and retaining talented individuals. Such a policy is believed to better further the Corporation's business goals by allocating more financial resources to the Corporation's ongoing product development programs. Given the current stage of the Corporation's development, the Corporation has not established and does not use formal benchmarks, performance goals, review processes or other qualitative or quantitative criteria or targets relating to the performance of the Corporation or the individual in order to determine compensation. The Corporation does not have a non-equity incentive plan or a policy of annually granting performance bonuses or salary increases to its executive officers.

The Corporation grants option-based awards to its executive officers in accordance with a stock option plan approved by the shareholders. Further details of the stock option plan are provided below. The stock option plan provides long-term incentives to the Corporation's officers and employees to advance the Corporation's product development programs towards commercialization and to enhance shareholder value. The Corporation endeavors to provide salaries and option grants that are internally equitable and that are consistent with both job performance and ongoing progress towards corporate goals. The amount of option grants is determined in part by the amount and terms of outstanding and expiring options, the experience and expertise of each executive officer and the needs of the Corporation, among other factors. The Human Resources and Compensation Committee of the Board of Directors reviews all proposals for awards of stock options to executive officers and decides on the appropriateness of the awards. In doing so, the Committee relies solely on discussion among the independent board members on the Committee without any formal pre-determined objectives, criteria or analytic processes but with a view to attracting and retaining executive officers who can help further the Corporation's business plan.

By relying on option grants as a primary means of compensating its executive officers, the Corporation's intention is to provide a direct link between corporate performance and executive compensation while maximizing shareholder value and controlling cash expenditures.

## Directors

The Summary Compensation Table and Outstanding Incentive Plan Awards tables below for the directors of the Corporation summarize the total compensation paid during the Corporation's financial year ended on December 31, 2018 to the directors of the Corporation and all incentive plan awards outstanding at December 31, 2018 for the directors. One current director, Dr. Paul Averback, the President and CEO of the Corporation, is member of the senior management of the Corporation and does not receive any compensation for acting as a director. His compensation as Named Executive Officer is summarized in the summary tables for compensation and incentive plans for Named Executive Officers below.

### Summary Compensation Table: Named Executive Officers

| Name and principal position                          | Year | Salary<br>US\$ | Share<br>based<br>awards | Option-<br>based<br>awards<br>(#) | Non-equity<br>incentive plan<br>compensation |                                 |                  | All<br>Other         | Total<br>US\$           |
|--|------|----------------|--------------------------|-----------------------------------|--|---------------------------------|------------------|----------------------|-------------------------|
|  |      |                |                          |                                   | Annual<br>incentive<br>plans                 | Long-term<br>incentive<br>plans | Pension<br>value |                      |                         |
| Dr. Paul Averback<br>CEO and<br>President            | 2018 | -              | 3,499,991 <sup>3</sup>   | -                                 | -  | -                               | -                | -                    | \$ 3,499,991            |
| Erik Danielsen<br>CFO <sup>1</sup>                   | 2018 | -              | -1                       | -1                                | -  | -                               | -                | 442,500 <sup>1</sup> | \$ 442,500 <sup>1</sup> |
| Randall<br>Lanham<br>General<br>Counsel <sup>2</sup> | 2018 | -              | 314,000 <sup>2</sup>     | -                                 | -  | -                               | -                | 223,372 <sup>2</sup> | \$ 537,372 <sup>2</sup> |

<sup>1</sup>Erik Danielsen became an Executive Officer on June 1, 2015. Mr. Danielsen receives no compensation as an individual and receives no deferred or incentive compensation. All other amounts are paid to a corporation which is a separate legal entity controlled by Mr. Danielsen.

<sup>2</sup> Randall Lanham became an Executive Officer on June 1, 2015. Mr. Lanham receives no compensation as an individual and receives no deferred or incentive compensation. All other amounts are paid to a corporation which is a separate legal entity controlled by Mr. Lanham.

<sup>3</sup>Dr Averbach has waived his salary, per his employment agreement. Under the employment agreement, he receives restricted stock on a monthly basis. Refer to note 13 of Consolidated Financial Statements.

**Outstanding Incentive Plan Awards as of December 31, 2018: Named Executive Officers**

| Name                      | Option-based Awards             |          |                  |                |                 | Value of Unexercised In-the-money Options |
|---------------------------|---------------------------------|----------|------------------|----------------|-----------------|---|
|                           | Number of securities Underlying |          |                  | Option         | Option          |   |
|                           | Total Unexercised Options       | Unvested | Vested           | Exercise price | Expiration Date |   |
| D r . P a u l<br>Averback | 5,025,000                       | -        | 5,025,000        | \$ 1.74        | 05/14/2025      | \$ -                                      |
| E r i k<br>Danielsen      | 200,000                         | -        | 200,000          | \$ 1.74        | 05/14/2025      | \$ -                                      |
| E r i k<br>Danielsen      | 50,000                          | -        | 50,000           | \$ 2.93        | 01/10/2027      | \$ -                                      |
| R a n d a l l<br>Lanham   | 200,000                         | -        | 200,000          | \$ 1.74        | 05/14/2025      | \$ -                                      |
| <b>Total</b>              | <b>5,475,000</b>                | <b>-</b> | <b>5,475,000</b> |                |                 |   |

Option exercise prices and the values of unexercised in-the-money options are expressed in US\$. The Corporation does not have a share-based award plan.

**Summary Compensation Table: Directors**

The following is a summary of director compensation for the year ended December 31, 2018:

| Name                    | Non-equity |                    |                         |              |         |              | Total (\$) |
|-------------------------|------------|--------------------|-------------------------|--------------|---------|--------------|------------|
|                         | Fees       |                    | incentive plan          |              | Pension | All other    |            |
|                         | Earned     | Share-based awards | Option-based awards (#) | compensation | value   | compensation |            |
| D a v i d<br>Morse      | \$ 4,500   | \$ -               | -                       | \$ -         | \$ -    | \$ -         | \$ 4,500   |
| J a m e s<br>Robinson   | \$ 4,500   | \$ -               | -                       | \$ -         | \$ -    | \$ -         | \$ 4,500   |
| R i c h a r d<br>Cutler | \$ 4,500   | \$ -               | -                       | \$ -         | \$ -    | \$ -         | \$ 4,500   |

**Outstanding Incentive Plan Awards as of December 31, 2018: Directors**

| Name                  | Option-based Awards                                 |          |         |                       |                                   | Value of unexercised in-the-money options |
|-----------------------|---|----------|---------|-----------------------|-----------------------------------|---|
|                       | Number of securities underlying unexercised options |          |         | Option exercise price | Option expiration date (mm/dd/yy) |   |
|                       | Total   | Unvested | Vested  |                       |                                   |   |
|                       |   |          |         |                       |                                   |   |
| D a v i d Morse       | 125,000   | -        | 125,000 | \$ 1.74               | 05/14/2025                        | \$ -                                      |
| R i c h a r d Cutler  | 10,000  | -        | 10,000  | \$ 1.74               | 05/14/2025                        | \$ -                                      |
| J a m e s G. Robinson | 100,000   | -        | 100,000 | \$ 1.74               | 05/14/2025                        | \$ -                                      |
| Total                 | 235,000   | -        | 235,000 |                       |                                   |   |

The options may be exercised until the expiration of the option or the date that is 90 days following the termination date, whichever occurs first.

**Outstanding Incentive Plan Awards as of December 31, 2018: Employees**

| Name                 | Option-based Awards                                 |          |        |                       |                                   | Value of unexercised in-the-money options |
|----------------------|---|----------|--------|-----------------------|-----------------------------------|---|
|                      | Number of securities underlying unexercised options |          |        | Option exercise price | Option expiration date (mm/dd/yy) |   |
|                      | Total   | Unvested | Vested |                       |                                   |   |
|                      |   |          |        |                       |                                   |   |
| L i n D o d d        | 10,000  | 10,000-  | -      | \$ 3.43               | 07/16/2022                        | \$ -                                      |
| A n t h o n y Bailey | 10,000  | 10,000-  | -      | \$ 3.43               | 07/23/2022                        | \$ -                                      |
| W h i t n e y Hart   | 10,000  | 10,000-  | -      | \$ 3.43               | 09/04/2022                        | \$ -                                      |
| Total                | 30,000  | 30,000   | -      |                       |                                   |   |

The options may be exercised any time until the expiration date of the option.

## Share Ownership

As of March 27, 2019, the number of common shares owned or controlled by directors and senior officers of the Corporation were as follows:

| <b>Name</b>                  | <b>Common<br/>Shares<br/>Owned and<br/>Controlled</b> | <b>Percentage<br/>of Common<br/>Shares<br/>Owned and<br/>Controlled</b> |
|------------------------------|---|---|
| Paul Averback, M.D.          | 24,831,448  | 36.7%   |
| Paul Averback, M.D., Trustee | 607,031   | 0.9%  |
| James G. Robinson            | 4,536,333   | 6.7%  |
| David Morse, Ph.D.           | 396   | -%  |
| Erik Danielson               | 1,182,500   | 1.7%  |
| Randall Lanham               | 152,900   | 0.2%  |
| <b>Total</b>                 | <b>31,310,608</b>                                     | <b>46.3%</b>  |

Nymox has created a stock option plan for its employees, officers and directors, and for consultants. The board of directors of Nymox administers the stock option plan and authorizes the granting of options in accordance with the terms of the plan. Each option gives the individual granted the option the right to purchase a common share of the Corporation at a fixed price during a specified period of no more than ten years. The board may also make all or a portion of the options granted effective only as of a specific future date or dates. The option price must not be less than the market price of the common shares when the option is granted. The total number of shares under option to any one individual may not exceed fifteen percent of the total number of issued and outstanding common shares of the Corporation. The options may not be assigned, transferred or pledged, and expire within three months of the termination of employment or active office with the Corporation and six months of the death of the individual.

No more than 7,500,000 common shares may be under option at any time and a maximum of 7,500,000 common shares are available to be issued under the stock option plan as the result of the exercise of options. Options that expire or terminate without being exercised become available to be granted again. Material changes to the stock option plan such as the number of shares available to be optioned require shareholder approval. Since the inception of the stock option plan in 1995, 383,400 options have been exercised under the plan and 100,514 shares have been issued as a result of cashless exercises.

## Board Practices

Directors are elected at each annual meeting for a term of office until the next annual meeting. Executive officers are appointed by the board of directors and serve at the pleasure of the board.

Nymox does not have written contracts with any of the directors named above. We do not have any pension plans or other type of plans providing retirement or similar benefits for directors, nor any benefits upon termination of service as a director.

Nymox's Audit Committee consists of three directors appointed by the Board who are independent of management and who are generally knowledgeable in financial and auditing matters. The Chairman of the Audit Committee is Richard Cutler, Esq.; the other members are James G. Robinson and Dr. David Morse. The primary role of the Audit Committee is to provide independent oversight of the quality and integrity of the accounting, auditing, and reporting practices of Nymox with a particular focus on financial statements and financial reporting to shareholders. The Committee is responsible for the appointment, compensation, and oversight of the public accounting firm engaged to prepare or issue an audit report on our financial statements. It oversees all relationships between Nymox and the auditor, including reviewing on an ongoing basis any non-audit services and special engagements that may impact the objectivity or independence of the auditors. The auditor reports directly to the Audit Committee. The Audit Committee reviews the scope and results of the audit with the independent auditors.

The Audit Committee meets at least four times a year to review with management and the independent auditors the Corporation's interim and year-end financial condition and results of operations. Its review includes an assessment of the adequacy of the internal accounting, bookkeeping and control procedures of the Corporation. The Audit Committee also has the responsibility for reviewing on an ongoing basis all material transactions between Nymox and its affiliates and other related parties such as officers, directors, other key management personnel, major shareholders and their close family members, affiliated companies or associated enterprises.

The Audit Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including the power and authority to retain and determine funding for independent counsel, accountants, or other advisors as it determines necessary to carry out its duties.

The Human Resources and Compensation Committee consists of the independent directors of the Board. The Chairman of the Committee is James G. Robinson; the other members are Richard Cutler, Esq., and Dr. David Morse. The Committee establishes and reviews overall policy and structure with respect to compensation and employment matters, including the determination of compensation arrangements for directors, executive officers and key employees of the Corporation. The Committee is also responsible for the administration and award of options to purchase shares pursuant to our share option plan.

The Corporate Governance Committee consists of the independent directors of the Board. The Chairman of the Committee is Randall Lanham, Esq.; the other members are Richard Cutler, Esq. and Dr. Paul Averbach. This Committee has the general mandate of providing an independent and regular review of the management, business and affairs of Nymox, including our corporate governance. This Committee also reviews and approves director nominations to ensure each nominee meets the requisite requirements under applicable corporate and securities laws, rules and regulations and otherwise possesses the skills, judgment and independence appropriate for a director of a public corporation.

## **Employees**

In addition to the employees in its St. Laurent, Hasbrouck Heights and Orange Country offices, Nymox carries out its work with the assistance of an extensive group of research collaborators, out-sourced manufacturing teams, research suppliers, research institutions, service providers and research consultants. To help carrying out its marketing, Nymox has independent medical representatives detailing its products.

In its St. Laurent, Hasbrouck Heights and Orange Country offices, as at December 31, 2018, the Corporation employed five persons in research and development, and one of them also responsible for administration. For the year

2017, the Corporation employed two persons in research and development and one of them is also responsible for administration. For the year 2016, the Corporation employed two persons.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY INFORMATION

### Major Shareholders

The following table sets out as of March 27, 2019, the number of common shares owned and controlled by Dr. Paul Averback, the President and CEO of Nymox and a member of the Nymox board of directors, and by all directors and officers as a group.

| <b>Name of Shareholder</b>            | <b>Number of<br/>Common<br/>Shares<br/>owned by<br/>Shareholder</b> | <b>Percent of<br/>Class of<br/>Common<br/>Shares</b> |
|---------------------------------------|---|--|
| Dr. Paul Averback                     | 24,831,448  | 36.7%  |
| All directors and officers as a group | 31,160,608  | 46.3%  |

The above shareholders have the same voting rights as all other shareholders. The percent of class of common shares held by Dr. Paul Averback is 36.5% as of March 27, 2019.

All shareholders of Nymox stock have the same voting rights. Other than Dr. Paul Averback and the individuals above, Nymox does not know of any other shareholders that beneficially own or hold dispositive power over more than 5% of its shares.

### **Related Party Transactions**

The Corporation's related party transactions include salaries, benefits and stock-based compensation disclosed above for the years ended December 31, 2018, 2017 and 2016. The Corporation also entered into a long-term employment agreement with its President and Chief Executive Officer. Since 2015, the Corporation also has made payment in the form of contract for service rendered to two individual corporations controlled by two Executive officers respectively. (Note 21)

### **Dividends**

The Corporation has not issued dividends since inception.

### **Cease Trade Orders, or Bankruptcies**

To the knowledge of the Corporation, no director or officer of the Corporation or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or has been within the past 10 years, a director or officer of any other Corporation that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such Corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

To the knowledge of the Corporation, no director, officer or control person of the Corporation has been subject to any penalties or sanctions imposed by a court relating to U.S. or Canadian securities legislation or by a U.S. or Canadian

securities regulatory authority or has entered into a settlement agreement with a U.S. or Canadian securities authority, nor has any director, officer or control person of the Corporation been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

To the knowledge of the Corporation, no director, officer or control person of the Corporation, nor any personal holding Corporation of any such person, has within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Conflicts of Interest**

To the knowledge of the Corporation, there are no existing or potential material conflicts of interest between the Corporation, or subsidiary of the Corporation, and any director, officer or control person of the Corporation.

### **Legal Proceedings**

Dismissal of Lawsuit. On November 24, 2014, Roy Sapir, a shareholder of the Corporation, filed a proposed class action suit in the United States District Court, District of New Jersey, against the Corporation and the President and the CEO of the Corporation. On February 10, 2016, the Court dismissed the lawsuit. No provision has been recognized in our financial statements for this legal proceeding.

Legal proceedings were filed before the Superior Court of the District of Montreal bearing Court file number 500-17-093342-163 on or about April 1, 2016 by the Commission des Normes du Travail against Nymox Pharmaceutical Corporation as a result of a collective dismissal of the Company's former employees. The value of the claim amounts to \$147,164.38 (plus interest). The proceedings have been suspended in order to allow time for the parties to begin settlement discussions. Chances of success on the merits cannot be presently assessed given the preliminary stages of the file (examinations on discovery to be scheduled should the suspension be lifted).

## ITEM 8. FINANCIAL INFORMATION

### NYMOX PHARMACEUTICAL CORPORATION

#### Consolidated Financial Statements

As of December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016

| <b>Financial Statements</b>   | <b>Page</b> |
|---|-------------|
| <u>Report of Independent Registered Accounting Firm</u>                     | 33          |
| <u>Consolidated Statements of Comprehensive Income</u>                      | 35          |
| <u>Consolidated Statements of Financial Position</u>                        | 36          |
| <u>Consolidated Statements of Cash Flows</u>                                | 37          |
| <u>Consolidated Statements of Changes in Equity</u>                         | 38          |
| <u>Index to notes forming part of the consolidated financial statements</u> | 39          |

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and

Stockholders of Nymox Pharmaceutical Corporation

**Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying balance sheets of Nymox Pharmaceutical Corporation (the Company) as of December 31, 2018, 2017 and 2016, and the related statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively referred to as the financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

**Basis for Opinion**

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Form 20-F. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

#### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Table of Contents

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the failure of U.S. phase 3 studies of NX – 1207 materially affects Nymox Pharmaceutical Corporation’s current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate the existence of the material uncertainty that casts substantial doubt about Nymox Pharmaceutical Corporation’s ability to continue as a going concern.

/S/ Thayer O’Neal Company, LLC

Thayer O’Neal Company, LLC

We have served as the Company’s auditor since 2015.

Houston, Texas

March 27, 2019

Table of Contents**NYMOX PHARMACEUTICAL CORPORATION**

## Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2018, 2017 and 2016

(In Thousands of US dollars Other Than per Share Amounts and Thousands of Shares)

|  | Notes | 2018        | 2017        | 2016        |
|--|-------|-------------|-------------|-------------|
| <b>Revenues</b>                                      |       |             |             |             |
| Sales of goods                                       | 20    | \$ 299      | \$ 224      | \$ 284      |
| Licensing revenue                                    |       | -           | -           | -           |
| Total revenue  |       | 299         | 224         | 284         |
| <b>Operating Expenses</b>                            |       |             |             |             |
| Research and development                             | 22    | 6,677       | 7,874       | 6,798       |
| General and administrative                           |       | 4,125       | 5,428       | 6,175       |
| Marketing  |       | -           | 8           | 7           |
| Cost of goods sold                                   |       | 138         | 149         | 173         |
| Total operating expenses                             |       | 10,940      | 13,459      | 13,153      |
| <b>Loss from operations</b>                          |       | (10,641)    | (13,235)    | (12,869)    |
| <b>Other expense</b>                                 |       |             |             |             |
| Interest income                                      |       | 65          | 10          | 4           |
| Finance costs  | 18    | (18)        | (204)       | (244)       |
| <b>Loss before income taxes</b>                      |       | (10,594)    | (13,429)    | (13,110)    |
| Income tax provision (recovery)                      | 15    | -           | -           | -           |
| <b>Net loss</b>                                      |       | \$ (10,594) | \$ (13,429) | \$ (13,110) |
| Basic and diluted loss per share                     | 16    | \$ (0.18)   | \$ (0.26)   | \$ (0.28)   |
| Weighted average number of common shares outstanding | 16    | 60,466      | 52,648      | 46,155      |

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

Table of Contents**NYMOX PHARMACEUTICAL CORPORATION**

## Consolidated Statements of Financial Position

For the Years Ended December 31, 2018, 2017 and 2016

(In Thousands of US Dollars and Thousands of Shares)

|   | Notes | 2018      | 2017      | 2016      |
|---|-------|-----------|-----------|-----------|
| <b>ASSETS</b>   |       |           |           |           |
| <b>Current assets</b>   |       |           |           |           |
| Cash and cash equivalents   |       | \$ 7,946  | \$ 851    | \$ 2,018  |
| Accounts receivable   |       | 2         | 79        | 6         |
| Other receivables   |       | 12        | 8         | 3         |
| Inventory   |       | 41        | 15        | 3         |
| Security deposit  |       | 23        | 7         | 7         |
| Prepaid expenses and other current assets   |       | 2         | 1         | 1         |
| Total current assets  |       | 8,026     | 961       | 2,038     |
| <b>Property and equipment</b>   | 6     | 33        | 1         | 2         |
| <b>Other assets</b>   |       | 17        | 17        | 17        |
| Total assets  |       | \$ 8,076  | \$ 979    | \$ 2,057  |
| <b>LIABILITIES AND EQUITY</b>   |       |           |           |           |
| <b>Current liabilities</b>  |       |           |           |           |
| Accounts payable and accrued liabilities  | 8     | \$ 1,074  | \$ 2,230  | 1,368     |
| Convertible notes   | 9     | -         | -         | 931       |
| Total liabilities   |       | 1,074     | 2,230     | 2,299     |
| <b>Equity</b>   |       |           |           |           |
| Share capital – unlimited authorized shares at no par value. 64,676, 56,378 and 49,115 shares outstanding at December 31, 2018, 2017 and 2016, respectively | 11,13 | 126,684   | 108,196   | 92,125    |
| Share capital subscription receivable   | 11    | (868)     | (718)     | -         |
| Additional paid-in capital  | 12-14 | 36,299    | 35,790    | 38,724    |
| Accumulated deficit   |       | (155,113) | (144,519) | (131,091) |
| Total Stockholders' equity (deficit)  |       | 7,002     | (1,251)   | (241)     |
| <b>Business activities and future operations</b>  |       |           |           |           |
| Commitments and contingencies   | 10    |           |           |           |
| Subsequent events   | 29    |           |           |           |
| Total liabilities and stockholders' equity (deficit)  |       | \$ 8,076  | \$ 979    | 2,057     |

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



Table of Contents**NYMOX PHARMACEUTICAL CORPORATION**

## Consolidated Statements of Cash Flow

For the Years Ended December 31, 2018, 2017 and 2016

(In Thousands of US Dollars)

| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                | <b>Notes</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|--|--------------|-------------|-------------|-------------|
| Net loss   |              | \$ (10,594) | \$ (13,429) | \$ (13,110) |
| Adjustments to reconcile net loss to net cash used in operating activities |              |             |             |             |
| Depreciation   | 4            | 3           | 1           | 3           |
| Stock based compensation   | 13           | 3,814       | 6,297       | 9,074       |
| Issued stock for commission and option expense                             |              | 101         | -           | -           |
| Accretion expense and interest settled by share issuances                  |              | -           | 152         | 116         |
| Changes in operating assets and liabilities:                               |              |             |             |             |
| Accounts receivable and other receivables                                  |              | 73          | (77)        | (2)         |
| Research tax credit receivable   | 15           | -           | -           | 271         |
| Security deposit   |              | (16)        | -           | (7)         |
| Prepaid expense  |              | (1)         | -           | -           |
| Inventory  |              | (25)        | (13)        | 35          |
| Accounts payable and accrued liabilities                                   |              | (1,156)     | 863         | (883)       |
| Net cash used in operating activities                                      |              | (7,801)     | (6,206)     | (4,502)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |              |             |             |             |
| Purchase of property and equipment   |              | (36)        | -           | (2)         |
| Net cash flows used in investing activities                                |              | (36)        | -           | (2)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |              |             |             |             |
| Proceeds from the issuance of share capital                                | 11           | 14,932      | 5,039       | 6,147       |
| Net cash provided from financing activities                                |              | 14,932      | 5,039       | 6,147       |
| Net (decrease) increase in cash and cash equivalents                       |              | 7,095       | (1,167)     | 1,643       |
| <b>CASH AND CASH EQUIVALENTS</b>   |              |             |             |             |
| Beginning of year  |              | 851         | 2,018       | 374         |
| End of year  |              | \$ 7,946    | \$ 851      | \$ 2,018    |
| <b>SUPPLEMENTAL DISCLOSURE</b>   |              |             |             |             |
| Income taxes paid  | 15           | \$ -        | \$ -        | \$ -        |
| Interest paid  |              | \$ -        | \$ -        | \$ -        |
| <b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>                         |              |             |             |             |
|  |              | \$ -        | \$ 1,171    | \$ -        |

Shares and warrants issued on connection with  
convertible notes

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

Table of Contents**NYMOX PHARMACEUTICAL CORPORATION**

## Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2018, 2017 and 2016

(In Thousands of US Dollars and Shares)

|   |        |                  |            |               | Additional         |                        |            |
|---|--------|------------------|------------|---------------|--------------------|------------------------|------------|
|   | Note   | Common<br>Shares | Amount     | Subscriptions | Paid-In<br>Capital | Accumulated<br>Deficit | Total      |
| December 31,<br>2015  |        | 42,988           | \$ 84,954  | \$ -          | \$ 30,674          | \$ (117,981)           | \$ (2,353) |
| Share issuance  |        | 2,727            | 6,147      | -             | -                  | -                      | 6,147      |
| S h a r e<br>compensation   | 13     | 3,400            | 1,024      | -             | 8,050              | -                      | 9,074      |
| Net loss  |        | -                | -          | -             | -                  | (13,110)               | (13,110)   |
| December 31,<br>2016  |        | 49,115           | 92,125     | -             | 38,724             | (131,091)              | (241)      |
| Share issuance  |        | 1,423            | 5,757      | (718)         | -                  | -                      | 5,039      |
| W a r r a n t<br>exercise for<br>shares                             |        | 549              | 88         | -             | (88)               | -                      | -          |
| Share issuance<br>for conversion<br>of debt and<br>accrued interest | 9      | 2,031            | 1,083      | -             | -                  | -                      | 1,083      |
| S h a r e<br>compensation<br>and option<br>expense                  | 12, 13 | 3,260            | 9,143      | -             | (2,846)            | -                      | 6,297      |
| Net loss  |        | -                | -          | -             | -                  | (13,429)               | (13,429)   |
| December 31,<br>2017  |        | 56,378           | \$ 108,196 | \$ (718)      | \$ 35,790          | \$ (144,519)           | \$ (1,251) |
| Shares issuance<br>for cash and<br>subscriptions                    |        | 5,188            | 15,082     | (150)         | -                  | -                      | 14,932     |
| Stock-based<br>commission   | 13     | 10               | 32         | -             | -                  | -                      | 32         |
| Stock-based<br>compensation   | 13     | 3,100            | 3,374      | -             | 509                | -                      | 3,883      |
| Net loss  |        | -                | -          | -             | -                  | (10,594)               | (10,594)   |
|   |        | 64,676           | \$ 126,684 | \$ (868)      | \$ 36,299          | \$ (155,113)           | \$ 7,002   |

B a l a n c e ,  
December 31,  
2018

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

Table of Contents**NYMOX PHARMACEUTICAL CORPORATION**

## Notes Forming Part of the Consolidated Financial Statements

For the Year Ended December 31, 2018

| <b>Note</b> | <b>Description</b>                            | <b>Page</b> | <b>Note</b> | <b>Description</b>                           | <b>Page</b> |
|-------------|---|-------------|-------------|--|-------------|
| 1.          | Business activities and basis of presentation | 40          | 16.         | Earnings per share                           | 54          |
| 2.          | Going concern considerations                  | 41          | 17.         | Financial instruments fair value disclosures | 54          |
| 3.          | Significant estimates                         | 41          | 18.         | Finance income and finance costs             | 55          |
| 4.          | Significant accounting policies               | 41          | 19.         | Segment disclosures                          | 55          |
| 5.          | New accounting standards and interpretations  | 46          | 20.         | Concentrations                               | 55          |
| 6.          | Property and equipment                        | 48          | 21.         | Related party transactions                   | 55          |
| 7.          | Intangible assets                             | 48          | 22.         | Research and development expenses            | 56          |
| 8.          | Accounts payable and accrued liabilities      | 48          | 23.         | Personnel expenses                           | 56          |
| 9.          | Convertible notes                             | 49          | 24.         | Capital disclosures and financial risk       | 56          |
| 10.         | Commitments and contingencies                 | 49          | 25.         | Foreign exchange risk                        | 57          |
| 11.         | Share capital                                 | 50          | 26.         | Credit risk                                  | 57          |
| 12.         | Stock options                                 | 51          | 27.         | Interest rate risk                           | 57          |
| 13.         | Share based compensation                      | 52          | 28.         | Liquidity risk                               | 57          |
| 14.         | Warrants                                      | 52          | 29.         | Subsequent events                            | 57          |
| 15.         | Incomes taxes                                 | 53          |             |  |             |

Table of Contents

**NYMOX PHARMACEUTICAL CORPORATION**

Notes to the Financial Statements

December 31, 2018, 2017 and 2016

**NOTE 1 – BUSINESS ACTIVITIES AND BASIS OF PRESENTATION**

Nymox Pharmaceutical Corporation is a company which re-domiciled from Canada to the Commonwealth of The Bahamas in 2015 and is incorporated under the *International Business Companies Act of the Commonwealth of The Bahamas*. Nymox Pharmaceutical Corporation including its subsidiaries, Nymox Corporation, a Delaware Corporation, and Serex Inc. of New Jersey (together referred to as the “Corporation”), is a biopharmaceutical corporation, which specializes in the research and development of products for the aging population. The head office of the Corporation is located at Bay & Deveaux Sts., 2<sup>nd</sup> Floor, Nassau, The Bahamas. The Corporation currently markets NicAlert™ and TobacAlert™, tests that use urine or saliva to detect use of tobacco products. Since 1989, the Corporation’s activities and resources have been primarily focused on developing certain pharmaceutical technologies. Since 2002, the Corporation has been developing its novel proprietary drug candidate, NX-1207, for the treatment of benign prostatic hyperplasia (BPH) and, since 2012, for the treatment of low-grade localized prostate cancer. The Corporation also has an extensive patent portfolio covering its marketed products, its investigational drug as well as other therapeutic and diagnostic indications.

**Statement of Compliance**

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Audit Committee of the Corporation’s Board of Directors on March 26, 2019.

**Basis of measurement**

The consolidated financial statements have been prepared on a going concern and on the historical cost basis.

**Functional and presentation currency**

These consolidated financial statements are presented in United States dollars, which is the Corporation and its subsidiaries' functional currency.

### **Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Information about critical judgments in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below:

### **Judgments in applying accounting policies**

The use of the going concern basis (Note 1)

### **Licensing revenues and deferred revenue**

Revenue recognition is subject to critical judgments, particularly in collaboration agreements that include multiple deliverables, as judgment is required in allocating revenue to each component, including upfront payments, milestone payments, sale of goods, royalties and license fees. Management also uses judgment in estimating the service period over which revenue is recognized for upfront payments received (note 9).

### **Contingent liability**

Assessing the recognition of contingent liabilities requires judgment in evaluating whether it is probable that economic benefits will be required to settle matters subject to litigation (note 12).

### **Convertible notes**

The model used to measure the fair value of the liability component comprises estimation uncertainty for the interest rate applicable to a similar liability that does not have an equity conversion option (note 8).

### **Stock options and warrants**

There is estimation uncertainty with respect to selecting inputs to the Binomial pricing model used to determine the fair value of the stock options and warrants (Note 12).

Other areas of judgment and uncertainty relate to the recoverability of research tax credits and deferred tax assets. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Table of Contents

**NOTE 2 – GOING CONCERN CONSIDERATIONS**

The Corporation is subject to a number of risks, including the successful development and marketing of its technologies the ability to raise financing to pursue the development of its operations. The Corporation depends on private placements and other types of financing as well as collaboration agreements, to fund its operations, achieve its business plan and the realization of its assets and liabilities in the normal course of operations.

The failure of the two Phase 3 studies of NX-1207 for BPH materially affects the Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations.

Management believes that current cash balances as at December 31, 2018 and anticipated to be received from the April 2018 financing will be sufficient to finance all of its planned business operations and research and development programs over the next year. However, the Corporation's primary sources of financing since 2003 has been the Common Stock Private Purchase Agreement, which expired in November 2015 and was not renewed. If necessary, the Corporation intends to seek additional equity or finance through the existing private placements and/or other sources of capital in order to fund these operations and activities over the next year.

Considering recent developments and the need for additional financing, there exists a material uncertainty that casts substantial doubt about the Corporation's ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption is not appropriate, then adjustments may be necessary to the carrying value and classification of assets and liabilities and reported results of operations and such adjustments could be material.

**NOTE 3 – SIGNIFICANT ESTIMATES**

Significant estimates applied in the preparation of these financial statements include the estimated useful lives of property and equipment, share volatility and estimated life of options and warrants in determining their fair value as well as the expected potential for the realization of deferred tax assets in determining the amount of the valuation allowance thereto.

**NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **Consolidation**

The consolidated financial statements of the Corporation include the accounts of its subsidiaries. Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions have been eliminated on consolidation.

### **Financial instruments**

The Corporation has classified its cash, trade accounts receivable and other receivables as “loans and receivables”, and its trade accounts payable, accrued liabilities, convertible notes (excluding the conversion option) as “other financial liabilities”.

The Corporation must classify the fair value measurements of financial instruments according to a three-level hierarchy, based on the type of inputs used in making these measurements. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

### **Financial assets**

The Corporation initially recognizes loans and receivables on the date that they are originated. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Financial assets and liabilities are offset, and the net amount presented in the consolidated statements of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.



Table of Contents

**Financial liabilities**

The Corporation initially recognizes other financial liabilities on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Interest, losses and gains relating to a financial liability are recognized in the statement of operations and comprehensive loss.

**Compound financial instruments**

Compound financial instruments issued by the Corporation comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at 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 equity component of compound financial instrument is not re-measured subsequent to initial recognition.

**Share capital**

Common shares are classified as equity. Incremental costs attributable to the issuance of common shares are recognized as an increase to deficit.

**Inventories**

Inventories consist primarily of finished goods held for sales and materials and are carried at the lower of first-in, first-out cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of

business, less selling expenses.

### Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have significantly different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are recognized as the difference in the proceeds from disposal and the carrying amount of property and equipment.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of operations and comprehensive loss.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are represented by the following estimated useful lives:

| <b>Asset Classification</b>   | <b>Useful life</b> |
|-------------------------------|--------------------|
| Laboratory equipment          | 5 years            |
| Computer equipment            | 3 years            |
| Office equipment and fixtures | 5 years            |

Depreciation methods, useful lives and residual values are reviewed on an ongoing basis and adjusted if appropriate.

Table of Contents

**Intangible assets and intellectual property rights**

Intangible assets include patents and acquired intellectual property rights. These intangible assets are subject to amortization over their estimated useful life and are presented in the statement of financial condition at cost less accumulated amortization and accumulated impairment losses.

**Research and development expenditures**

Expenditures on research activities, net of research tax credits, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, as well as demonstrating product efficacy and regulatory compliance prior to launch, are expensed in the statement of comprehensive earnings (loss) as incurred. Development activities, net of research tax credits, involve a plan or design to produce new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in research and development expenses as incurred.

**Amortization**

Amortization is calculated on the cost of the asset, less its residual value. Amortization methods, useful lives and residual values are reviewed on an ongoing basis and adjusted if appropriate.

**Impairment**

Indefinite lived intangibles are subject an assessment for impairment on at least an annual basis.

**Financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy. In assessing impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated and recognized for the amount by which the asset's carrying amount exceeds the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

### **Non-financial assets**

The carrying amounts of the Corporation's non-financial assets, including property and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, CGU or segment").

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Table of Contents

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Revenue recognition**

Revenue from product sales is recognized when the product has been delivered and obligations as defined in the agreement are performed. Collaboration agreements that include multiple deliverables are considered to be multiple-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under a collaboration agreement may include upfront payments, milestone payments, sale of goods, royalties and license fees. Revenue for each unit of accounting is recorded as described below:

**Upfront payments**

Upfront payments are deferred and recognized as revenue on a systematic basis over the estimated service period. Changes in estimates are recognized prospectively when changes to the expected term are determined.

**Milestone payments**

Revenue subject to the achievement of milestones is recognized only when the specified events have occurred, and collectability is reasonably assured.

Specifically, the criteria for recognizing milestone payments are that (i) the milestone is substantive in nature, (ii) the achievement was not reasonably assured at the inception of the agreement, and (iii) the Corporation has no further involvement or obligation to perform associated with the achievement of the milestone, as defined in the related collaboration arrangement.

**Sale of goods**

Revenue from the sale of goods is recognized when the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

### **Royalties and license fees**

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectability is reasonably assured.

### **Foreign currency**

Monetary assets and liabilities of the Corporation's Canadian and US subsidiaries denominated in currencies other than the US dollar are translated at the rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Income and expenses denominated in foreign currencies are translated at the average rate prevailing during the year.

Foreign exchange loss and gain are reported on a net basis, within finance costs or finance income.

### **Research tax credits**

Until the company re-domiciled from Canada to the commonwealth of Bahamas in 2015, it is entitled to scientific research and experimental development tax credits ("research tax credits") granted by the Canadian federal government and the government of the province of Québec. Federal research tax credits, which are non-refundable, are earned on qualified research and development expenditures and can only be used to offset federal income taxes otherwise payable. Provincial research tax credits, which are refundable, are earned on qualified research and development expenditures incurred in the province of Québec.

Table of Contents

These research tax credits are recognized as a reduction of research and development expenditures in the period in which they become receivable, provided that there is reasonable assurance that they will be received.

**Stock-based compensation**

The grant date fair value of stock-based compensation awards granted to employees, consultants and directors is recognized as an expense, with a corresponding increase in equity, over the period that the employees, consultants or directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service at the vesting date.

The fair value of the stock options is measured using the Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service conditions attached to the transactions are not taken into account in determining fair value.

Share based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

**Employee benefits**

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

In addition to their salaries, employees of the Corporation are covered by a benefit package which includes a health plan, dental plan, disability insurance, life insurance and worker compensation insurance coverage. Participation in this plan is paid by the Corporation in full. Any employee that elects to extend the coverage to members of their family must pay the additional premium.

**Lease payments**

Payments made under operating leases are recognized on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

## **Income taxes**

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in the statement of operations and comprehensive loss except to the extent that it relates to a business combination, or 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 of the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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 by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses 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 no longer probable that the related tax benefit will be realized.

Table of Contents

**Earnings per share**

Basic earnings per share are determined using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed in a manner consistent with basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding options were exercised, and that the proceeds from such exercises as well as the assumed proceeds from future services were used to acquire shares of common stock at the average market price during the reporting period.

**Provisions**

A provision is recognized if, because of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**Onerous contracts**

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

**Contingent liability**

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

**NOTE 5 – NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

**Issued and Adopted in Current Year Financial Statements**

### **IFRS 9, Financial Instruments**

IFRS 9 – Financial Instruments (“IFRS 9”) ultimately replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”), with the objective of improving and simplifying the reporting for financial instruments.

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9). IFRS 9 supersedes IAS 39, IFRIC 9 and earlier versions of IFRS 9. This standard provides guidance on the classification and measurement of financial liabilities and the presentation of gains and losses on financial liabilities designated at fair value through profit and loss. When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the credit risk of the instrument must be recognized in other comprehensive income.

This standard was effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation has implemented this standard yet there is no impact of the adoption of this standard on its consolidated financial statements.

### **IFRS 15, Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Service.

Table of Contents

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation has adopted this standard in these financial statements yet determined that there is no impact on reported results of operations from its implementation.

**Issued but Not Yet Adopted**

Several new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee ("IFRS IC"). They are mandatory but not yet effective for the period ended December 31, 2018 and have not been applied in preparing these consolidated financial statements. Many of these are not applicable or are inconsequential to the Corporation and have been excluded from the discussion below.

The following standards and interpretations have been issued by the IASB and the IFRS IC and the Corporation is currently assessing their impact on the financial statements:

**IFRS 16, Leases**

This standard introduces a new approach to lessee accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. IFRS 16 requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. The IASB concluded that such an approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, greater transparency of a lessee's financial leverage and capital employed. IFRS 16 requires enhanced disclosure by lessors of information about their risk exposure.

Effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15, Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

A lessee should apply IFRS 16 to its leases either: (a) retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; or (b) retrospectively with the cumulative effect of initially applying IFRS 16 recognized at the date of initial application. A lessor is not required to make any adjustments on transition for leases in which it is a lessor and should account for those leases applying IFRS 16 from the date of initial application.

Nymox will adopt IFRS 16 on January 1, 2019 with an immaterial cumulative adjustment to accumulated deficit rather than retrospectively adjusting prior periods. This adoption approach will result in a balance sheet presentation that will not be comparable to the prior period in the first year of adoption. The adoption of IFRS16 will result in the recognition of operating lease assets and liabilities of approximately \$344,000.

Table of Contents**NOTE 6 – PROPERTY AND EQUIPMENT**

The carrying value of property and equipment included the following changes for the years ended December 31, 2018, 2017 and 2016:

|                                 | <b>In Thousands of US Dollars</b> |    |                  |    |                  |    |              |
|---------------------------------|-----------------------------------|----|------------------|----|------------------|----|--------------|
|                                 | <b>Laboratory</b>                 |    | <b>Computer</b>  |    | <b>Office</b>    |    | <b>Total</b> |
|                                 | <b>Equipment</b>                  |    | <b>Equipment</b> |    | <b>Equipment</b> |    |              |
| <b>Cost</b>                     |                                   |    |                  |    |                  |    |              |
| Balance at December 31, 2015    | \$ 418                            | \$ | 30               | \$ | 89               | \$ | 537          |
| Additions                       | -                                 |    | 1                |    | -                |    | 1            |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2016    | 418                               |    | 31               |    | 89               |    | 538          |
| Additions                       | -                                 |    | -                |    | -                |    | -            |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2017    | 418                               |    | 31               |    | 89               |    | 538          |
| Additions                       | -                                 |    | 12               |    | 24               |    | 36           |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2018    | \$ 418                            | \$ | 43               | \$ | 113              | \$ | 574          |
| <b>Accumulated depreciation</b> |                                   |    |                  |    |                  |    |              |
| Balance at December 31, 2015    | 418                               |    | 27               |    | 87               |    | 532          |
| Depreciation for the year       | -                                 |    | 3                |    | 1                |    | 4            |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2016    | \$ 418                            | \$ | 30               | \$ | 88               | \$ | 536          |
| Depreciation for the year       | -                                 |    | 1                |    | 1                |    | 2            |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2017    | 418                               |    | 31               |    | 89               | \$ | 538          |
| Depreciation for the year       | -                                 |    | 2                |    | 1                |    | 3            |
| Disposals                       | -                                 |    | -                |    | -                |    | -            |
| Balance at December 31, 2018    | \$ 418                            | \$ | 33               | \$ | 90               | \$ | 541          |
| <b>Carrying amounts</b>         |                                   |    |                  |    |                  |    |              |
| At December 31, 2016            | \$ -                              | \$ | 1                | \$ | 1                | \$ | 2            |
| At December 31, 2017            | \$ -                              | \$ | 1                | \$ | -                | \$ | 1            |
| At December 31, 2018            | \$ -                              | \$ | 10               | \$ | 23               | \$ | 33           |

The depreciation expense of property and equipment amounts to \$3,041, \$1,153 and \$3,438 for the years ended December 31, 2018, 2017 and 2016, respectively and is included in research and development in the statements of operations and comprehensive loss.

**NOTE 7 – INTANGIBLE ASSETS**

Intangible assets include patents and acquired intellectual property rights. Patents having a capitalized cost of \$4,818,243, accumulated amortization of \$4,500,511 and accumulated impairment of \$317,732 at December 31, 2018, 2017 and 2016, are still assets of the Corporation.

The intellectual property rights, having a cost of \$2,222,661 and an accumulated amortization of \$2,222,661 at December 31, 2018, 2017 and 2016, are still property of the Corporation.

**NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of December 31, 2018, 2017 and 2016, consisted of the following:

| <b>Description</b>                             | <b>In Thousands of US Dollars</b> |             |             |
|--|-----------------------------------|-------------|-------------|
|  | <b>2018</b>                       | <b>2017</b> | <b>2016</b> |
| Accounts payable                               | \$ 808                            | \$ 2,017    | \$ 1,142    |
| Accrued liabilities:                           |                                   |             |             |
| Payroll related liabilities                    | 216                               | 213         | 212         |
| Other accrued liabilities                      | 50                                | -           | 14          |
| Total accounts payable and accrued liabilities | \$ 1,074                          | \$ 2,230    | \$ 1,368    |

Table of Contents**NOTE 9 – CONVERTIBLE NOTES**

The convertible note payable was entered into on December 16, 2014, bears interest at 6% and matured on December 1, 2017. Additionally, the Corporation has agreed to pay an annual administration fee equal to 2% of the face value of the note.

The convertible note was classified as a liability at its estimated fair value with the residual allocated to the conversion feature. As a result, the recorded liability for the convertible note was lower than its face value, the difference being characterized as a debt discount and amortized as interest expense using the effective interest method over the term of the note. The value assigned to the conversion feature has been characterized as equity. The fair value of the debt component was determined using a discounted cash flow model.

The carrying value of the convertible noted included the following changes for the years ended December 31, 2018, 2017 and 2016:

| <b>Description</b>               | <b>In Thousands of US Dollars</b> |             |             |
|----------------------------------|-----------------------------------|-------------|-------------|
|                                  | <b>2018</b>                       | <b>2017</b> | <b>2016</b> |
| Balance, beginning of the period | \$ -                              | \$ 931      | \$ 815      |
| Accretion expense                | -                                 | 139         | 116         |
| Debt conversion                  | -                                 | (1,070)     | -           |
| Balance, end of the period       | \$ -                              | \$ -        | \$ 931      |

In connection with the issuance of the convertible notes, the Corporation issued 107,000 warrants to the placement agent as part of the placement fee. The warrants are classified as equity as they meet the criteria for such classification. All warrant had been exercised by December 31, 2017. See note 14.

Using the effective interest rate method and the 23.57% rate implicit in the calculation, the difference of \$351,169 between the amounts attributed to the debt component and the face value of the convertible note is being accreted to the fair value over the term of the note.

By the year end of December 31, 2017, the debt holder converted full amount of principle of \$1,070,000 and accrued interest of \$13,064 to total of 2,030,872 shares.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES****Operating leases**

In August 2018, July 2018, October 2017, the Corporation entered into or renewed its operating lease agreements for its Canadian, US (California) and US (New Jersey) premises, which will expire on August 31, 2020, December 31, 2019 and October 31, 2020, respectively. The Corporation is working on making a final rent settlement with Bahamas office landlord.

The current leases for the Canadian, US (California) and U.S. (New Jersey) operations run for 18 months, 12 months and two years respectively, with an option to renew the leases after these dates. Lease deposits are described below:

| <b>In Thousands of US Dollars</b> |                |    |                    |
|-----------------------------------|----------------|----|--------------------|
| <b>Location</b>                   | <b>Current</b> |    | <b>Non-Current</b> |
| Bahamas                           | \$             | 7  | \$ -               |
| California                        |                | 16 |                    |
| New Jersey                        |                | -  | 17                 |
| Total                             | \$             | 23 | \$ 17              |

Lease payments are increased with every renewal to reflect market rentals. The current monthly payments, net of executory costs, for these leases are as follows:

Table of Contents

| In Thousands of US Dollars |        |
|----------------------------|--------|
| Location                   | Amount |
| Quebec                     | \$ 5   |
| California                 | 7      |
| New Jersey                 | 10     |
| Total                      | \$ 22  |

During the years ended December 31, 2018, 2017 and 2016, we incurred \$272,444, \$279,640 and \$264,825, respectively in expenses related to these operating leases.

Minimum lease payments under non-cancelable operating leases that were entered by the Corporation are payable as follows:

| In Thousands of US Dollars |        |
|----------------------------|--------|
| Payment Term               | Amount |
| Less than one year         | \$ 261 |
| Between one and five years | 134    |
| More than five years       | -      |
| Total                      | \$ 395 |

**NOTE 11 – SHARE CAPITAL**

Common shares authorized, issued and related contributed capital by controlling shareholders as of December 31, 2018 and 2017 were as follows

| Description   | In Thousands of US Dollars and shares |            |           |
|---|---------------------------------------|------------|-----------|
|   | 2018                                  | 2017       | 2016      |
| Authorized:   |                                       |            |           |
| An unlimited number of common shares, at no par value |                                       |            |           |
| Issued, outstanding:                                  |                                       |            |           |
| Number of common shares                               | 64,676                                | 56,378     | 49,116    |
| Dollars   | \$ 126,684                            | \$ 108,196 | \$ 92,125 |

The holders of common shares are entitled to receive dividends as declared, which is at the discretion of the Corporation, and are entitled to one vote per share at the annual general meeting of the Corporation. The Corporation

has never paid any dividends.

### **Common Stock**

In February 2016, the Corporation filed a prospectus supplement and accompanying prospectus related to the potential issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales have been made under an equity distribution agreement, dated February 5, 2016, between the Corporation and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock under this prospectus supplement and the accompanying prospectus are made by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan acts as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

Table of Contents

During the year end December 31, 2018, the Corporation completed 11 private placements and raised a total of \$14,931,958 in share capital. A total of 5,137,950 shares were issued at an average price of \$2.91 per share for the private placement. The Corporation has sold 50,000 shares to one of its officers at \$3.00 per share as shares subscription receivable by the year end of 2018.

**NOTE 12 – STOCK OPTIONS**

The Corporation has established a stock option plan (the “Plan”) for its key employees, officers and directors, and certain consultants. The Plan is administered by the Board of Directors of the Corporation. The Board may from time to time designate individuals to whom options to purchase common shares of the Corporation may be granted, the number of shares to be optioned to each, and the option price per share. The option price per share cannot involve a discount to the market price at the time the option is granted. The maximum number of shares which may be optioned under the stock option plan is 7,500,000. The maximum number of shares which may be optioned to any one individual is 15% of the total issued and outstanding common shares. Options under the Plan expire up to ten years after the grant date and vest either immediately or over periods up to six years and are equity-settled. As of December 31, 2018, 1,760,000 options could still be granted by the Corporation.

The following table provides the activity of stock option awards for the years ended December 31, 2018, 2017 and 2016 and for options outstanding and exercisable as of December 31, 2018, the weighted average exercise price, and the weighted average remaining contractual life.

|                               |               | <b>Options outstanding</b> |                              |
|-------------------------------|---------------|----------------------------|------------------------------|
|                               |               | <b>Weighted average</b>    | <b>remaining contractual</b> |
|                               | <b>Number</b> | <b>exercise price</b>      | <b>life (in years)</b>       |
| Outstanding December 31, 2015 | 6,519,500     | 4.43                       | 4.28                         |
| Expired                       | (859,500)     | 2.99                       |                              |
| Granted                       | -             | -                          | -                            |
| Cancelled                     | -             | -                          | -                            |
| Outstanding December 31, 2016 | 5,660,000     | 1.74                       | 8.37                         |
| Granted                       | 50,000        | 2.93                       | 9.03                         |
| Outstanding December 31, 2017 | 5,710,000     | \$ 1.75                    | 7.39                         |
| Expired                       | -             | -                          | -                            |
| Not vested                    |               |                            |                              |

Edgar Filing: NYMOX PHARMACEUTICAL CORP - Form 20-F

|                               |           |    |      |      |
|-------------------------------|-----------|----|------|------|
| Granted                       | 30,000    |    | 3.43 | 3.59 |
| Outstanding December 31, 2018 | 5,740,000 | \$ | 1.76 | 6.37 |
| Options exercisable           | 5,710,000 | \$ | 1.75 | 6.39 |

The fair value of the options granted during the years ended December 31, 2018 and 2017, was determined using the Binomial Option pricing model using the following weighted average assumptions:

| Description                   | 2018            | 2017    | 2016 |
|-------------------------------|-----------------|---------|------|
| Share price                   | \$ 2.59~\$3.39  | \$ 2.93 | -    |
| Exercise price                | \$ 3.43         | \$ 2.93 | -    |
| Risk-free interest rate       | 2.74%~2.78%     | 2.38%   | -    |
| Expected volatility           | 149.99%~150.43% | 108.14% | -    |
| Expected option life in years | 4Yrs.           | 10Yrs.  | -    |
| Expected dividend yield       | -               | -       | -    |

The weighted average grant-date fair value of options granted during the year ended December 31, 2018, and 2017 was \$ 2.72 per option respectively. Expected volatility was estimated considering historic average share price volatility. Expected dividends were determined to be nil, since the Corporation has never had the ability nor paid any dividends.

Table of Contents**NOTE 13 SHARE BASED COMPENSATION**

On July 17, 2015, the Corporation approved the long-term employment agreement of Dr. Paul Averback as President and Chief Executive Officer. Dr. Averback has not taken a salary since November of 2014. The employment agreement retains the services of Dr. Averback for an initial period of seven years. Dr. Averback has agreed to forgo 100% of his salary until the Company receives a significant increase in its financing to expand its operations and execute its business plans at which time Dr. Averback will have the option to receive a cash salary or to continue the equity compensation. Dr. Averback received 3,000,000 restricted shares in July, 2015 and shall receive 250,000 restricted stock each month for the duration of the contract, totaling up to 21,000,000 restricted shares, in lieu of cash salary. The Corporation determined that a grant date for all the restricted shares occurred on July 17, 2015 and established the fair value of each share at \$1.36. The Corporation is recording the expense on a pro-rata basis and recorded an expense of \$3,499,991 in 2018. The unrecognized compensation cost as at December 31, 2018, which will be recognized on a pro-rata basis over the duration of the employment contract as services are performed, assuming Dr. Averback continued to elect equity compensation, is \$4,466,352.

The stock and stock option-based compensation expense to the directors and employees are disaggregated in the statements of operations and comprehensive loss for the years ended December 31, 2018, 2017 and 2016, as follows:

| <b>In Thousands of US Dollars</b>  |                 |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|
| <b>Functional Expense Category</b> | <b>2018</b>     | <b>2017</b>     | <b>2016</b>     |
| General and administrative expense | \$ 2,064        | \$ 3,708        | \$ 5,002        |
| Research and development expense   | 1,819           | 2,589           | 4,072           |
| <b>Total</b>                       | <b>\$ 3,883</b> | <b>\$ 6,297</b> | <b>\$ 9,074</b> |

**NOTE 14 - WARRANTS**

On December 16, 2014, in connection with the convertible notes private placement financing referred to in note 9, the Corporation issued 107,000 warrants to the placement agent as partial consideration for the placement fees. Each warrant entitled the holder to acquire one common share of the Corporation at an exercise price of \$0.54 prior to December 16, 2017. The debt holder had exercised all 107,000 warrants as of December 31, 2017.

On January 23, 2015 and on March 12, 2015, the Corporation completed two \$200,000 private placements for a total of \$400,000. A total of 883,058 units were issued at a weighted average price of \$0.39 per unit. Each Unit was comprised of one common share and a warrant to purchase one-half of one common share. A total of 441,529 warrants were issued. Each Warrant entitled the holder to acquire one common share of the Corporation at a price per share equal to U.S. \$2.00 for a period 24 month following the subscription date. By the year end of December 31,

2017, the warrant holder has excised all these warrants.

Table of Contents

No warrants are outstanding as of December 31, 2018. A detail of warrant activity for the years ended December 31, 2018, 2017 and 2016 is as follows:

| Description           | Number  | Weighted<br>average<br>exercise<br>price | Weighted<br>average                            |  |
|-----------------------|---------|--|--|--|
|                       |         |  | remaining<br>contractual<br>life (in<br>years) |  |
| Outstanding 31-Dec-15 | 548,529 | \$ 1.72                                  | 1.31   |  |
| Exercised             | -       | -  | -  |  |
| Granted               | -       | -  | -  |  |
| Expired               | -       | -  | -  |  |
| Cancelled             | -       | -  | -  |  |
| Outstanding 31-Dec-16 | 548,529 | \$ 1.72                                  | 1.31   |  |
| Exercised             | 548,529 | 1.72                                     | -  |  |
| Granted               | -       | -  | -  |  |
| Expired               | -       | -  | -  |  |
| Cancelled             | -       | -  | -  |  |
| Outstanding 31-Dec-17 | -       | \$ -                                     | -  |  |
| Exercised             | -       | -  | -  |  |
| Granted               | -       | -  | -  |  |
| Expired               | -       | -  | -  |  |
| Cancelled             | -       | -  | -  |  |
| Outstanding 31-Dec-18 | -       | \$ -                                     | -  |  |

**NOTE 15 - INCOME TAXES**

The Corporation was re-domiciled to the Bahamas in 2015. The substantial portion of our operations are generated out of our executive offices in the Bahamas which has no corporate income taxes. We do have operations subject to income tax in the United States of America, primarily the sale of product out of our New Jersey facilities.

The effect of the re-domiciliation from Canada to the Bahamas will result in the expiration of several tax attributes relative to our prior operations in Canada including Canadian research tax credit carryforwards and Canadian loss carryforwards. Canadian research tax credit carryforwards and Canadian loss carryforwards expired upon determination of the re-domiciliation by the Canadian federal government amount to \$1,686,270 and \$55,850,632, respectively.

Nymox recognized no provision (recovery) for federal income taxes for the years ended December 31, 2018, 2017 and 2016.

The following table is a reconciliation of effective tax rate:

| <b>Description</b>                              | <b>In Thousands of US Dollars</b> |             |             |
|---|-----------------------------------|-------------|-------------|
|   | <b>2018</b>                       | <b>2017</b> | <b>2016</b> |
| Net loss for the year, before income taxes      | \$ (10,594)                       | \$ (13,429) | \$ (13,110) |
| Net loss attributable to the Bahamas            | (10,416)                          | (13,305)    | (12,978)    |
| Net loss attributable the United States         | (178)                             | (124)       | (132)       |
| Domestic tax rate applicable to the Corporation | 21%                               | 35%         | 35%         |
| Income taxes at domestic tax statutory rate     | (62)                              | (43)        | (46)        |
| Change in valuation allowance                   | 62                                | 43          | 46          |
| Deferred tax provision (recovery)               | \$ -                              | \$ -        | \$ -        |

As at December 31, 2018 and 2017, deferred tax assets not recognized were as follows:

| <b>Description</b>                                 | <b>In Thousands of US Dollars</b> |             |             |
|--|-----------------------------------|-------------|-------------|
|  | <b>2018</b>                       | <b>2017</b> | <b>2016</b> |
| Tax loss carry forward                             | \$ 1,558                          | \$ 4,179    | \$ 4,130    |
| Patents capitalized and amortized for tax purposes | 4                                 | 10          | 16          |
| Unrecognized deferred tax assets                   | \$ 1,568                          | \$ 4,189    | \$ 4,146    |

Deferred tax assets have not been recognized in respect to these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom. The generation of future taxable profit is dependent on the successful commercialization of the Corporation's products and technologies.

Table of Contents

The amount of net operating loss carryforwards for US Federal income tax purposes by year of origination and expiration is detailed below:

| In Thousands of US Dollars |            |        |            |            |          |
|----------------------------|------------|--------|------------|------------|----------|
| Year                       | Year of    |        | Year       | Year of    |          |
| Originated                 | Expiration | Amount | Originated | Expiration | Amount   |
| 1999                       | 2019       | 1,078  | 2009       | 2029       | 86       |
| 2000                       | 2020       | 813    | 2010       | 2030       | 541      |
| 2001                       | 2021       | 664    | 2011       | 2031       | 480      |
| 2002                       | 2022       | 522    | 2012       | 2032       | 177      |
| 2003                       | 2023       | 564    | 2013       | 2033       | 121      |
| 2004                       | 2024       | 353    | 2014       | 2034       | 70       |
| 2005                       | 2025       | 264    | 2015       | 2035       | 127      |
| 2006                       | 2026       | 355    | 2016       | 2036       | 147      |
| 2007                       | 2027       | 373    | 2017       | 2037       | 140      |
| 2008                       | 2028       | 351    | 2018       | 2038       | 194      |
| Total                      |            |        |            |            | \$ 7,420 |

**NOTE 16 - EARNINGS PER SHARE**

Weighted average number of common shares outstanding:

| Description   | In Thousands of Shares |        |        |
|---|------------------------|--------|--------|
|   | 2018                   | 2017   | 2016   |
| Issued common shares at January 1                                   | 56,378                 | 49,116 | 42,988 |
| Effect of shares issued   | 4,088                  | 3,532  | 3,167  |
| Weighted average number of common shares outstanding at December 31 | 60,466                 | 52,648 | 46,155 |

Diluted loss per share was the same amount as basic loss per share, as the effect of options and warrants would have been anti-dilutive because the Corporation incurred losses in each of the years presented. All outstanding options could potentially be dilutive in the future.

**NOTE 17 - FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES**

The Corporation has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value due to the immediate or short-term maturity of these financial instruments. The fair values of the convertible notes, determined using a discounted cash flow model for a similar liability that does not have an equity conversion option, have been determined to approximate the carrying amounts. Accordingly, the only financial instrument stated at fair value in the statement of financial position are convertible notes as of December 31, 2016, which are presented as a Level II liability in the amount of \$931,000.

Table of Contents**NOTE 18 – FINANCE INCOME AND FINANCE COSTS**

Finance income and finance costs for the years ended December 31, 2018, 2017 and 2016, are detailed below:

| Description                        | In Thousands of US Dollars |          |          |
|------------------------------------|----------------------------|----------|----------|
|                                    | 2018                       | 2017     | 2016     |
| Interest income                    | \$ 72                      | \$ 11    | \$ 4     |
| Interest and bank charges          | (18)                       | (52)     | (118)    |
| Financial costs                    |                            |          | –        |
| Accretion of the other liabilities | -                          | (152)    | (116)    |
| Net foreign exchange gain          | (7)                        | (1)      | (10)     |
| Net finance costs                  | \$ 47                      | \$ (194) | \$ (240) |
| Finance income                     | \$ 65                      | \$ 10    | \$ 4     |
| Finance costs                      | (18)                       | (204)    | (244)    |
| Net finance costs                  | \$ 47                      | \$ (194) | \$ (240) |

**NOTE 19 - SEGMENT DISCLOSURES**

The Corporation operates in one reportable segment, which is the Corporation's strategic business unit -the research and development of products for the aging population.

Information regarding the geographic reportable segment is as follows:

| Description            | In Thousands of US Dollars |        |        |
|------------------------|----------------------------|--------|--------|
|                        | Canada                     | States | Europe |
| Revenues               |                            |        |        |
| 2018                   | \$ 1                       | \$ 276 | \$ 22  |
| 2017                   | \$ 5                       | \$ 197 | \$ 21  |
| 2016                   | \$ -                       | \$ 232 | \$ 51  |
| Property and equipment |                            |        |        |
| December 31, 2018      | \$ -                       | \$ 33  | \$ -   |

|                   |    |   |    |   |    |   |
|-------------------|----|---|----|---|----|---|
| December 31, 2017 | \$ | 1 | \$ | – | \$ | – |
| December 31, 2016 | \$ | 2 | \$ | – | \$ | – |

Revenues are attributed to geographic locations based on location of customers. Property and equipment is attributed to geographic locations based on its physical location.

## NOTE 20 - CONCENTRATIONS

### Major customers

Customers that accounted for greater than 10% of revenues from sales of goods in any of the last three years were as follows:

| Description | In Thousands of US Dollars |     |      |    |      |    |
|-------------|----------------------------|-----|------|----|------|----|
|             | 2018                       |     | 2017 |    | 2016 |    |
| Customer A  | \$                         | 34  | \$   | 62 | \$   | 7  |
| Customer C  | \$                         | 126 | \$   | 90 | \$   | 10 |

## NOTE 21- RELATED PARTY TRANSACTIONS

The transactions we have with related parties are compensation arrangements for both current compensation, share based compensation and compensation under options for our officers and directors. We also paid service fees to two corporations controlled by two of our officers.

Executive officers and directors participate in the Corporation's stock option plan. Executive officers are covered under the Corporation's health plan.

Key management personnel compensation is comprised of:

| Description                  | In Thousands of US Dollars |       |      |       |      |       |
|------------------------------|----------------------------|-------|------|-------|------|-------|
|                              | 2018                       |       | 2017 |       | 2016 |       |
| Salaries                     | \$                         | –     | \$   | –     | \$   | –     |
| Short-term employee benefits |                            | 13    |      | 2     |      | 2     |
| Stock-based compensation     |                            | 3,814 |      | 6,072 |      | 9,071 |
| Total                        | \$                         | 3,827 | \$   | 6,074 | \$   | 9,073 |

Total honorariums earned by the independent directors of the Corporation for participation in Board and Committee meetings were \$13,500, \$0 and \$0 for the years ended December 31, 2018, 2017 and 2016, respectively.

Table of Contents

Our Chief Financial Officer receives no compensation as an individual and receives no deferred or incentive compensation. We do make payments in the form of contract for services rendered to a corporation controlled by him. Amounts paid under this arrangement were \$442,500, \$240,000 and \$250,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

Our Corporate Legal Counsel receives no compensation as an individual and receives no deferred or incentive compensation. We do make payments in the form of contract for services rendered to a corporation controlled by him. Amounts paid under this arrangement were \$223,372, \$199,950 and \$180,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

**NOTE 22 – RESEARCH AND DEVELOPMENT EXPENSES**

Research and development expenses, excluding stock-based compensation and depreciation expenses, allocated to our major research and development programs are as follows:

| Research and Development Program                         | In Thousands of US Dollars      |          |          |
|--|---------------------------------|----------|----------|
|  | For the Year Ended December 31, |          |          |
|  | 2018                            | 2017     | 2016     |
| Research and Development Program                         | \$ 2                            | \$ 1     | \$ 36    |
| Alzheimer's Disease: Therapeutics                        | -                               | 2        | 4        |
| Anti-Infectives  | 4                               | 4        | 3        |
| BPH (Enlarged Prostate) and Prostate Cancer Therapeutics | 4,917                           | 5,268    | 2,675    |
| Tobacco Exposure Tests: NicAlert™ and TobacAlert™        | 2                               | 9        | 4        |
| Total  | \$ 4,925                        | \$ 5,284 | \$ 2,722 |

**NOTE 23 - PERSONNEL EXPENSES**

A detailed analysis of personnel related expenses for the years ended December 31, 2018, 2017 and 2016 is provided below:

| Description | In Thousands of US Dollars |        |        |
|-------------|----------------------------|--------|--------|
|             | 2018                       | 2017   | 2016   |
| Salaries    | \$ 518                     | \$ 305 | \$ 277 |

|                              |                 |                 |                 |
|------------------------------|-----------------|-----------------|-----------------|
| Employer contributions       | 48              | 31              | 30              |
| Short-term employee benefits | 49              | 18              | 18              |
| Stock-based compensation     | 3,883           | 6,072           | 9,071           |
| <b>Total</b>                 | <b>\$ 4,428</b> | <b>\$ 6,426</b> | <b>\$ 9,397</b> |

**NOTE 24 - CAPITAL DISCLOSURES AND FINANCIAL RISK**

On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000 which bears interest at 6% per annum, payable quarterly with a maximum term of 3 years (see note 9).

In 2018, the Corporation raised \$14,931,958 and issued 5,137,950 common shares from private placement financings.

Table of Contents

Approximately 93%, 90% and 99% of expenses that occurred during the years ended December 31, 2018, 2017 and 2016, respectively, were denominated in US dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2018, 2017 or 2016.

**NOTE 25 - Foreign Exchange risk**

We have no significant items exposed to foreign exchange.

Based on the Corporation's foreign currency exposures, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar would have decreased the net loss for the year ended December 31, 2018 by approximately \$35,000, assuming that all other variables remained constant.

An assumed 5% weakening of the US dollar against the Canadian dollar would have had an equal but opposite effect on the amount shown above, on the basis that all other variables remained constant.

**NOTE 26 - Credit risk**

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and trade and other accounts receivable. Cash is maintained with high-credit quality financial institutions. For trade accounts receivable, the Corporation performs periodic credit evaluations and typically does not require collateral. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

The Corporation has a limited number of customers. Included in the consolidated statement of financial position as of December 31, 2018, 2017 and 2016 are trade accounts receivable of \$2,084, \$78,397 and \$6,421, respectively, all of which were aged under 45 days. One customer accounted for 100.0% and four customers accounted for 100.00% of the trade receivables balance as of December 31, 2018, 2017 and 2016, respectively, all of whom have a good payment record with the Corporation. No bad debt expense was recorded on trade accounts receivable for the years ended December 31, 2018, 2017 or 2016.

At December 31, 2018, the Corporation's maximum credit exposure corresponded to the carrying amount of cash, trade accounts receivable and other receivables.

#### NOTE 27 - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at a variable rate. Trade accounts receivable, other receivables, trade accounts payable and accrued liabilities bear no interest. Based on the value of variable interest-bearing cash during the year ended December 31, 2018, an assumed 0.5% increase or 0.5% decrease in interest rates during such period would have had no significant effect on the net loss.

#### NOTE 28 - Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure, as outlined in Capital Disclosures above. The Corporation does not have an operating credit facility and has historically financed its activities primarily through an equity financing with various investment companies and the issuance of convertible notes.

The following are the contractual maturities of financial liabilities:

| Description                                    | In Thousands of US Dollars |                  |                   |
|--|----------------------------|------------------|-------------------|
|  | Carrying Amount            | Less than 1 year | 1 year to 5 years |
| Trade accounts payable and accrued liabilities |                            |                  |                   |
| December 31, 2018                              | \$ 1,075                   | \$ 1,075         | \$ —              |
| December 31, 2017                              | \$ 2,230                   | \$ 2,230         | \$ —              |
| Convertible notes                              |                            |                  |                   |
| December 31, 2018                              | \$ -                       | \$ -             | \$ —              |
| December 31, 2017                              | \$ -                       | \$ -             | \$ —              |

#### NOTE 29 - SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through March 26, 2019, the date the financial statements were authorized for issuance by the Audit Committee of the Board of Directors. Although it has expressed no intention to do so the Audit Committee has the authorization to amend these financial statements. The corporation has determined

there are no subsequent events except below:

On January 15th, 2019, the Corporation received issued shares and warrant payment from an accredited investor for an amount of \$5,000,000. This raised fund is the final completion associated with an equity financing arrangement with the investor in April, 2018. The investor purchased shares at \$2.00 per share and has been issued 2,500,000 shares and 2,500,000 warrant. The warrant has excise price of \$8.0 per share with a term of five years.

**ITEM 9. OFFER AND LISTING DETAILS**

Nymox's common shares trade on the NASDAQ Stock Market. Nymox's common shares traded on the NASDAQ National Market from December 1, 1997 until September 16, 1999 when they began trading on the NASDAQ SmallCap Market, now called the NASDAQ Capital Market. Nymox's common shares also traded on the Montreal Exchange from December 18, 1995 until November 19, 1999.

The following tables set out the high and low reported trading prices of the common shares on the NASDAQ Stock Market during the periods indicated.

**Annual High and Low Market Prices – Past Five Years**

| <b>YEAR</b> | <b>ANNUAL<br/>HIGH</b> | <b>ANNUAL<br/>LOW</b> |
|-------------|------------------------|-----------------------|
| 2014        | \$ 6.780               | \$ 0.330              |
| 2015        | \$ 4.37                | \$ 0.350              |
| 2016        | \$ 5.79                | \$ 1.62               |
| 2017        | \$ 5.10                | \$ 2.67               |
| 2018        | \$ 4.60                | \$ 1.25               |

**Quarterly High and Low Market Prices – Past Two Years**

| <b>YEAR</b> | <b>QUARTERLY<br/>PERIOD</b> | <b>HIGH<br/>SALES<br/>PRICE</b> | <b>LOW<br/>SALES<br/>PRICE</b> |
|-------------|-----------------------------|---------------------------------|--------------------------------|
| 2017        | 1 <sup>st</sup> Quarter     | \$ 4.10                         | \$ 2.67                        |
|             | 2 <sup>nd</sup> Quarter     | \$ 5.10                         | \$ 3.28                        |
|             | 3 <sup>rd</sup> Quarter     | \$ 4.38                         | \$ 3.30                        |
|             | 4 <sup>th</sup> Quarter     | \$ 4.24                         | \$ 3.25                        |
| 2018        | 1 <sup>st</sup> Quarter     | \$ 4.60                         | \$ 3.00                        |
|             | 2 <sup>nd</sup> Quarter     | \$ 4.43                         | \$ 3.09                        |
|             | 3 <sup>rd</sup> Quarter     | \$ 3.80                         | \$ 2.42                        |
|             | 4 <sup>th</sup> Quarter     | \$ 2.93                         | \$ 1.25                        |

**Monthly High and Low Market Prices – Most Recent Six Months**

| <b>DATE</b>                                | <b>MONTHLY<br/>HIGH</b> | <b>MONTHLY<br/>LOW</b> |
|--|-------------------------|------------------------|
| October, 2018                              | \$ 2.93                 | \$ 1.49                |
| November, 2018                             | \$ 2.21                 | \$ 1.62                |
| December, 2018                             | \$ 1.96                 | \$ 1.25                |
| January, 2019                              | \$ 2.46                 | \$ 1.32                |
| February, 2019                             | \$ 2.71                 | \$ 2.12                |
| March 26, 2019                             |                         |                        |
| (up to and<br>including March<br>26, 2019) | \$ 2.35                 | \$ 1.88                |

## ITEM 10. ADDITIONAL INFORMATION

### Memorandum and Articles of Association

#### Bylaws and Articles of Incorporation

The Corporation's Certificate of Continuation filed pursuant to the International Business Companies Act of the Commonwealth of The Bahamas, which we refer to as our articles of incorporation, are on file with the Acting Registrar General of the Commonwealth of The Bahamas under Corporation Number 175894 (B). Our articles of incorporation do not include a stated purpose and do not place any restrictions on the business that the Corporation may carry on.

#### Directors

A director of our Corporation need not be a shareholder. In order to serve as a director, a person must be a natural person at least 18 years of age, of sound mind and not bankrupt. Neither our articles of incorporation or by-laws impose any mandatory retirement requirements for directors.

Our bylaws authorizes the directors from time to time to determine the remuneration for their services. There is no requirement for an independent quorum.

A director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with our Corporation must disclose to the Corporation the nature and extent of his or her interest at the time and in the manner provided by the International Business Corporations Act. The International Business Corporations Act prohibits such a director from voting on any resolution to approve the contract or transaction unless the contract or transaction:

- is an arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the Corporation or an affiliate;
-

relates primarily to his or her remuneration as a director, officer, employee or agent of the Corporation or an affiliate;

- is for indemnity or insurance for director's liability as permitted by the Act; or
- is with an affiliate.

Our board of directors may, on behalf of the Corporation and without authorization of our shareholders:

- borrow money upon the credit of the Corporation;
- issue, reissue, sell or pledge debt obligations of the Corporation;
- give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The International Business Corporations Act prohibits the giving of a guarantee to any shareholder, director, officer or employee of the Corporation or of an affiliated corporation or to an associate of any such person for any purpose or to any person for the purpose of or in connection with a purchase of a share issued or to be issued by the Corporation or its affiliates, where there are reasonable grounds for believing that the Corporation is or, after giving the guarantee, would be unable to pay its liabilities as they become due, or the realizable value of the Corporation's assets in the form of assets pledged or encumbered to secure a guarantee, after giving the guarantee, would be less than the aggregate of the Corporation's liabilities and stated capital of all classes.

These borrowing powers may be varied by the Corporation's bylaws or its articles of incorporation. However, our bylaws and articles of incorporation do not contain any restrictions on or variations of these borrowing powers.

### Common Shares

Our articles of incorporation authorize the issuance of an unlimited number of common shares. They do not authorize the issuance of any other class of shares.

The holders of the common shares of our Corporation are entitled to receive notice of and to attend all meetings of the shareholders of our Corporation and have one vote for each common share held at all meetings of the shareholders of our Corporation. Our directors are elected at each annual meeting of shareholders and do not stand for reelection at staggered intervals.

The holders of common shares are entitled to receive dividends and the Corporation will pay dividends, as and when declared by our board of directors, out of moneys properly applicable to the payment of dividends, in such amount and in such form as our board of directors may from time to time determine, and all dividends which our board of directors may declare on the common shares shall be declared and paid in equal amounts per share on all common shares at the time outstanding.

In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares will be entitled to receive the remaining property and assets of the Corporation.

There are no redemption provisions and no liability for further capital calls associated with the Corporation's common stock.

Action Necessary to Change Rights Of Shareholders

In order to change the rights of our shareholders, we would need to amend our articles of incorporation to effect the change. Such an amendment would require the approval of holders of two-thirds of the shares cast at a duly called special meeting. For certain amendments such as those creating of a class of preferred shares, a shareholder is entitled to dissent in respect of such a resolution amending our articles and, if the resolution is adopted and the Corporation implements such changes, demand payment of the fair value of its shares.

Meetings of Shareholders

An annual meeting of shareholders is held each year for the purpose of considering the financial statements and reports, electing directors, appointing auditors and for the transaction of other business as may be brought before the meeting. The board of directors has the power to call a special meeting of shareholders at any time.

Notice of the time and place of each meeting of shareholders must be given not less than 21 days, nor more than 60 days, before the date of each meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of meeting of shareholders called for any other purpose other than consideration of the minutes of an earlier meeting, financial statements and auditor's report, election of directors and reappointment of the incumbent auditor, must state the nature of the business in sufficient detail to permit the shareholder to form a reasoned judgment on and must state the text of any special resolution or by-law to be submitted to the meeting.

The only persons entitled to be present at a meeting of shareholders are those entitled to vote, the directors of the Corporation and the auditor of the Corporation. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting. In circumstances where a court orders a meeting of shareholders, the court may direct how the meeting may be held, including who may attend the meeting.

#### Limitations on Right To Own Securities

Neither the International Business Corporation Act nor our articles or by-laws limit the right of a nonresident to hold or vote our shares, as amended by the World Trade Organization Agreement Implementation Act.

- An acquisition of our shares if the acquisition were made in the ordinary course of that person's business as a
- (a) trader or dealer in securities;
  - (b) an acquisition of control of the Corporation in connection with the foreclosure of a security interest granted for a loan or other assistance and not for any purpose related to the provisions the Investment Act; and
  - (c) an acquisition of control of the Corporation by reason of an amalgamation, consolidation or corporate reorganization, following which the direct or indirect control in fact of the Corporation, through ownership of voting interests, remains unchanged.

#### Change of Control

There are no provisions of our bylaws or articles of incorporation that would have an effect of delaying, deferring or preventing a change in control of the Corporation and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Corporation. Our bylaws do not contain a provision governing the ownership threshold above which shareholder ownership must be disclosed.

#### **Material Contracts**

The following is a summary of the material contracts to which the Corporation is a party, for the three years ended March 26, 2019.

1. On December 16, 2014, the Corporation issued secured convertible notes through a private placement for aggregate gross proceeds of \$1,070,000, which bear interest at 6% per annum, payable quarterly with a

maximum term of 3 years. The Corporation will also pay an administrative fee of 2% per annum on the outstanding principal amount, calculated quarterly and paid at the same time that interest is paid on these notes. The Corporation has agreed to grant a first lien on its assets to secure its obligations under the note. The notes are convertible at the holder's option at any time into common shares of the Corporation at a conversion price of \$0.533 per share. The note converted in full by the year end of 2017

2. This prospectus supplement and accompanying prospectus relates to the issuance and sale of up to \$12,000,000 of our common stock, no par value per share, from time to time through our sales agent, Chardan Capital Markets, LLC, or Chardan. These sales, if any, will be made under an equity distribution agreement, dated February 5, 2016, between us and Chardan, which we refer to as the equity distribution agreement.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 under the Securities Act of 1933, as amended, which we refer to as the Securities Act, including sales made directly on The NASDAQ Capital Market, on any other existing trading market for our common stock or to or through a market maker or through an electronic communications network. If expressly authorized by us, Chardan may also sell our common stock in privately negotiated transactions. Chardan will act as sales agent on a commercially reasonable efforts basis, consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of NASDAQ. There is no specific date on which the offering will end, there are no minimum sale requirements and there are no arrangements to place any of the proceeds of this offering in an escrow, trust or similar account.

Chardan will be entitled to compensation at a fixed commission rate of 3.0% of the gross proceeds from the sale of our common stock pursuant to the equity distribution agreement. In connection with the sale of the common stock on our behalf, Chardan may, and will with respect to sales effected in an “at-the-market” offering, be deemed to be an “underwriter” within the meaning of the Securities Act, and the compensation of Chardan may be deemed to be underwriting commissions or discounts. We have also agreed to provide indemnification and contribution to Chardan against certain civil liabilities, including liabilities under the Securities Act.

### **Exchange Controls**

The Bahamas has no system of exchange controls. There are no exchange restrictions on borrowing from foreign countries or on the remittance of dividends, interest, royalties and similar payments, management fees, loan repayments, settlement of trade debts or the repatriation of capital.

There are no limitations on the rights of non-Canadians to exercise voting rights on their shares of Nymox.

### **Taxation**

#### **U.S. Federal Income Tax Considerations for U.S. Persons**

This section contains a summary of certain U.S. federal income tax considerations for U.S. Persons (as defined below) who hold common shares of Nymox. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations, rulings of the Internal Revenue Service (the “IRS”), and judicial decisions in existence on the date hereof, all of which are subject to change. Any such change could apply retroactively and could have adverse consequences to Nymox and its shareholders. This summary is necessarily general and does not attempt to summarize all aspects of the federal tax laws (and does not attempt to summarize any state or local laws) that may affect an investor’s acquisition of an interest in Nymox. No ruling from the IRS will be requested and no assurance can be given that the IRS will agree with the tax consequences described in this summary.

For purposes of this discussion, the term “U.S. Person” means (a) an individual who is a citizen of the United States or who is resident in the United States for United States federal income tax purposes, (b) a corporation or a partnership that is organized under the laws of the United States or any state thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust (i) that is subject to the supervision of a court within the United States and is subject to the control of one or more United States persons as described in the

Code, or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person. The term “U.S. Holder” means a shareholder of Nymox who is a U.S. Person. The term “foreign corporation” means an entity that is classified as a corporation for U.S. federal income tax purposes and that is not organized under the laws of the United States or any state thereof.

This summary does not discuss all United States federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to certain holders that may be subject to special treatment under United States federal income tax law (for example, insurance companies, tax-exempt organizations, financial institutions, dealers in securities, persons who hold shares as part of a straddle, hedging, constructive sale, or conversion transaction, U.S. Holders whose functional currency is not the U.S. dollar, and U.S. Holders who acquired shares through exercise of employee stock options or otherwise as compensation for services). Furthermore, this summary does not address any aspects of state or local taxation.

**The tax consequences of an investment in Nymox are complex and based on tax provisions that are subject to change. You are urged to consult with, and must depend upon, your own tax advisors with specific reference to your own tax situations as to the income and other tax consequences of an investment in Nymox.**

*Dividends and gains on sale.* Except as described below with respect to the “passive foreign investment corporation” rules, dividends paid by Nymox to a U.S. Holder, without reduction for Canadian withholding taxes, will be included in the gross income of such U.S. Holder, as a dividend, to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax. Such dividends will not be eligible for the dividend-received deduction generally allowed under the Code to dividend recipients that are U.S. corporations. The amount of any distribution in excess of Nymox’s current and accumulated earnings and profits will first be applied to reduce the U.S. Holder’s tax basis in its Nymox common shares, and any amount in excess of tax basis will be treated as gain from the sale or exchange of the common shares. A dividend paid by Nymox generally will be taxed at the preferential tax rates applicable to long-term capital gains (where the maximum federal rate is currently 20%) if (a) Nymox is a “qualified foreign corporation” as defined in Section 1(h)(11) of the Code, (a “QFC”), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on common shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the “ex-dividend date” (i.e., the first date that a purchaser of such common shares will not be entitled to receive such dividend). Nymox currently meets the definition of a QFC because its common shares are readily tradable on the Nasdaq Stock Market, an established securities market in the United States, provided that Nymox is not a “passive foreign investment corporation” (as described below) for the taxable year during which Nymox pays a dividend or for the preceding taxable year. If Nymox were to be delisted from the Nasdaq Stock Market, it is not clear whether Nymox would meet the definition of a QFC. If Nymox is not a QFC, a dividend paid by Nymox to a U.S. Holder that is an individual, estate, or trust generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the dividend rules.

Except as described below with respect to the “passive foreign investment corporation” rules, any gain recognized by a U.S. Holder on a sale or exchange of Nymox common shares (or on a distribution treated as a sale or exchange) generally will be treated as capital gain. Capital gains of corporations are taxable at the same rate as ordinary income. With respect to non-corporate taxpayers, the excess of net long-term capital gain over net short term capital loss may be taxed at a substantially lower rate than is ordinary income. A capital gain or loss is long-term if the asset has been held for more than one year and short-term if held for one year or less. In addition, the distinction between capital gain or loss and ordinary income or loss is relevant for purposes of limitations on the deductibility of capital losses.

A U.S. Holder generally may claim a credit against its U.S. federal income tax liability for Canadian income tax withheld from dividends received on Nymox common shares. The amount of this credit is subject to several limitations under the Code.

*Controlled foreign corporation rules.* A foreign corporation generally is classified as a “controlled foreign corporation” (a “CFC”) if more than 50% of the corporation’s shares (by vote or value) are owned, directly or indirectly, by “10% U.S. Shareholders”. For this purpose, a “10% U.S. Shareholder” is a U.S. Person that owns, directly or indirectly, shares possessing 10% or more of the voting power in the foreign corporation. Nymox believes that it is not a CFC at the present time. If Nymox were a CFC, each 10% U.S. Shareholder that owns, directly or indirectly through foreign entities, an interest in Nymox generally would be required to include in its gross income for U.S. federal income tax purposes a pro-rata share of any “Subpart F” income earned by Nymox, whether or not such income is distributed by Nymox. Subpart F income generally includes interest, dividends, royalties, gain on the sale of stock or securities and certain other categories of income.

*Passive foreign investment corporation rules.* In general, a foreign corporation is a “passive foreign investment corporation” (a “PFIC”) during a taxable year if 75% or more of its gross income for the taxable year constitutes “passive income” or if 50% or more of its assets (by average fair market value) held during the taxable year produce, or are held for the production of, passive income. In general, any U.S. Person that owns, directly or indirectly, an interest in a foreign corporation will be subject to an interest charge (in addition to regular U.S. federal income tax) upon the disposition by the U.S. Person of, or receipt by the U.S. Person of “excess distributions” with respect to, any shares of the foreign corporation if: (i) the foreign corporation is a PFIC during the taxable year in which such income is realized by the U.S. Person; or (ii) the foreign corporation was a PFIC during any prior taxable year that is included in whole or in part in the U.S. Person’s “holding period” (within the meaning of Section 1223 of the Code) with respect to its interest in the shares of the foreign corporation. Furthermore, the U.S. Person’s share of such gain or “excess distribution” will be taxable as ordinary income. There exist several other adverse tax consequences that may apply to any U.S. Person that owns, directly or indirectly, an interest in a PFIC.

A U.S. Person that owns, directly or indirectly, an interest in a PFIC can elect to treat such PFIC as a “qualified electing fund” (a “QEF”) with respect to the U.S. Person. In general, the effect of a QEF election with respect to a PFIC is that, beginning with the first taxable year to which the election applies and in all succeeding taxable years during which the foreign corporation is a PFIC, the U.S. Person is required to include in its income its share of the ordinary earnings and net capital gains of the PFIC. The U.S. Person is not taxable with respect to any distribution by the PFIC from earnings that have been included previously in the U.S. Person’s income under the QEF provisions. If the QEF election is made with respect to the first taxable year in which a U.S. Person owns, directly or indirectly, an interest in the particular PFIC, the adverse tax consequences described in the immediately preceding paragraph (including the interest charge and the treatment of gains as ordinary income) would not apply to the U.S. Person’s interest in that PFIC. In order to make a QEF election, a U.S. Person is required to provide to the IRS certain information furnished by the PFIC.

Nymox believes that it has not been a PFIC during any taxable year ending on or before December 31, 2014. There can be no assurance that Nymox will not be a PFIC during its current taxable year. Because PFIC classification cannot be determined until the close of a taxable year, is determined annually, and depends on the application of complex rules which are subject to differing interpretations, there can be no assurance that Nymox has never been and will not become a PFIC for any taxable year during which U.S. Holders hold Nymox common stock. Nymox intends to notify its U.S. Holders within 45 days after the end of any taxable year for which Nymox believes it might be a PFIC. Nymox has further undertaken (i) to provide its U.S. Holders with timely and accurate information as to its status as a PFIC and the manner in which the QEF election can be made and (ii) to comply with all record-keeping, reporting and other requirements so that the U.S. Holders, at their option, may make a QEF election.

Each U.S. Person who owns, directly or indirectly, common shares of Nymox is urged to consult its own tax advisor with respect to the advantages and disadvantages of making a QEF election with respect to Nymox.

*Information Reporting and Backup withholding.* Information reporting to the IRS may be required with respect to payments of dividends on the Nymox common shares to U.S. Holders, and with respect to proceeds received by U.S. Holders on the sale of Nymox common shares. A U.S. Holder may be subject to backup withholding with respect to dividends received with respect to Nymox common shares, or proceeds received on the sale of Nymox common shares through a broker, unless the U.S. Holder (i) demonstrates that it qualifies for an applicable exemption (such as the exemption for holders that are corporations), or (ii) provides a taxpayer identification number and complies with certain other requirements. Any amount withheld from payment to a U.S. Holder under the backup withholding rules generally will be allowed as credit against the U.S. Holder’s U.S. federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS.

In addition, certain categories of U.S. Holders that hold certain “foreign financial assets” (which may include Nymox common shares), over a certain threshold, must file IRS Form 8938 to report information relating to such assets, subject to certain exceptions. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the application of these information reporting and backup withholding rules to it.

*Medicare Contribution Tax.* Certain U.S. Holders who are individuals, estates or trusts are required to pay up to an additional 3.8% tax on, among other things, dividends and capital gains. Each U.S. Holder should consult its own financial advisor, legal counsel or accountant regarding the possible application of this additional tax to income earned with respect to Nymox common shares.

### **Canadian Federal Income Taxation**

The following summary describes the principal Canadian federal tax considerations generally applicable to a shareholder who holds as beneficial owner common shares of Nymox and who, at all relevant times, for purposes of *the Income Tax Act* (Canada) and the *Income Tax Regulations* (collectively, the “**Tax Act**”), (1) holds the common shares of Nymox as capital property, (2) deals at arm’s length with Nymox, (3) is not affiliated with Nymox, and (4) has not entered into, with respect to their common shares of Nymox, a “derivative forward agreement” as that term is defined in the Tax Act (a “**Holder**”). Generally, the common shares of Nymox will be capital property to a Holder provided the Holder does not acquire or hold their common shares of Nymox in the course of carrying on a business or provided the Holder has not acquired their common shares of Nymox as part of an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, and an understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein. **This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all possible Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.**

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of common shares of Nymox must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act. The amount of dividends required to be included in the income of, and capital gains or capital losses realized by, a Holder may be affected by fluctuations in the Canadian / U.S. dollar exchange rate.

### **Canadian Resident Holders**

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be resident in Canada (a “**Resident Holder**”). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act the effect of which may be to deem to be capital property any common shares of Nymox (and all other “Canadian securities”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose common shares of Nymox might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. This portion of the summary is not applicable to (i) a Holder that is a “specified financial institution”, (ii) a Holder an interest in which is a “tax shelter investment”, (iii) a Holder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”, or (iv) a Holder that reports its “Canadian tax results” in a currency other than Canadian currency, or (v) a Holder that is a corporation and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of common shares of Nymox, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in proposed section 212.3 of the Tax Act, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

### **Dividends**

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the common shares of Nymox. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Nymox as an eligible dividend in accordance with the provisions of the Tax Act. A dividend received (or deemed to be received) by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income.

A Resident Holder that is "private corporation", as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 33 1/3 % under Part IV of the Tax Act on dividends received (or deemed to be received) on the common shares of Nymox to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

## **Dispositions**

Generally, on a disposition or deemed disposition of a common share of Nymox, the Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the common share of Nymox immediately before the disposition or deemed disposition.

The adjusted cost base to the Resident Holder of a common share of Nymox will be determined by averaging the cost of such common share of Nymox with the adjusted cost base of all other common shares of Nymox owned by the Resident Holder as capital property at that time, if any.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “taxable capital gain”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a common share of Nymox may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on a common share of Nymox to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a common share of Nymox is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own tax advisors.

## **Holders Not Resident in Canada**

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, common shares of Nymox in a business carried on in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a holder that is not resident in Canada that is an insurance business in Canada and elsewhere.

## **Dividends**

Dividends paid or credited on the common shares of Nymox or deemed to be paid or credited on the common shares of Nymox will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. . For example, under the *Canada-United States Tax Convention* (1980), as amended (the “**Canada-U.S. Tax Treaty**”), where dividends on the common shares of Nymox are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits of, the Canada-U.S. Tax Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%.

## **Dispositions**

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition or deemed disposition of common shares of Nymox, unless the common shares of Nymox are “taxable Canadian property” to the NonResident Holder for purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. Generally, the common shares of Nymox will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that the common shares of Nymox are listed at that time on a designated stock exchange (which includes the NASDAQ), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal with at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of the capital stock of Nymox, and (ii) more than 50% of the fair market value of the common shares of Nymox was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, common shares of Nymox could be deemed to be taxable Canadian property NonResident Holders whose common shares of Nymox may constitute taxable Canadian property should consult their own tax advisors.

## **Documents on Display**

Nymox is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In accordance with these requirements, the Corporation files reports and other information with the Securities and Exchange Commission. These materials, including this Annual Report on Form 20-F and the exhibits hereto, may be inspected and copied at the Commission’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the materials may be obtained from the Commission’s Public Reference Room at prescribed rates. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers, including Nymox, that file electronically with the Commission.

We are required to file reports and other information with the securities commissions in all provinces of Canada. You also are invited to read and copy any reports, statements or other information, other than confidential filings, that we file with the provincial securities commissions. These filings are also electronically available from the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) (<http://www.sedar.com>), the Canadian equivalent of the SEC’s electronic document gathering and retrieval system. This material includes our Management Information Circular for the most recent annual meeting, which provides information including directors’ and officers’, remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans. Additional financial information is provided in our annual financial statements and our Management’s Discussion and Analysis relating to these statements. These documents are also accessible on SEDAR ([www.sedar.com](http://www.sedar.com)).

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this Annual Report on Form 20-F (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us at the following address: Nymox Pharmaceutical Corporation, Bay & Deveaux Sts., Nassau The Bahamas, Attention: Investor Relations. Telephone (800) 936-9669. Facsimile (514) 332-2227 EMAIL: [info@nymox.com](mailto:info@nymox.com)

## **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Capital disclosures**

The Corporation's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

The Corporation defines capital as total equity. To fund its activities, the Corporation has followed an approach that relies almost exclusively on the issuance of common shares and, during 2010, entered into a collaboration agreement. Since inception, the Corporation has financed its liquidity needs primarily through private placements and, since 2003, through a financing agreement with an investment company that has been replaced annually by a new agreement with the same purchaser (see note 12 - Common Stock Private Purchase Agreement of the Consolidated Financial Statements). As of the date of the MD&A, the Common Stock Private Purchase Agreement has expired. In 2018, the Corporation raised \$14,931,958 and issued 5,137,950 common shares from private placement financings.

The Corporation's ability to raise capital through the Agreement and other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation. The capital management objectives remain the same as for the previous fiscal year. When possible, the Corporation tries to optimize its liquidity needs by non-dilutive sources, including sales, collaboration agreements, research tax credits and interest income. The Corporation's general policy on dividends is to retain cash to keep funds available to finance its research and development and operating expenses.

Other than the financing discussed above, the Corporation does not have arranged sources of financing. See Note 11 to the consolidated financial statements.

The Corporation is not subject to any capital requirements imposed by external parties other than the Nasdaq Capital Market requirements related to the Listing Rules. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation will consider an alternate trading platform for its common shares.

### **Financial risk management**

This section provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including foreign currency risk, credit risk, interest rate risk and liquidity risk, and to how the Corporation manages those risks.

#### Foreign currency risk

The Corporation uses the US dollar as its measurement currency because a substantial portion of revenues, expenses, assets and liabilities of its Canadian and US operations are denominated in US dollars. The Corporation's equity financing facility is also in US dollars. Foreign currency risk is limited to the portion of the Corporation's business transactions denominated in currencies other than the US dollar. The Canadian operation has transactions denominated in Canadian dollars, principally relating to salaries and rent. Additional variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollar at each statement of financial position date. Fluctuations in the currency used for the payment of the Corporation's expenses denominated in currencies other than the US dollar (primarily Canadian dollars) could cause unanticipated fluctuations in the Corporation's operating results, but would not impair or enhance its ability to pay its Canadian dollar denominated

obligations. The Corporation's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by transacting with parties in US dollars to the maximum extent possible. The Corporation does not engage in the use of derivative financial instruments to manage its currency exposures.

Approximately 93% of expenses that occurred during the year ended December 31, 2018 (2017 - 90%; 2016 - 99%) were denominated in US dollars. Foreign exchange fluctuations had no meaningful impact on the Corporation's results in 2018, 2017 or 2016.

The following table provides significant items exposed to foreign exchange:

|   | <b>December<br/>31,</b> | <b>December<br/>31,</b> |
|---|-------------------------|-------------------------|
| <b>CA\$</b>                                     | <b>2018</b>             | <b>2017</b>             |
| Cash  | \$ 47,148               | \$ 21,039               |
| Trade accounts receivable and other receivables | 13,644                  | 9,810                   |
| Trade accounts payable and accrued liabilities  | (298,603)               | (37,390)                |
| Total   | \$ (237,811)            | \$ (6,541)              |

The following exchange rates were applied for the years ended December 31, 2018, 2017 and 2016:

| Description                     | Average<br>rate (twelve<br>months) | Reporting<br>date rate |
|---------------------------------|------------------------------------|------------------------|
| US\$ - CA\$ - December 31, 2018 | 1.2957                             | 1.3642                 |
| US\$ - CA\$ - December 31, 2017 | 1.2986                             | 1.2545                 |
| US\$ - CA\$ - December 31, 2016 | 1.3253                             | 1.3427                 |

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar against the Canadian dollar would have decreased the net loss for the year ended December 31, 2018 by approximately \$35,000, assuming that all other variables remained constant.

An assumed 5% weakening of the US dollar against the Canadian dollar would have had an equal but opposite effect on the amount shown above, on the basis that all other variables remained constant.

#### Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and trade accounts receivable. Cash is maintained with high-credit quality financial institutions. For trade accounts receivable, the Corporation performs periodic credit evaluations and typically does not require collateral. Allowances are maintained for potential credit losses consistent with the credit risk, historical trends, general economic conditions and other information.

The Corporation has a limited number of customers. Included in the consolidated statement of financial position are trade accounts receivable of \$2,084 (December 31, 2017 - \$78,397), all of which were aged under 45 days. One customer (December 31, 2017 - four customers) accounted for 100.0% (December 31, 2017 - 100.0%) of the trade receivables balance at December 31, 2018, all of whom have a good payment record with the Corporation. No bad debt expense on trade accounts receivable was recorded for the year ended December 31, 2018, nor for the year ended December 31, 2017.

At December 31, 2018, the Corporation's maximum credit exposure corresponded to the carrying amount of cash, trade accounts receivable and other receivables.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at a variable rate. Trade accounts receivable, other receivables, trade accounts payable and accrued liabilities bear no interest. The convertible notes bear interest at 6% per annum. In addition, the Corporation pays an administrative fee of 2% per annum under the terms of the convertible notes. The note was converted in full by the year end of December 31, 2017. The Corporation has no other interest-bearing financial instruments.

Based on the value of variable interest-bearing cash during the year ended December 31, 2018, an assumed 0.5% increase or 0.5% decrease in interest rates during such period would have had no significant effect on the net loss.

#### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure, as outlined in note 25 - Capital disclosures. The Corporation does not have an operating credit facility and has historically financed its activities primarily through an equity financing agreement with an investment company, as described in note 11 - Common Stock Private Purchase Agreement and the issuance of a convertible notes as described in note 9 – Convertible notes of the Consolidated Financial Statements.

The Corporation's ability to raise capital through other sources of financing will be impacted by the market price and trading volumes of its common shares. The results of the NX02-0017 and NX02-0018 clinical trials may adversely affect the Corporation's ability to raise capital on a timely basis, requiring the Corporation to reduce its cash requirements by eliminating or deferring spending on research, development and corporate activities. In addition, other sources of financing may not be available or may be available only at a price or on terms that are not favorable to the Corporation.

In addition to financing operations through the issuance of equity, the Corporation may also secure additional funding through the issuance of debt, licensing or partnering products in development, increasing revenue from our products, or realizing on intellectual property and other assets. There can be no assurances that the Corporation will be successful in realizing on any such potential opportunities for additional funding at a price or on terms that are favorable to the Corporation.

The following are the contractual maturities of financial liabilities:

|  | Carrying      | Less than     | 1 year to      |
|--|---------------|---------------|----------------|
| <b>Trade accounts payable and accrued liabilities:</b> | <b>Amount</b> | <b>1 year</b> | <b>5 years</b> |
| December 31, 2018                                      | \$ 1,074,670  | \$ 1,074,670  | —              |
| December 31, 2017                                      | \$ 2,230,487  | \$ 2,230,487  | —              |
| <b>Convertible notes <sup>(1)</sup> :</b>              |               |               |                |
| December 31, 2018                                      | \$ -          | -             | \$ -           |
| December 31, 2017                                      | \$ -          | -             | \$ -           |
| <b>(1) Before financing costs</b>                      |               |               |                |

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

None.

## ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

None.

**ITEM 15. CONTROLS AND PROCEDURES**

(a) *Disclosure Controls and Procedures.* In accordance with Rule 13a-15(b) of the Exchange Act, the Corporation's management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 20-F and concluded that the disclosure controls and procedures were effective as of December 31, 2018.

70

The Corporation's management has concluded that the Consolidated Financial Statements as of and for the year ended December 31, 2018 present fairly, in all material respects, the Corporation's financial position, results of operations and cash flows for the periods disclosed in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Thayer O'Neal Company, LLC has issued its report dated March 26, 2019, which expressed an unqualified opinion on those Consolidated Financial Statements.

(b) *Management's Annual Report on Internal Control over Financial Reporting.* Management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. The Corporation's internal control over financial reporting is designed to provide reasonable assurance to management and our board of directors regarding the preparation and fair presentation of published financial statements.

The Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2018, based on the framework set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, the Chief Executive Officer and the Chief Financial Officer concluded that our internal control over financial reporting was effective as of December 31, 2018.

Thayer O'Neal's attestation report on the effectiveness of the Corporation's internal control over financial reporting is included in the financial statements which appear in this annual report.

(c) *Attestation Report of the Registered Public Accounting Firm.* Thayer O'Neal's attestation report on the effectiveness of the Corporation's internal control over financial reporting is included in Item 8. Financial Information.

*(d) Changes in Internal Control over Financial Reporting*

We have made significant improvements in Internal Controls over Financial Reporting during year 2017.

Management believes that proper segregation of duties is critical to a properly designed and operating internal control environment for financial reporting. The Corporation developed a remediation plan, with oversight from the Audit Committee, to remediate the following material weaknesses in internal controls over financial reporting, first identified in 2015:

The Corporation did not employ a sufficient complement of finance and accounting personnel to ensure that there was proper segregation of duties related to certain processes, primarily impacting the expenditures/disbursements processes and information technology general controls (“ITGC”) and sufficient compensating controls did not exist in these areas.

The Corporation’s remediation plan included hiring an external accounting expert, functioning in a Controller role, at the beginning of 2017 to assist in the accounting of non-routine complex accounting matters and to enhance oversight of the financial reporting process. The accounting system was transferred to a new general ledger software system on a secure cloud platform. Additionally, we contracted with a Managed Service Provider to maintain our IT infrastructure. These changes allowed for proper segregation of duties and strengthened the controls related to the expenditures/disbursements approval process, financial statement review and information technology general controls (“ITGC”). This remediation plan was implemented and functioning as of September 30, 2017.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. See “Risk Factors”.

**Item 16. RESERVED**

**Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that Richard Cutler, Esq., the Chairman of our Audit Committee, is an audit committee financial expert and is an independent director under the applicable listing rules of the Nasdaq Stock Market.

**Item 16B. CODE OF ETHICS**

We have adopted a code of ethics that is applicable to our officers, directors and employees in general and our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions in particular. The code of ethics can be found on our website, [www.nymox.com](http://www.nymox.com).

**Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our principal independent auditor is Thayer O’Neal, CPA.

**Fees and Services**

For the years ended December 31, 2018, 2017 and 2016, Thayer O'Neal Company, LLC, for professional services, the following fees:

|                    | US                | US                | US                |
|--------------------|-------------------|-------------------|-------------------|
| <b>Description</b> | <b>2018</b>       | <b>2017</b>       | <b>2016</b>       |
| Audit fees         | \$ 168,170        | \$ 180,000        | \$ 135,248        |
| Audit related fees | -                 | -                 | -                 |
| Tax fees           | 6,250             | 6,250             | 18,000            |
| All other fees     | -                 | -                 | -                 |
| <b>Total</b>       | <b>\$ 174,420</b> | <b>\$ 186,250</b> | <b>\$ 153,248</b> |

*Audit Fees* consisted of professional services rendered for the annual audit of the Corporation's consolidated financial statements, the quarterly reviews of the Corporation's interim financial statements, consultation concerning financial reporting and accounting standards, and services provided in connection with statutory and regulatory filings or engagements. The fees in 2018 also include fees for the audit of the effectiveness of the Corporation's internal control over financial reporting which was required as the Company became an accelerated filer under SEC regulations for 2018 with more than \$75 million in public float.

*Audit-Related Fees* consisted of translation services rendered in connection with the Corporation's financial documents.

*Tax Fees* consisted of services rendered in connection with the preparation of tax returns of the Corporation and its subsidiaries and general tax advice.

*All Other Fees* – there were no other professional services rendered during the years ended December 31, 2018 and 2017.

#### **Policy on Pre-Approval of Audit and Non-Audit Services of Independent Auditors**

Our Audit Committee is responsible for the oversight of our independent auditor’s work. Our Audit Committee’s policy is to pre-approve all audit and non-audit services provided by ThayerONeal. These services may include audit services, audit-related services, tax services and other services. The Audit Committee appoints the auditors and oversees and fixes the compensation for all such services. ThayerONeal and our management report to the Audit Committee regarding the extent of services actually provided in accordance with the applicable pre-approval, and regarding the fees for the services performed. The Audit Committee approved 100% of the fees listed on the table above.

#### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

#### **ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

None.

#### **ITEM 16F. CHANGES IN REGISTRANT’S CERTIFYING ACCOUNTANT**

On July 15, 2015, the Board of Directors (the “Board”) of Nymox Pharmaceutical Corporation (the “Company”) approved the dismissal of KPMG LLP (“KPMG”) as the Company’s independent registered public accounting firm.

The audit reports of KPMG on the Company’s financial statements as of and for the years ended December 31, 2014 and 2013 did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except as follows:

KPMG's report on the consolidated financial statements of the Company as of and for the years ended December 31, 2014 and 2013 contained an explanatory paragraph that states that the failure of two Phase 3 studies of NX-1207 materially affects Nymox Pharmaceutical Corporation's current ability to fund its operations, meet its cash flow requirements, realize its assets and discharge its obligations, and casts substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

The audit reports of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2013 did not contain any adverse opinion or disclaimer of opinion nor was it qualified or modified as to uncertainty, audit scope or accounting principle. The audit reports of KPMG on the effectiveness of internal control over financial reporting as of December 31, 2014 reflected the following material weakness:

KPMG's report indicates that the Company did not maintain effective internal control over financial reporting as of December 31, 2014 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls, and sufficient compensating controls did not exist in these areas.

During the years ended December 31, 2014 and 2013 and through the subsequent interim period to July 15, 2015, the date of KPMG's dismissal, there were no: (i) disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the their satisfaction, would have caused them to make reference in connection with their opinion to the subject matter of the disagreements, or (2) reportable events, except that KPMG advised the Company of the following material weakness: the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls, and sufficient compensating controls did not exist in these areas.

On July 15, 2015, the Board approved the engagement of Cutler & Co., LLC ("Cutler") to serve as the Company's new independent registered public accounting firm. Prior to the date of Cutler's engagement, the Company has not consulted with Cutler regarding (i) the application of accounting principles to a specific completed or contemplated transaction, (ii) the type of audit opinion that might be rendered on the Company's financial statements and neither a written report was provided to the registrant nor oral advice was provided that the new accountant concluded was an important factor considered by the registrant

in reaching a decision as to the accounting, auditing or financial reporting issue; or (iii) any matter that was either the subject of a disagreement.

On December 15, 2015, the Board of Directors (the "Board") of Nymox Pharmaceutical Corporation (the "Company") was notified by Cutler & Co., LLC ("Cutler") that Cutler had filed for deregistering with the PCAOB and was transferring its foreign issuers to Thayer O'Neal Company, LLC ("ThayerONEal"). Accordingly Cutler resigned as the Registrant's independent registered public accounting firm.

The review of Cutler & Co on the Company's financial statements as of and for the quarter ended June 30, 2015 resulted in no: (i) disagreements with Cutler & Co on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the their satisfaction, would have caused them to make reference in connection with their opinion to the subject matter of the disagreements, or (2) reportable events, except that Cutler & Co advised the Company of the following material weakness: the Company did not employ a sufficient complement of finance and accounting personnel to ensure that there was a proper segregation of incompatible duties relating to certain processes, primarily impacting the expenditures/disbursements processes and information technology controls, and sufficient compensating controls did not exist in these areas.

On December 16, 2015, the Board approved the engagement of ThayerONEal to serve as the Company's new independent registered public accounting firm. Prior to the date of ThayerONEal's engagement, the Company has not consulted with ThayerONEal regarding (i) the application of accounting principles to a specific completed or contemplated transaction, other than that noted below, (ii) the type of audit opinion that might be rendered on the

Company's financial statements and neither a written report was provided to the registrant nor oral advice was provided that the new accounting firm concluded was an important factor considered by the registrant in reaching a decision as to the accounting, auditing or financial reporting; or (iii) any matter that was either the subject of a disagreement.

With respect to item (i) in the preceding paragraph the Company engaged a specialist to value share based compensation expense related to the issuance of options and the modification of those options associated with an employment agreement with an officer of the Company at the request of KPMG, the independent registered accounting firm which preceded the appointment of Cutler & Co. In connection with that engagement, ThayerONeal has reviewed and tested the accounting model created by the specialist for future reliance thereon and has provided comments to management concerning that model.

**ITEM 16G. CORPORATE GOVERNANCE**

The Corporation is listed on the Nasdaq Stock Market. The Corporation complies with all the Nasdaq Stock Market corporate governance requirements.

On December 16, 2014, the Corporation was notified by the Nasdaq Listing Qualifications department that the Corporation's Nasdaq Capital Market requirements were currently deficient for the preceding 30 consecutive business days. However, the Listing Rules provide the Corporation a compliance period of 180 calendar days in which to regain compliance. In order to do so, the Corporation must maintain a minimum market value of \$35 million for a minimum of ten consecutive business days and the closing bid price of the Corporation's common share must be at least \$1 for a minimum of ten consecutive business days. Failure to meet the listing requirements may lead to delisting from the Nasdaq Capital Market in which case the Corporation will consider an alternate trading platform for its common shares. In May, 2015, the Corporation received notification from the Nasdaq Listing Qualifications department that it had regained compliance with the listing rules.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 17. FINANCIAL STATEMENTS**

Not applicable.

**ITEM 18. FINANCIAL STATEMENTS**

The financial statements for the three years ended December 31, 2018, 2017 and 2016 are included in Item 8 of this report and are incorporated by reference in this item.



**ITEM 19. EXHIBITS**

The following exhibits are included with or incorporated by reference into this report:

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 1(a)               | Articles of Incorporation, as amended. (incorporated by reference to Exhibit 3.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 1(b)               | Bylaws of the Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)  |
| 4(a)               | Memorandum of Agreement between Paul Averback and the Corporation (incorporated by reference to Exhibit 10.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 4(b)               | Share Option Plan of the Corporation (incorporated by reference to Exhibit 10.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)  |
| 4(c)               | Research and License Agreement between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.3 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 4(d)               | Research and License Amendment between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.5 to the Corporation's Form 20-F filed with the Commission February 21, 1997)  |
| 4(e)               | Common Stock Purchase Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.0 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                    |
| 4(f)               | Registration Rights Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.1 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                      |
| 4(g)               | Escrow Agreement among Nymox Pharmaceutical Corporation, Jaspas Investments Limited and Epstein, Becker & Green, P.C. dated November 1, 1999 (incorporated by reference to Exhibit 2.2 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)      |
| 4(h)               | Stock Purchase Warrant to purchase common shares issued to Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.3 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                                      |
| 4(i)               | Research and License Agreement between the Rhode Island Hospital Corporation and the Corporation dated May 14, 1999 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission May 15, 2000).   |
| 4(j)               | Research and License Amendment between the Rhode Island Hospital Corporation and the Corporation dated November 19, 2001 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission June 28, 2002).   |
| <u>4(s)</u>        | <u>Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2010. (incorporated by reference to Exhibit 4(s) to the Corporation's Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011).</u> |
| <u>4(t)*</u>       | <u>License and Collaboration Agreement between Nymox Pharmaceutical Corporation and Recordati Ireland Ltd. dated December 16, 2010. (incorporated by reference to Exhibit 4(t) to the Corporation's</u>   |

Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011)

- 4(u) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2011. (incorporated by reference to Exhibit 4(u) to the Corporation's 6-K Report filed with the Commission on March 15, 2012).
- 4(v) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2012. (incorporated by reference to Exhibit 4(v) to the Corporation's 6-K Report filed with the Commission on March 15, 2013).
- 4(w) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2013.
- 4(x) 6% Secured Convertible Note between Nymox Pharmaceutical Corporation and Cantone Asset Management, LLC dated December 16, 2014. (filed herewith).
- 4(y) Response Letter from KPMG in the Corporation's 6-K dated July 16, 2015 (Incorporated by reference herewith)
- 8 List of Subsidiaries of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 8 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 11 Code of Business Conduct for the Officers, Directors and Employees of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 11 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 12(a) Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 12(b) Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 13(a) Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13(b) Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

---

\* Portions of this exhibit have been omitted pursuant to a confidential treatment request. Omitted portions have been filed separately with the SEC.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**NYMOX PHARMACEUTICAL CORPORATION**  
(Registrant)

/s/ Paul Averbach  
Paul Averbach,  
Title: President and Chief Executive  
Officer

Date: March 29, 2019

**EXHIBIT INDEX - NYMOX PHARMACEUTICAL CORPORATION Form 20-F Annual Report**

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 1(a)               | Articles of Incorporation, as amended. (incorporated by reference to Exhibit 3.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 1(b)               | Bylaws of the Corporation (incorporated by reference to Exhibit 3.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)  |
| 4(a)               | Memorandum of Agreement between Paul Averbach and the Corporation (incorporated by reference to Exhibit 10.1 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 4(b)               | Share Option Plan of the Corporation (incorporated by reference to Exhibit 10.2 to the Corporation's Form 20-F filed with the Commission December 9, 1996)  |
| 4(c)               | Research and License Agreement between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.3 to the Corporation's Form 20-F filed with the Commission December 9, 1996)   |
| 4(d)               | Research and License Amendment between the Massachusetts General Hospital Corporation and the Corporation (incorporated by reference to Exhibit 10.5 to the Corporation's Form 20-F filed with the Commission February 21, 1997)  |
| 4(e)               | Common Stock Purchase Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.0 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                    |
| 4(f)               | Registration Rights Agreement between Nymox Pharmaceutical Corporation and Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.1 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                      |
| 4(g)               | Escrow Agreement among Nymox Pharmaceutical Corporation, Jaspas Investments Limited and Epstein, Becker & Green, P.C. dated November 1, 1999 (incorporated by reference to Exhibit 2.2 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)      |
| 4(h)               | Stock Purchase Warrant to purchase common shares issued to Jaspas Investments Limited dated November 1, 1999 (incorporated by reference to Exhibit 2.3 to the Corporation's Form F-1 Registration Statement filed with the Commission February 29, 2000)                                      |
| 4(i)               | Research and License Agreement between the Rhode Island Hospital Corporation and the Corporation dated May 14, 1999 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission May 15, 2000).   |
| 4(j)               | Research and License Amendment between the Rhode Island Hospital Corporation and the Corporation dated November 19, 2001 (incorporated by reference to Exhibit 10.10 to the Corporation's Form 20-F filed with the Commission June 28, 2002).   |
| 4(s)               | <u>Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2010. (incorporated by reference to Exhibit 4(s) to the Corporation's Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011).</u> |
| 4(t)*              | <u>License and Collaboration Agreement between Nymox Pharmaceutical Corporation and Recordati Ireland Ltd. dated December 16, 2010. (incorporated by reference to Exhibit 4(t) to the Corporation's Amendment No.1 to 20-F Report filed with the Commission on June 3, 2011)</u>              |
| 4(u)               | Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2011. (incorporated by reference to Exhibit 4(u) to the Corporation's 6-K Report filed with the Commission on March 15, 2012).                         |

Edgar Filing: NYMOX PHARMACEUTICAL CORP - Form 20-F

- 4(v) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2012. (incorporated by reference to Exhibit 4(v) to the Corporation's 6-K Report filed with the Commission on March 15, 2013).
- 4(w) Common Stock Private Purchase Agreement between Nymox Pharmaceutical Corporation and Lorros-Greyse Investments, Ltd. dated November 1, 2013.
- 4(x) 6% Secured Convertible Note between Nymox Pharmaceutical Corporation and Cantone Asset Management, LLC dated December 16, 2014. (filed herewith).
- 4(y) Response Letter from KPMG in the Corporation's 6-K dated July 16, 2015 (Incorporated by reference herewith)
- 8 List of Subsidiaries of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 8 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 11 Code of Business Conduct for the Officers, Directors and Employees of Nymox Pharmaceutical Corporation (incorporated by reference to Exhibit 11 to the Corporation's Form 20-F filed with the Commission June 30, 2004)
- 12(a) Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 12(b) Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a)
- 13(a) Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13(b) Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

---

\* Portions of this exhibit have been omitted pursuant to a confidential treatment request. Omitted portions have been filed separately with the SEC.