ThromboGenics®
Advancing Science. Enhancing Vision.™

2017
ANNUAL REPORT
FINANCIAL INFORMATION

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Content

1. GENERAL INFORMATION AND RESPONSIBILITY FOR THE ANNUAL REPORT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

1.1. Responsibility for the contents of this document

The Board of Directors of ThromboGenics is responsible for the contents of this document. The Board of ThromboGenics declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Year's Report is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect it materially.

Thomas Clay, Chairman, and Patrik De Haes, Executive Director and Chief Executive Officer of ThromboGenics NV, declare on behalf of the Company that to their knowledge:

- The consolidated financial statements prepared in accordance with 'International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the Group's net worth, financial position and the results of ThromboGenics NV and the companies within the Group.
- The Annual Report regarding the consolidated financial statements give a true and fair view of the development and results of the Group, as well as the main risks and faced uncertainties.

This Annual Report was approved by the Board of Directors on March 15, 2018.

1.2. Responsibility for the audit of the financial statements

BDO Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Da Vincilaan 9, B-1935 Brussels, represented by Gert Claes and member of the "Instituut der Bedrijfsrevisoren (IBR)" has been appointed as statutory auditor of ThromboGenics for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2019 that will have deliberated and resolved on the financial statements for the financial year ending on December 31, 2018.

1.3. Availability of the Annual Report

ThromboGenics published its Annual Report in Dutch. ThromboGenics has also produced an English translation of this Annual Report. In the event of differences of interpretation between the English and the Dutch versions of the Report, the original Dutch version has priority.

The Annual Report is available free of charge for the public upon request to:

ThromboGenics NV
for the attention of Dominique VANFLETEREN
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 17
Fax: +32 16 75 13 11
e-mail: dominique.vanfleteren@thrombogenics.com

For information purposes only, there is also an electronic version of the Annual Report which can be obtained via the internet from the ThromboGenics' website (www.thrombogenics.com).

1.4. Forward looking information

This Annual Report includes forward-looking statements, expectations and assessments with regard to the expected future performances of ThromboGenics and the market in which it operates. Certain statements, expectations and assessments can be recognized by the use of words such as, but not limited to, "believe", "anticipate", "expect", "intend", "plan", "strive", "estimate", "forecast', "project", "could", "will" and "continue" and comparable expressions. These relate to all matters which are not historical fact. Such statements, expectations and assessments are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors which were deemed to be reasonable when they were made, but which may or may not prove to be correct. Actual events are difficult to predict and can depend on factors outside the Company's control. Consequently, it is possible that the actual results, financial condition, the results of the sector, will diverge substantially from any future results, performances or achievements expressed or implied by such statements, expectations and assessments. Factors which can cause such a divergence include, but are not limited to, the factors which are discussed in the Chapter "Risk Factors". Given these uncertainties, absolutely no statement is made with regard to the correctness or reasonableness of such forward-looking statements, expectations and assessments. Moreover, they apply only on the date of this Annual Report. The Company expressly declines any obligation to adapt any of the forward-looking statements, expectations and assessments in this Annual Report in order to reflect change in the expectations of the Company in that respect, or any change in the facts, conditions or circumstances on which such statements, expectations and assessments are based, except to the extent that this is required by Belgian law.

All statements and information relate to the period up to December 31, 2017, unless expressly stated otherwise.

2. MESSAGE FROM CEO AND CHAIRMAN OF THE BOARD

Dear Reader,

The year 2017 was marked by some very important milestones for ThromboGenics, making it a very vibrant and exciting time to be with our company.

Regaining the global commercial rights to JETREA® was obviously one of the main highlights. We also made important progress in our drug development pipeline targeting diabetic retinopathy, the leading cause of blindness in the adult working population worldwide.

All these achievements were the result of a team effort, made possible thanks to a close collaboration between the Management Team and the Board of Directors with Thomas Clay as newly appointed Chairman.

As part of the agreement with Alcon/Novartis, ThromboGenics received an investment of 10 million euro, and the company welcomes Novartis Pharma AG as a shareholder. We will use this cash infusion to expand our innovative drug development pipeline targeting novel treatments for diabetic retinopathy (DR), with or without diabetic macular edema (DME). This eye condition associated with diabetes is still the leading cause of blindness in the adult working population worldwide, for which we want to find innovative new drugs.

3 shots on goal to combat vision loss in people with diabetes

In developing our pipeline of potential diabetes treatment innovations, ThromboGenics' goal is to offer best in class breakthroughs to fight vision loss worldwide. The company's multipronged approach to developing treatments for diabetic retinopathy has resulted in three innovative compounds already being evaluated in a clinical study or entering the clinic soon.

Early in 2017, we initiated a Phase I/IIa clinical trial evaluating anti-PlGF (THR-317) in patients with DME. This study is now almost complete, with first results expected in the Spring of 2018. We are researching this antibody's potential as a combination therapy with anti-VEGF treatments. The current standard of care consists of repeated injections, making it fairly intensive for patients. Unfortunately, not all persons with DME or DR respond well to anti-VEGF therapy, so for them this novel drug could offer a promise of relief.

The drug's potential benefits have already been validated in several publications, including Experimental Eye Research. This peer-reviewed journal published preclinical data from early research on THR-317. In their conclusion, the authors clearly confirm that the compound's efficacy is comparable to that of VEGF inhibitors and highlight its potential added ability to reduce inflammation and fibrosis. We are very enthusiastic about publications like these from the scientific community. They validate the potential of our drug development pipeline.

And there's more: new promising routes lie ahead with two compounds ready to enter Phase I clinical studies by mid-2018. Preclinical research on THR-687 (an integrin antagonist) yielded encouraging data showing this novel molecule's potential for treating a broad range of patients with diabetic retinopathy, with or without DME. Our presentation of these preclinical results at the annual European Association for Vision and Eye Research (EVER) meeting in September 2017 generated keen interest in the eye and retina community. The next step is to translate these promising preclinical data sets into a clinical trial.

The company is also evaluating the molecule THR-149, a selective plasma kallikrein inhibitor, to treat DME associated with DR. We have already conducted toxicology studies with this compound and are now preparing its clinical development, to begin soon.

Expanding the horizon

Deepening ThromboGenics' insights into back of the eye diseases and the hallmarks of diabetic retinopathy is an ongoing effort. We therefore aim to recruit international talent with extensive experience and a broad network in the eye community.

This is why we invested in our Science team this past year. We were happy to announce the appointment of Susan Schneider, MD, as Chief Medical Officer. Dr Schneider brings to our company nearly 15 years of experience in clinical drug development. She was attracted by our targets in this field and will be invaluable in shepherding them along the clinical pathway.

As a company, we aim to remain a leader in the area of the retina. We want to expand our horizon of novel new treatment options in the future. Our preclinical research team is constantly seeking new ways to add innovative targets to our discovery pipeline in diseases of the back of the eye.

Global commercialization of JETREA®

Meanwhile, the company's first developed product JETREA® is today approved for treating symptomatic VMA/VMT in 57 countries. We are proud that nearly 30,000 patients have been treated with JETREA® since its introduction in early 2013.

ThromboGenics will now commercialize the drug globally. We agreed with Alcon/Novartis that our company is a better fit for building a smaller but sustainable long-term business case. This brought new responsibilities to our organization. Our first priority now is continuity of care by ensuring that patients and physicians have timely access to JETREA®.

Over the next years, we will further promote its global business case and make this drug a profitable product. To this end, we welcomed Vinciane Vangeersdaele to our Leadership Team as Chief Commercial Officer. She is setting up a dedicated commercial team to further capitalize the drug's opportunities worldwide.

Oncurious: fighting childhood cancer and exploring new assets in immuno-oncology

This past year saw another momentous agreement for ThromboGenics' daughter company Oncurious, co-founded with VIB (Flanders Institute for Biotechnology). The team acquired exclusive licenses to a portfolio of unique next-generation immuno-oncology assets from VIB.

The compounds have an extraordinary scientific foundation of seminal work at the VIB-KULeuven labs of Professor Massimiliano Mazzone and Professor Gabriele Bergers and the VIB-VUB lab of Professor Jo Van Ginderachter. With these new assets, Oncurious will start preclinical programs targeting a broad spectrum of cancers. We expect this effort to generate valuable outcomes within a few years.

Meanwhile, Oncurious continues the clinical study of the antibody TB-403 (anti-PlGF) for treatment of medulloblastoma. This is the most common life-threatening brain tumor in young children. The study is conducted in collaboration with Beat Childhood Cancer and aims to recruit 27 patients.

In early 2017 the European Commission also confirmed orphan drug designation for TB-403 for medulloblastoma. This is a key validation of this drug's potential and offers vital benefits, including protocol assistance and 10-year market exclusivity once the medicine is on the market in Europe.

ThromboGenics remains the majority shareholder in Oncurious, focusing on generating value in the oncology segment that will then be invested in our drug development efforts.

Significant markets

All these programs were recognized this past year by scientists, retina specialists, our shareholders, and other stakeholders of the medical and eye community. Our promising landscape of next-generation treatments targets significant markets and confirms our unique position as a focused biotech company.

In fulfilling our mission, we keep reaching out to the broad eye community. It is vital that researchers, biotech companies and patient organizations join forces to offer better treatment options for vision problems and fight blindness worldwide.

Join us in our fight against vision loss

This past year we continued to reveal our strategy of a single major focus on diabetic retinopathy and a "multiple shots on goal" approach in our preclinical and clinical developments. We noticed a growing enthusiasm and interest by the global medical community, scientists and other stakeholders, including potential future partners. All of that is very encouraging and provides a confirmation that the path we have decided to take a while ago, was the right one to go for.

With this report on our 2017 activities and achievements, we also hope to share some of the energy that is inherent to our organization and its people.

Thank you for your continued interest in our company, and for joining our global fight against vision loss!

Yours truly,

Patrik De Haes, MD
CEO
ThromboGenics NV

Thomas Clay
Chairman of the Board of Directors
ThromboGenics NV

3. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

3.1. Key Figures

3.1.1. Consolidated statement of financial position

In '000 (as at 31 December)	2017	2016
Property, plant and equipment	991	1,743
Intangible assets	23,603	25,902
Other non-current assets	126	202
Non-current tax credit	1,434	2,350
Inventories	2,204	2,614
Trade and other receivables	4,295	7,672
Current tax receivables	2,054	1,085
Investments	49,555	21,817
Cash and cash equivalents	56,175	58,251
Restricted cash	10,000	0
Total assets	**150,437**	**121,636**
Total equity	133,357	109,859
Current liabilities	17,080	11,777
Total equity and liabilities	**150,437**	**121,636**

3.1.2. Consolidated statement of profit and loss

In '000 (as at 31 December)	2017	2016
Income	**9,055**	**7,104**
Operating result	**23,266**	**-60,834**
Finance income	392	529
Finance expense	-1,029	-65
Result before income tax	**22,629**	**-60,370**
Taxes	-14	22
Result of the year	**22,615**	**-60,348**
Result per share		
Basic earnings/(loss) per share (euro)	0.63	-1.67
Diluted earnings/(loss) per share (euro)	0.62	-1.67

3.2. Activities of ThromboGenics

3.2.1. General

ThromboGenics NV was incorporated on 30 May 2006 and is a limited liability company (in Dutch: Naamloze Vennootschap). The registered office is established at:
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 10
Fax: +32 16 75 13 11
The Company is registered in the Crossroads Databank for Enterprises under enterprise number 0881.620.924.

3.2.2. Mission

ThromboGenics is dedicated to developing and commercializing new pharmacologic treatments that address important unmet clinical needs.

In 2015, ThromboGenics took a strategic decision to focus its main resources on drug development. While still organized to secure the global commercial business opportunity with JETREA®, ThromboGenics' resources allocation is now focused on developing novel medicines for diabetic eye disease, with focus on back of the eye (DR and DME).

3.2.3. History

Thromb-X was the original Company of the Group. It was founded by Prof. Collen and the KULeuven in 1991 to develop new thrombolytics with better efficacy, less side effects and lower production costs by using the experience of Prof. Collen gained during the development of the successful thrombolytic drug tPA.

In 1992, Thromb-X moved to a state-of-the-art research center next to the Center for Molecular and Vascular Biology of the KULeuven. In 1995, the Center for Transgene Technology and Gene Therapy of the VIB moved into the same building. Through close cooperation with the KULeuven and VIB, the Company was able to move certain promising research programs through development.

The initial R&D efforts of Thromb-X aimed at the development of staphylokinase, a promising thrombolytic for acute myocardial infarction. Due to strategic and commercial reasons, the Company decided to progress this development outside the Western market. In the meantime, Thromb-X successfully developed ocriplasmin, a recombinant derivative of the plasmin protein, in cooperation with the KULeuven and VIB. This became the main focus of the Company.

In 2001, ThromboGenics gained access to additional financing when the US venture capital firm East Hill Biopharmaceutical Partners became a shareholder. With this funding, ThromboGenics intensified the development of ocriplasmin and also began investigating it for ophthalmic indications. In 2003, the Company expanded its operations by setting up a subsidiary in the US, ThromboGenics, Inc. based in New York.

In May 2006, ThromboGenics NV, a Belgian company with headquarters in Leuven, was incorporated as holding company of ThromboGenics Ltd, Thromb-X NV, Producell Biotech NV and ThromboGenics, Inc. After some mergers, the Group's structure has been simplified.

In July 2006, ThromboGenics raised 35 million euro through a successful Initial Public Offering (IPO) and listed on the Eurolist of Euronext Brussels.

Over the past 8 years, ThromboGenics pioneered the new drug category of pharmacological vitreolysis, developing and commercializing JETREA® (ocriplasmin) which is now approved for the treatment of vitreomacular adhesion/ vitreomacular traction in 54 countries worldwide.

Today, ThromboGenics is an integrated biopharmaceutical company focused on developing and commercializing innovative treatments for back of the eye disease, with a focus on diabetic eye disease.

As of December 31, 2017, the Group consists of ThromboGenics NV, including an Irish Branch, a fully owned subsidiary ThromboGenics, Inc and a 81.67 % owned subsidiary Oncurious NV.

3.2.4. Employees and headcount development

As of December 31, 2017, ThromboGenics NV Group employed 74 employees

- 62 for ThromboGenics NV: 60 in Leuven, Belgium; 1 in France and 1 in Germany
- 9 in ThromboGenics, Inc. (New Jersey, US and home-based employees)
- 3 for Oncurious NV all employed in Leuven, Belgium

ThromboGenics NV Group counts 23 employees holding a Doctoral degree and 31 employees holding a Master degree.

3.2.5. Activities

Following up on its 2015 strategic decision to focus its main resources on drug development, 2016 and 2017 were about executing on that decision, and about initiating clinical trials.

ThromboGenics is developing a broad pipeline of disease modifying drug candidates for the treatment of diabetic eye diseases, including:

- **THR-317** – a PIGF neutralizing monoclonal antibody being developed for the potential treatment of DR and/or DME. Initial top-line results for the Phase I/II study in DME are anticipated to be reported during H1 2018
- **THR-149** – a plasma kallikrein inhibitor being developed to treat DME. THR-149 is expected to enter the clinic in H1 2018
- **THR-687** – a small molecule integrin antagonist being developed to treat a broad range of patients with DR and/or DME. THR-687 is expected to enter the clinic around mid-2018

These products all have different modes of action and could allow the Company to address the key segments of the rapidly growing diabetic eye disease market. Further drug candidates are currently being explored for the treatment of diabetic eye disease and it is expected that at least one additional candidate will be moved into preclinical development in 2018.

Research & Development Activities

Diabetes, Diabetic Retinopathy and DME

According to the World Health Organization (WHO), 9% of adults 18 years and older had diabetes in 2014 (WHO, 2015)[1].

Diabetic eye disease is caused by hyperglycemia (high blood glucose levels) associated with diabetes. If left unchecked hyperglycemia causes damage to the capillaries in the back of the eye (retina) and can result in vision loss and subsequently, blindness[2].

Diabetic retinopathy (DR) is the leading cause of vision loss among working-age adults, affecting approximately a third of all diabetes sufferers[2]. Worldwide, the prevalence rate of vision-threatening PDR or DME was estimated to be 11.72% of the diabetic population in 2010 (Yau et al., 2012).

DR progresses from mild, non-proliferative to more severe or even proliferative stages. DME can occur at any point as a complication of DR. As DR progresses, there is a gradual closure of retinal vessels leading to impaired perfusion and retinal ischemia.

THR-317 – anti-PlGF antibody for treatment of DME or DR

THR-317 (anti-PlGF) is a recombinant human monoclonal antibody directed against the receptor-binding site of human placental growth factor (PlGF).

ThromboGenics completed patient enrolment in a Phase I/II single-masked, multicenter study to evaluate the safety and efficacy of two dose levels of THR-317 for the treatment of DME in December 2017. The last patient has now completed treatment and initial top line results from the study are expected during H1 2018.

DME represents an area of unmet medical need; the current standard of care treatment with anti-VEGFs has been shown in some cases to result in suboptimal and late responses in patients.

In May 2017, during the Association for Research in Vision and Ophthalmology (ARVO) annual meeting, preclinical data were presented supporting the therapeutic potential of THR-317 in DR. These data were subsequently published in Experimental Eye Research, a peer reviewed journal (the article can be found online via www.sciencedirect.com).

The data published showed that the murine form of THR-317 was able to reduce DR disease hallmarks; the authors confirm that the anti-PIGF antibody shared a common pharmacology towards vascular leakage in comparison to VEGF inhibitors, but that anti-PlGF therapy might provide additional benefits in respect to the reduction of inflammation, the absence of a negative impact on the neuroretina, and the inhibition of fibrotic responses after retinal damage.

In July 2017, ThromboGenics and BioInvent agreed to amend their long-standing agreement covering co-development of novel anti-PIGF monoclonal antibody products, including THR-317.

1 World Health Organization (WHO). (2015). Diabetes. Fact sheet N°312. http://www.who.int/mediacentre/factsheets/fs312/en/ 21 May 2015.
2 International Diabetes Federation (IDF). (2017). IDF Atlas 2017. p.88.

Under the amended arrangement, ThromboGenics has gained full and exclusive ownership of THR-317 for development and commercialization in all non-oncology indications. ThromboGenics continues to carry all costs for development of THR-317 in non-oncology indications, and BioInvent is entitled to 5% of the project's economic value.

THR-149 – a plasma kallikrein inhibitor for treatment of DME

THR-149 is a plasma kallikrein inhibitor being developed to treat DME. The compound is expected to enter the clinic in H1 2018.

Plasma kallikrein is considered a valid target for the treatment of DME through inhibition of the Plasma Kallikrein-Kinin (pKaI-kinin) System. Activation of the pKal-kinin system induces retinal vascular permeability, inflammation and angiogenesis. Based on literature data, patients with DME have elevated levels of plasma kallikrein, and the vitreous level of plasma kallikrein varies less compared to VEGF in these patients. Therefore, a plasma kallikrein inhibitor may be appropriate for the treatment of DME patients.

THR-687 – a small molecule integrin antagonist under development for Diabetic Retinopathy, with or without DME

ThromboGenics is developing THR-687, an integrin antagonist, for the treatment of a broad range of patients with DR, with or without DME. THR-687 is expected to enter the clinic mid-2018.

In September 2017, ThromboGenics presented a poster at the European Association for Vision and Eye Research (EVER) 20th Annual Meeting, providing new preclinical evidence supporting the use of THR-687 for the treatment of back-of-the-eye vascular diseases. The poster was entitled *"THR-687, a potent small molecule integrin receptor antagonist, holds promise as a therapeutic approach for back-of-the-eye vascular pathologies."*

The studies presented concluded that THR-687 is a potent and safe treatment, highlighting its ability to inhibit various significant stages in pathologic angiogenesis, an important factor leading to vision loss in DR.

The data presented at EVER provide further support to the development of THR-687 in the treatment of DR ahead of its entry into the clinic.

THR-409 (ocriplasmin) CIRCLE Study discontinued

In December 2017, patient enrolment in the Phase II CIRCLE Study was discontinued due to the slow rate of patient recruitment.

CIRCLE was a Phase II, randomised, double-masked, sham-controlled, multicenter study to evaluate the efficacy and safety of ocriplasmin in inducing total posterior vitreous detachment (PVD) in patients with NPDR.

Ocriplasmin was found to be generally safe and well-tolerated with no new safety signals raised. Data from the study will be analyzed and shared with the scientific community via a publication in late 2018/early 2019.

Resources previously earmarked for the CIRCLE study will be re-allocated to progress the current clinical pipeline and advance new drug candidates for the treatment of diabetic eye disease into the clinic in 2018.

Oncurious Update

Growing pipeline with five unique next generation immuno-oncology assets

In September 2017, Oncurious reached an agreement with VIB to acquire a portfolio of five unique next generation immuno-oncology assets, based on seminal work originating from the VIB-KU Leuven and the VIB-VUB labs.

VIB Discovery Sciences is taking the lead in the preclinical development of these new projects. As part of this agreement, VIB has increased its equity share in Oncurious to 18.33% with remainder being owned by ThromboGenics. As majority shareholder, ThromboGenics will invest within three years an additional 2.1 million euro in Oncurious, an amount which after incorporation in Oncurious capital will bring the shareholding of ThromboGenics to 85.8%. VIB will also receive a royalty on future sales of any of these assets.

The newly acquired assets have resulted in an exciting pipeline of next-generation immuno-oncology drugs targeting a broad spectrum of cancers, in addition to Oncurious' ongoing clinical development activities in orphan pediatric oncology with TB-403.

Clinical Update: TB-403 for Pediatric Brain Cancers

Recruitment is on-going in a Phase I/IIa study with TB-403, a humanized monoclonal antibody against placental growth factor (PlGF). PlGF is expressed in several types of cancer, including medulloblastoma. High expression of the PlGF receptor neuropilin 1 has been shown to correlate with poor overall survival.

The study, initiated in May 2016 and being conducted by Beat Childhood Cancer (formerly known as NMTRC), aims to recruit 27 patients with Relapsed or Refractory Medulloblastoma.

Medulloblastoma is the most common pediatric malignant brain tumor, accounting for 20% of all brain tumors in children. Treatment with TB-403 in relevant animal models for medulloblastoma has demonstrated beneficial effects on tumor growth and survival.

The European Commission confirmed orphan drug designation for TB-403 for medulloblastoma in January 2017. The orphan designation allows a pharmaceutical company to benefit from incentives from the European Union to develop a medicine for a rare disease, such as reduced fees and protection from competition once the medicine is on the market.

TB-403 is being developed by Oncurious in conjunction with BioInvent International. In July, ThromboGenics and BioInvent amended their long-standing monoclonal antibody development agreement. As per the amended agreement, BioInvent has assumed the project lead for development of TB-403 in all oncology indications and has increased its share in the economic value of TB-403 from 40% to 50%. Both parties continue to share equally the costs of developing TB-403 for oncology indications.

JETREA® US and Global Update

JETREA® Commercial

In September 2017, ThromboGenics announced that it regained the non-US rights to JETREA® from Alcon, a Novartis company, based on a mutual settlement agreement that ThromboGenics is a better fit for building a smaller but sustainable long-term business with this unique drug for the treatment of vitreomacular adhesion/vitreomacular traction.

As part of this agreement, ThromboGenics received 53.7 million euro in cash and an equity investment by Novartis Pharma AG of 10 million euro in ThromboGenics capital, which will be used to progress ThromboGenics' novel diabetic eye disease pipeline.

ThromboGenics generated JETREA® sales of 2.9 million euro in the US in 2017 and received 1.3 million euro in royalties from Alcon/Novartis' ex-US sales.

ARVO 2017 Baltimore: Ocriplasmin data presentations demonstrate continued interest

11 ocriplasmin-related presentations, abstracts and posters were delivered at the May 2017 ARVO meeting. These covered real-world clinical data, further characterization of results from different studies, including OASIS and ORBIT, and the cost effectiveness of ocriplasmin.

New Ocriplasmin clinical and health economic data presented at ASRS 2017 meeting in Boston

ThromboGenics delivered two poster presentations at the 35th Annual Scientific Meeting of the American Society of Retina Specialists (ASRS) in August 2017.

The first poster presentation was entitled "*'Comparison of Visual Results in Patients Receiving Vitrectomy for Macular Hole in One Eye and Ocriplasmin for Vitreomacular Traction in the Fellow Eye'* (by Arshad M. Khanani et al). The conclusion of the presentation was that patients who had to receive a pars plana vitrectomy (PPV) for full-thickness macular hole (FTMH) in one eye, may be able to avoid a second PPV in their other eye with vitreomacular traction by potentially preventing its deterioration to FTMH via early treatment with ocriplasmin.

In the second poster presentation, entitled *'Budget Impact Analysis of Ocriplasmin for the Treatment of Vitreomacular Traction in the United States,'* Peter K. Kaiser, MD, Department of Ophthalmology, Cole Eye Institute, Cleveland Clinic, Cleveland, OH, presented data from the OASIS randomized trial, a 2-year follow-up study evaluating ocriplasmin for the treatment of symptomatic VMA (VMT) including macular hole. He also presented a new budget impact model that was developed in accordance with the principles of good practice published by the International Society for Pharmacoeconomics and Outcomes Research.

3.2.6. Intellectual property

The Company's drug candidates are covered by several patent families that are either owned by the Company or exclusively licensed to the Company.

The licenses awarded to ThromboGenics NV are exclusive licenses with the right to sublicense and might be subject to pre-agreed royalties. ThromboGenics NV has the rights to all in-house intellectual property. The Company employs a contracted counsel from a reputable Patent Bureau who works in collaboration with several leading international patent law firms.

3.2.7. Group structure

As of December 31, 2017 ThromboGenics NV has a full American subsidiary, ThromboGenics Inc, which is established in Iselin, New Jersey, one Irish Branch in Dublin and a subsidiary, Oncurious NV of which ThromboGenics holds 81.67%.

3.2.8. Facilities

Since January 2009, all of the Company's labs have been located at the "Bio-Incubator" building at the Gaston Geenslaan 1 at 3001 Leuven.

Currently, the Company occupies several state-of-the-art research laboratories, including cell culture rooms, a molecular biology laboratory, an analytical laboratory, a protein expression and purification suite, an in vivo pharmacology unit, and all the necessary support and storage rooms. The Company has access to 2,000 square meters of laboratories and offices in Leuven.

The Company is GMP certified (EU Regulation 2003/94/EC) by the Belgian Health Authorities (FAGG/AFMPS) for both Commercial and Investigational Medicinal Product batch certification.

3.2.9. Investment policy

Apart from investments in lab materials, hardware and software, ThromboGenics has not made any other large investments, nor made commitments to make major investments in the near future.

R&D expenses will be directly financed and as such are not considered as investments to be capitalized on the balance sheet according to relevant accounting rules. Under IFRS reporting only development costs made in Phase III and abiding to our accounting policy will be capitalized.

3.2.10. Health, safety and environmental regulations

As a biotech Company, ThromboGenics has to deal with biological waste on a daily basis. The health and safety of personnel and visitors and environmental protection constitute a priority for the Company. The environmental, health and safety policy is a key element of the Company's business strategy and is part of the training of each employee. This policy implies a continuous process through which constant improvements and innovations are being implemented.

ThromboGenics is focused on creating a safe environment, not only for the Company's employees, but also for external employees, visitors and the overall environment.

3.3. Comments to Consolidated Financial Statements

The consolidated financial statements were prepared in accordance with IFRS as adopted by the EU and were approved by the Board of Directors on March 15, 2018.

Income Statement

In 2017, the total income of ThromboGenics was 9.1 million euro compared to 7.1 million euro in 2016.

The income in 2017 was composed of:

- Sales of JETREA® in the US,
- Royalties from Alcon/Novartis until 15 September 2017 as part of the strategic agreement to commercialize JETREA® outside the US
- From 16 September 2017, Profit Transfer (Gross Margin less distribution cost) related to sales booked by Alcon/Novartis under transition agreement made with Alcon/Novartis
- Compensation by Alcon/Novartis of past disputed vial cost of goods price.

Vial sales in the US reached 2.9 million euro. Royalties paid by Alcon/Novartis in relation to the license agreement amounted to 1.3 million euro. ThromboGenics received from Alcon/Novartis 1.7 million euro as Profit Transfer. Alcon/Novartis paid 3.3 million euro as a settlement on previous years' vial price.

Gross profit in 2017 was 6.5 million euro. In 2016, ThromboGenics reported a gross profit of 0.2 million euro.

R&D expenses in 2017 were 23.2 million euro compared to 24.7 million euro in 2016. R&D expenses increased due to the investments in THR-687 and THR-149 preclinical and THR-317 clinical activities. This increase was compensated by the reduced amortization of the capitalized costs related to the development of Phase III clinical studies related to ocriplasmin as a result of impairment booked in 2016. The government grants and income from recharge of costs are deducted from the research and development expenses as in 2016.

In 2017, the selling expenses of ThromboGenics were 4.2 million euro compared to 4.3 million euro in 2016. US commercial operations reached break-even.

In 2017, ThromboGenics obtained other income of 50.4 million euro, 45.0 million euro and 4.5 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and for intervention in obsolescent drug materials.

As a result, ThromboGenics made an operating profit of 23.3 million euro in 2017 compared to a loss of 60.8 million euro in 2016.

ThromboGenics had a financial income of 0.4 million euro in 2017. In 2016, the Company reported a financial income of 0.5 million euro.

The finance expenses in 2017 amounted to 1.0 million euro.
In 2017, ThromboGenics made a net profit of 22.6 million euro resulting in diluted earnings per share of 0.62 euro versus 1.67 euro negative diluted earnings per share in 2016.

Cash Flow

As of December 31, 2017, ThromboGenics had 115.7 million euro in cash, cash equivalents, restricted cash and investments, in comparison with 80.1 million euro in cash, cash equivalents and investments as of December 31, 2016.

Balance sheet

The total balance sheet per December 31, 2017 amounted to 150.4 million euro with cash, cash equivalents, restricted cash and investments representing 77% of the total balance sheet. The Group has no external financial debts.

ThromboGenics NV was incorporated on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. Per December 31, 2017, the capital of the Company amounted to 162,404,449.73 euro represented by 36,094,349 shares.

3.4. Comments to Statutory Accounts

The 2017 financial year closed with a profit of 23,8 million euro compared to a loss of 67.3 million euro for the 2016 financial year.

The operating income for the 2017 financial year amounted to 80.3 million euro and consists of

- 45 million euro and 4.5 million euro from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and as an intervention in obsolescent drug materials;
- 1.3 million euro from royalties;
- 6.3 million euro from product sales, in which an amount of 3.2 million euro is included as a settlement on previous years' vial price;
- 17 million euro capitalized R&D expenses and;
- the balance relates to costs carried forward and other operational revenue.

The operating expenses for the financial year 2016 amounted to 55.6 million euro compared to 88.1 million euro for the financial year 2016. These operating expenses break down as

- 11.2 million euro in purchases;
- 13.8 million euro in services and various goods;
- 7.6 million euro in salaries and social security;
- 22.4 million euro in depreciations and amortization and;
- 0.6 million euro in other operating expenses.

Therefore, the operating profit amounts to 24.7 million euro, compared to a loss of 68.1 million euro a year earlier.

The financial results were as follows: 0.3 million euro in financial income and 1.2 million euro in financial charges.

As a result, the 2017 financial year closed with a profit of 23.8 million euro compared to a loss of 67.3 million euro for the 2016 financial year.

In addition for the financial year 2017, an amount of 0.2 million euro was invested, mostly in IT & laboratory equipment and office modeling.

Going concern

According to article 96, 6th of the Belgian Company Code and after consultation, the Board of Directors has decided to preserve the valuation rules assuming continuation, for the following reason:

At December 31, 2017 there is still a strong equity position of 137.9 million euro in comparison to 114.1 million euro at December 31, 2016. Taking into account the current available cash position, the Board of Direction deems that all financial obligations will be honored and all research programs can be continued. Since the Company can honor all its financial obligations, the Board of Directors deems that the Company can continue as a going concern.

3.5. Description of the Principal Characteristics of the Company's Risks

In adherence to the Belgian company law, ThromboGenics has decided to inform shareholders of the risks associated with the Company.

In 2017 and beyond, ThromboGenics was and will continue to be subject to the following risks:

- To reach market a drug candidate has to go through expensive preclinical and clinical studies which require a lot of time and outcomes of each phase are always uncertain.
- The guidelines and rules issued by various authorities are very strict and impact is difficult to predict.
- Obtaining reimbursement of drugs will be even more important and difficult to obtain in the future.
- ThromboGenics is largely dependent on partners to provide expertise and various forms of support on production, sales, marketing, technology and license and property rights.
- ThromboGenics is dependent on partnerships in its R&D operations.
- It is possible that ThromboGenics is unable to complete the development programs of pipeline compounds successfully and/or to obtain the licenses and approvals necessary to bring new drugs to the market.
- It is possible that the market is not ready for or does not accept the drug candidates of ThromboGenics.
- The pharmaceutical market is highly competitive, with players having much stronger financial and human resources than our Company.
- ThromboGenics may be exposed to violations of patents or other intellectual property rights.
- ThromboGenics may face difficulties in attracting well qualified staff.
- ThromboGenics has no background of operational profitability due to the substantial spending on research and development although it has started establishing detailed net present value (NPV) models for all of its R&D pipeline compounds.
- It is possible that ThromboGenics will need additional financial investments to fund the existing and/or additional future activities.
- ThromboGenics has currently only one commercial product (JETREA®).
- On September 15, 2017, ThromboGenics regained full global rights to JETREA® from Alcon, a Novartis company. Whilst Alcon/Novartis will work closely with ThromboGenics to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years (i.e., September 15, 2019), the future commercial success of JETREA® is uncertain and difficult to predict.

In 2017, financial risk management focused on:

- Credit risks: Credit risk is limited to the US market where the Company has three main distributors which are creditworthy. Pursuant to the return of rights of JETREA® in the Ex-US market, ThromboGenics will check creditworthiness of each commercial partner with a reputable agency.
- Interest risks: The Group does not have any financial debts and as such does not have material interest risks.
- Currency risks: ThromboGenics is moderately subject to exchange rate risks and will use incoming foreign currencies (USD and GBP) to cover outgoing foreign currencies. Estimated USD expenses that will exceed incoming currency are covered by short term interest bearing USD deposits for 2018. Other uncovered outgoing foreign currencies will be honored by exchanging euro. In 2017, ThromboGenics has not used financial instruments to cover such risks.

This section will further specify components of each risk listed:

Development of a new drug takes a long time before it reaches the market

The Group must conduct extensive preclinical and clinical trials for its drug candidates in order to demonstrate their safety and efficacy in humans before it can receive the necessary approvals from the regulatory authorities to market these drug candidates. Clinical trials are expensive and time-consuming, and their results are highly uncertain and difficult to predict.

Government regulation & guidelines

The drug candidates of ThromboGenics must receive marketing approval from the European Medicines Agency (EMA), from the US Food and Drug Administration (FDA) and from regulatory authorities in other jurisdictions before they may be marketed and commercialized. Each regulatory authority can impose its own requirements and can refuse to give the approval (thereby limiting the market potential) or can ask for additional data before giving the marketing approval for the respective drug candidate, even if such approval was already given by other authorities. Changes in the policy of the regulatory authorities for granting approval or the introduction of additional requirements by a regulatory authority for granting approval can mean that drug candidates do not get marketing approval at all, or that such approval may be delayed. Moreover, the process for obtaining approval from the regulatory authorities is expensive and highly time-consuming, and the period necessary for obtaining the marketing approval is difficult to predict.

Reimbursement of drugs will be even more important in the future

Even though the Group has launched JETREA® directly in the US and via its licensee Alcon/Novartis in the most important markets where JETREA® has received either reimbursement or a positive recommendation from the concerned national authorities, it cannot guarantee that the reimbursement climate in these countries will not change in the future (Note: The License Agreement with Alcon/Novartis was terminated effective as of 15th September 2017, see below).

Reliance on collaborative partners

The Company is dependent on current and future collaborative arrangements with experienced partners to complete the development of certain of its existing and future drug candidates and to commercialize them successfully. These collaborative and commercial arrangements may place the development and commercialization of its drug candidates outside of the Group's control and may require the Company to relinquish important rights. If the Group fails to enter into collaborations on favorable terms or none at all, its ability to develop and commercialize existing or future drug candidates could be delayed and its costs of development and commercialization could increase.

The Group's dependence on collaborative arrangements with experienced partners subjects it to a number of risks, including the following:

- the Company may not be able to control the amount or timing of resources that its collaborative partners devote to its drug candidates;
- the Company may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- the Company may not receive any future revenues (e.g., milestone payments or royalties) if a partner fails to develop or commercialize one of its drug candidates successfully;
- a partner may develop a competing drug candidate either by itself or in collaboration with others;
- the willingness or ability of a partner of the Company to fulfill its obligations under the collaboration arrangements may be adversely affected by changes in the partner's business strategy.

If any of these risks were to materialize, the Company's ability to develop and commercialize one or more of its drug candidates could be impaired.

The Group cannot predict whether its drug candidates will demonstrate sufficient safety or efficacy in the studies needed to obtain marketing approval. Moreover, the results from earlier preclinical or clinical trials may not accurately predict the results of later-stage trials. The clinical trials may be suspended or terminated if participating subjects are exposed to unacceptable or unexpected health risks, or if the drug candidates cause undesired side effects. Clinical trials may be discontinued or the development of the drug candidates may be abandoned if the clinical trials produce negative or inconclusive results or if the trial results do not demonstrate a better safety or efficacy profile than the comparator drug(s).

The Company relies on third parties to manufacture and supply the active pharmaceutical ingredients for some of its drug candidates and to produce clinical and commercial quantities of these drug candidates. If the Company would lose any of these third parties as partners and/or contract manufacturing organizations (CMOs) or if they would fail to provide ingredients of a satisfactory quality, in sufficient quantities, at acceptable prices and in a timely manner, the clinical development and commercialization of its drug candidates could be materially impacted and delayed.

Dependency on partners in R&D

The Group relies on third-party clinical investigators and clinical research organizations to conduct its clinical trials (e.g., to oversee the operations of such clinical trials, to perform data

collection and analysis, safety reporting and other activities). The Group may have no or limited control over these third parties and the Group cannot guarantee that they will perform their obligations in an efficient and timely manner and in compliance with their contractual obligations. If the clinical investigators and other third parties fail to meet their obligations, the Company may experience significant delays or failures in its clinical development programs and in the commercialization of its drug candidates.

Enrolling patients in the studies depends on many factors, including:

- the limited number of patients available for clinical trials, due to e.g. competition for patients by clinical trial programs for other treatments;
- the therapeutic endpoints chosen for evaluation;
- the eligibility criteria for the clinical trial;
- the size of the patient population required for analysis of the trial's therapeutic endpoints;
- the Group's or its potential future partners' ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the proportion of patients leaving the study before reaching an endpoint; and
- the availability of adequate insurance.

The Company or its potential future partners may experience difficulties in enrolling patients in clinical trials, which could increase the costs of these trials and adversely affect their timing and outcome.

ThromboGenics may be unable to in-license or acquire new drug candidates on commercially reasonable terms

The Company relies on its ability to identify and develop promising new intellectual property and compounds with a high commercial potential, for example via the Flanders Institute for Biotechnology (VIB) and KULeuven and other partners or via its own internal research and development. ThromboGenics intends either to license the rights to such compounds, to purchase them or to acquire companies which own them. As a result, its future success partly depends on its ability to establish collaborations with third parties to license promising new compounds or to finance the licensing or purchase of these compounds or the companies that own them.

The market might not be ready for Company's drug candidates

Upon commercialization, the Group's drug candidates may not gain acceptance by patients, physicians and other healthcare professionals. Market acceptance of the Group's drug candidates will depend on, among other things, the Group's ability to demonstrate the drug candidates' clinical efficacy, safety, cost-effectiveness, convenience and ease of administration as well as its other advantages over alternate treatments. Additionally, the Company's or its partners' ability to promote and market its drug candidates and its ability to obtain sufficient coverage or reimbursement from payers may impact the commercial success of its drug candidates. If the Group's drug candidates fail to gain market acceptance, it may have a material adverse impact on the Group's ability to generate revenues.

The pharmaceutical market is highly competitive

The market for pharmaceutical drugs is highly competitive. The Company faces significant competition in the research, licensing, development and commercialization of its drug candidates.

The Group's competitors may bring drugs to the market more rapidly than the Company and may develop drugs which are more effective, more affordable or with better side effect profiles than the Company's drugs and/or drug candidates. Competing drugs may gain faster or greater market acceptance than the Company's drugs and medical advances or rapid technological development by competitors may result in the Company's drug candidates becoming non-competitive or obsolete before the Company is able to recover its research, development, launch and commercialization expenses.

Exposure to patents and property rights violation

The Group's success will depend in part on the ability of the Group and its licensees to obtain, maintain and enforce its patents and other intellectual property rights. The Company's drug candidates are covered by several patent families, which are either licensed to the Group or owned by the Group. The Group cannot guarantee that it or its licensors will be able to obtain or maintain these patents rights against third-party challenges to their validity, scope and enforceability.

Because patent law in the biopharmaceutical industry is highly uncertain, the Group cannot assure that its current or future patent applications will be issued. Nor can the Company assure that the scope of its current or future patents will be sufficiently

broad to provide commercially meaningful protection against infringement by or competition of third parties.

The Group also relies on trade secrets, data exclusivity and proprietary know-how to protect its drugs, drug candidates and production platforms. The Group makes reasonable efforts to maintain its trade secrets, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not willfully or unintentionally disclose proprietary information to competitors.

The enforcement of patents, trade secrets, know-how and other intellectual property is costly, time-consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the infringement of its patents, trade secrets, know-how and other intellectual property rights and those of its licensors.

The Group's success will depend in part on its ability to operate without infringing on or misappropriating the proprietary rights of others. The Group cannot guarantee that its activities, or those of its licensors, will not infringe patents owned by third parties. The Group may expend significant time and effort and may incur substantial costs in litigation if the Company is required to defend against patent lawsuits brought against the Group or its licensors. If the Group or its licensors are found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position.

Dependency on and ability to attract key personnel and managers

Being a small Company with currently less than 100 employees and managers, the Group's success depends on the continued contributions of its principal management and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, scientists and companies in the face of intense competition for such personnel, institutions and companies. Although ThromboGenics generally has not experienced substantial problems retaining key employees, its employees can terminate their employment with the Group at any time.

The Group has incurred operating losses since its foundation

Only for 2012, 2013 and 2017, the Group has reported net profits. These net profits were integrally attributable to the non-recurring milestone payments received under the Alcon/Novartis agreement and the one-time payment received from Alcon/Novartis under the Settlement Agreement with Alcon/Novartis (we refer to note 5.8 for more information).

The recurring product sales of JETREA® in the US supplemented with incomes from the sales ex-US are not yet sufficient to cover the recurring costs related to the product. The company is setting up an infrastructure adapted to the expected market with the eye on profitability. These efforts may not bear fruit and JETREA® related costs may not be covered. In this case the company may not be able to continue the commercialization of JETREA®. (Note: The License Agreement with Alcon/Novartis was terminated effective as of 15th September 2017, see below).

The Group anticipates that in future it may make further net losses as it incurs additional research and development and general and administrative expenses in its efforts to further develop and commercialize its drugs and drug candidates. These losses, among other things, will cause the Group's working capital and shareholders' equity to decrease. If the Company is unable to successfully develop and commercialize its drugs and drug candidates, the Company may never become profitable on a consistent basis.

Need for additional financing and access to capital

The Company's financing needs depend on many factors, including the progress, costs and timing of its research and development activities, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its drugs and drug candidates, the costs and timing of establishing sales and marketing capabilities and the terms and timing of establishing collaborations, license agreements and other partnerships.

Currently only one commercial product

The turnover will depend the next years on the sales of only one product, JETREA®. The other drug candidates are still in an early phase of development and chances that they can be commercialized successfully is uncertain. Since the Company has stopped the development of JETREA® for additional label extensions such as Non-Proliferative Diabetic Retinopathy (NPDR), the commercial success of this drug will mainly depend on its acceptance by physicians and patients for its approved indications (i.e., the treatment of sVMA/VMT).

Future commercial success of JETREA®

On September 15, 2017, ThromboGenics regained full global rights to JETREA® from Alcon, a Novartis company, based on a mutual agreement that the characteristics of JETREA® make ThromboGenics a better fit for building a sustainable long-term niche business. Whilst Alcon/Novartis will work closely with ThromboGenics to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years (i.e., September 15, 2019), the future commercial success of JETREA® is uncertain and difficult to predict. As ThromboGenics has neither a supply chain and distribution nor a commercial infrastructure in place outside the United States, the future commercial success of JETREA® will largely depend on whether the Company can establish successful collaborations with third parties to ensure continued access of JETREA® to patients and physicians in critical markets and regions around the world.

3.6. Other information in accordance with Belgian Company law

3.6.1. Events after the End of the Financial Year

An effective capital increase took place on 5 January 2018, with 2,177,226 new shares being delivered on 22 January 2018 bringing the total number of shares to 38,271,575 and the capital to 172,200,753.04 euro. To date, no other events occurring after the 2017 year-end are being evaluated as having an impact on the 2017 financial statements.

3.6.2. Major trends influencing evolution of the Company

At date of closure the market capitalization is lower than Net Equity which represents a trigger for testing impairment of assets. The assets subject to impairment on the balance sheet of ThromboGenics are the carrying value of JETREA® VMA/VMT indication and the Intangible asset composed of the in-licensed integrin antagonist from Galapagos.

Concerning JETREA®, the return of the ex-US rights from Alcon/Novartis to ThromboGenics leads to a new organization that will support its commercialization in and ex-US. A reasonable investment in Marketing & Medical personnel will be made in 2018 with the aim to reach all-over break-even for JETREA® in sVMA business by end of 2019. The projections under such a setup and assumptions indicate that no impairment of JETREA® asset is required.

The test made on the in-licensed integrin antagonist from Galapagos has concluded that there is no need for impairment.
The cash situation at year-end will enable ThromboGenics to clinically develop new compounds up to Phase II after careful selection.

3.6.3. R&D

Given the activities of ThromboGenics, the cost of R&D is very important. They represent more than 68% of total operating costs for the year 2017 compared to 69% in 2016. The government grants and income from recharge of costs are deducted from the research and development expenses from financial year 2014. These costs mainly consist of costs for clinical trials paid to third parties, personnel costs and depreciations. In 2013, a first depreciation on the capitalized costs related to the development in the context of Phase III of ocriplasmin for the treatment of vitreomacular adhesion was booked.

3.6.4. Going concern

We refer to section 3.4.

3.6.5. Subsidiary activity – Business Combinations

On April 3, 2015, Oncurious NV was incorporated as a limited liability company (in Dutch: Naamloze Vennootschap) fully owned by ThromboGenics NV and ThromboGenics Inc. It is an oncology company focusing on the development of innovative medicines for the treatment of pediatric brain tumors. Upon incorporation, ThromboGenics NV made a contribution in kind of the TB-403 patents, the TB-403 knowhow and the rights and obligations under the TB-403 contracts representing 1,375,000 euro. ThromboGenics Inc made a contribution in cash of 1,000 euro.

On August 6, 2015, VIB (Flanders Institute for Biotechnology) made a contribution in kind in Oncurious NV of the possible future royalties of TB-403 (oncology) representing 125,000 euro. After this transaction, VIB became a minority shareholder alongside ThromboGenics, holding 125 shares of a total of 1,501 shares.

On December 12, 2017 Oncurious exerted the right to convert a 3.0 million euro convertible loan consented by ThromboGenics NV in 3,000 shares in the ownership of ThromboGenics NV.

On December 12, 2017 Oncurious NV made congruent agreements with VIB and ThromboGenics NV in which VIB makes contribution in kind of the rights to 5 Immuno-Oncology targets in exchange for 857 new shares. At concretisation, out of a new total of 5,358 Oncurious NV shares, ThromboGenics NV will own 4,376 shares or 81.67% and VIB 982 shares or 18.33%. Upon future established proof of concept of one or more of the Immuno-oncology targets, VIB has a call option of up to 1,230 shares to be provided by ThromboGenics NV.

On December 31, 2017 ThromboGenics NV has a full American subsidiary, ThromboGenics Inc, which is established in Iselin, New Jersey, an Irish Branch in Dublin and a subsidiary, Oncurious NV of which ThromboGenics currently holds 81.67%.

3.6.6. Financial instruments

We refer to the section 5.5.6.

3.6.7. Financial risk management

We refer to the section 5.5.7.

3.6.8. Independence and competence in the Audit Committee

The Company's Audit Committee is validly composed in compliance with the Belgian Corporate Governance Code 2009 and the Belgian Companies Code. The Audit Committee being composed of Investea SPRL represented by Emmanuèle Attout, Thomas Clay and Philippe Vlerick. Investea SPRL represented by Emmanuèle Attout and Philippe Vlerick have served less than three consecutive terms as non-executive Director of the Board of the Company and own less than 10% of its shares. As such they qualify as independent Directors. Investea SPRL represented by Emmanuèle Attout has as former audit partner at PriceWaterhouseCoopers the necessary credentials to bring the required accounting and auditing expertise in this committee.

4. CORPORATE GOVERNANCE

4.1. General provisions

This section summarizes the rules and principles by which the corporate governance of ThromboGenics is organized. It is based on the articles of association and on the corporate governance charter of the Company which was drawn up on October 19, 2006 and has been updated since on a regular basis. The last update was approved by the Board of Directors in 2017.

The charter is available on the Company's website (www.thrombogenics.com) under Investors Information / Corporate Governance and can be obtained free of charge via the Company's registered office.

The Corporate Governance Charter of ThromboGenics contains the following specific chapters:

- Corporate Governance Charter
- Board of Directors
- Executive Team and CEO
- Dealing Code – Rules for the prevention of insider trading and market abuse
- Audit Committee
- Nomination and Remuneration Committee

4.2. Non-compliance with the Corporate Governance code

The Board of Directors of ThromboGenics intends to comply with the Belgian Corporate Governance Code, but believes that certain deviations from its provisions are justified in view of the Company's particular situation.

Due to the size of the Company, the Board of Directors combined the Nomination Committee and the Remuneration Committee and has not set up a Management Committee in accordance with article 524bis of the Belgian Company Code.

4.3. Description of the Principal Characteristics of the Company's Internal Controls and Risk Analysis

The Board of Directors of ThromboGenics is responsible for the assessment of the risks that are typical for the Company, and for the evaluation of the internal control systems.

The internal control systems play a central role in directing the activities and in risk management. They allow for a better management and audit of the possible risks (strategic risks, financial risks, compliance with rules and legislations), in order to achieve the corporate goals. The internal audit system is based on five pillars:

- audit environment;
- risk analysis;
- audit activities;
- information and communication; and
- supervision and modification.

4.3.1. Audit environment

The audit environment is determined by a composition of formal and informal rules on which the functioning of the Company relies.

The audit environment encompasses the following elements:

- Company staff: The Group has defined Accountability, Empowerment, Optimism, Trustworthiness, Respect, Information and Consultation as being the values driving the ThromboGenics' team with the aim to create an open corporate culture, in which communication and respect for the customers, suppliers and staff play a central role. All of the employees are required to manage the Company's means with due diligence and to act with the necessary common sense. The informal rules are completed by formal rules where necessary. With this, the group wants to attract, motivate and retain qualified employees, in a pleasant work environment and with possibilities for personal development. Their expertise and experience will contribute to the Company's effective management.

- The CEO and Executive Team: The day-to-day management is the responsibility of the CEO who is supported by an Executive Team. For the sake of effective management, there is a partial delegation of authority to the subsidiary and to the various departments within ThromboGenics NV. The delegation of authorities is not linked to a person, but to the position. The Executive Team, whose domains of responsibility are situated at group level, holds a final audit competence over the authorized representatives. All persons concerned are informed of the extent of their authority (rules on approbation, limitations of authorities).

- The Board consists of a majority of non-executive Directors. To achieve its duties, the Board of Directors relies on the following operational committees:

    - Audit Committee which evaluates the strength of controls at regular intervals
    - Remuneration and Nomination Committee which evaluates the remuneration policy
    - Executive Team which controls the operations and activities of all their staff

The functioning of these committees and their responsibilities is described in the following sections of this report.

- Code of Business Conduct: ThromboGenics' Code of Business Conduct (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide the motives and actions of all Directors, officers and employees of ThromboGenics NV and its subsidiaries. All Directors, officers and employees of ThromboGenics must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by ThromboGenics' agents and representatives, including consultants.

- The Code seeks to deter wrongdoing and to promote:

    - Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest in personal and professional relationships;
    - Full, fair, accurate, timely and understandable disclosure in reports and documents that ThromboGenics submits to the Brussels Financial Services and Markets Authority (the "FSMA") and in other public communications made by ThromboGenics;
    - Compliance with all applicable governmental laws, rules, regulations and industry codes;
    - The prompt internal reporting of violations of the Code; and
    - Accountability for adherence to the Code.

4.3.2. Risk analysis

The Board of Directors decides on the Group's strategy, risk appetite and its main policy lines. It is the task of the Board of Directors to strive for long-term success by ensuring proper risk assessment and management.

The Executive Team is responsible for the development of systems that identify, evaluate and monitor risks.

The Executive Team introduces risk analysis in all departments of the ThromboGenics' Group, and it is to be considered in the development of our Group's strategy. The analysis comprises a set of means, codes of conduct, procedures and measures that fit our structure, its sole intention being to maintain risks at an acceptable level.

ThromboGenics divides its objectives into four categories:

- strategic;
- operational;
- reliability of the internal and external information;
- compliance with rules and legislations and internal instructions.

Risk identification consists of examining the factors that could influence the objectives put forward in each category. Internal or external factors may influence the realization of these objectives.

- Internal factors: they are closely related to the internal organization and could have several causes (e.g. change in the group structure, staff, ERP system).
- External factors: they can be the result of changes in the economic climate, regulations or competition.

The risks identified by the Executive Team of ThromboGenics are detailed under section 3.5.

4.3.3. Audit Activities

In order to properly manage identified risks, ThromboGenics takes the following measures:

- access and security systems at the premises and offices;
- a uniform administration, implementation of the same ERP system in all subsidiaries;
- establishment of new procedures typical of the development within the group;
- modifications and updates of the existing procedures;
- use of a reporting tool (QlikView) which permits financial data reporting on a regular basis (quarter, year). The reporting tool also permits development of KPIs and regular assessments thereof.

4.3.4. Information and Communication

In order to be able to present reliable financial information, ThromboGenics makes use of a standardized reporting of accounts and a global application of IFRS recognition criteria.

Data and information protection. Depending on the type of data, a specific policy is applicable. Rights are granted per disk and folder to groups of persons or to specific persons only (user Directory), the user rights are defined by the Windows user/login for both regular data files and database. The rights are granted in such a way that only those files or data to which the user has access, can be read or modified. A back-up policy is available and all data are being backed up centrally on a weekly base and locally on a daily base.

4.3.5. Supervision and Modification

Supervision is carried out by the Board of Directors, through the activities of the Audit Committee and Executive Team.

- It is the task of the Audit Committee to monitor the effectiveness of the internal controls and risk analysis.
- The Executive Team supervises the implementation of internal audit and risk management, taking into consideration the recommendations of the Audit Committee.

The modifications comprise numerous day-to-day activities such as:

- management by operational supervisors;
- data exchange with third parties for confirmation purposes (e.g. suppliers/customers);
- supervision of division of functions;
- control by external auditors and internal and external controllers.

It is the opinion of ThromboGenics that periodic evaluations are necessary to assess the effectiveness of the internal control and the implemented procedures. As of today, there is not yet a dedicated internal audit function.

External Audit

External auditing within ThromboGenics is performed by BDO Bedrijfsrevisoren, represented by Gert Claes, Company Auditor. This mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of ThromboGenics NV and its subsidiaries.

The auditor's remuneration was 80,580 euro.

4.4. Fees to the Auditor

In euro (as at 31 December)	2017	2016
Remuneration audit mandate	80,580	79,000
Other legal assignments of the auditor	10,340	0
Other services of the auditor	4,000	8,733
Other services provided by the BDO network	8,716	32,328

In 2017, a total of 80,580 euro as remuneration for the audit mandates of ThromboGenics NV and Oncurious NV were paid.

The 2017 fees related to other legal assignments of the auditor are paid for services rendered in relation to warrantplans and the auditors' report for the contribution in kind.

The 2017 fees related to other services of the auditor are paid for services rendered in relation to IFRS reporting and ad hoc impairment assistance.

The 2017 fees related to other services provided by the BDO network relate to tax services provided in the UK and Ireland and were pre-approved by the Audit Committee.

4.5. Notification of important participations

4.5.1. Share capital and shares

On December 31, 2017, the share capital of ThromboGenics NV amounted to 162,404,449.73 euro, represented by 36,094,349 shares, all with the same fractional value. Under section 5.4 an overview is offered of the evolution of the Company's share capital.

An effective capital increase took place on 5 January 2018 with 2,177,226 new shares being delivered on 22 January 2018 bringing the total number of shares to 38,271,575 and the capital to 172,200,753.04 euro.

The Board of Directors is authorized, within the limits of the authorized capital, to restrict or exclude the pre-emption right of the shareholders in the interest of ThromboGenics and in accordance with article 596 and following the Belgian Company Code. The Board of Directors is authorized to restrict or exclude the pre-emption right of the shareholders in favor of one or more persons, even if these persons are not employees of ThromboGenics or its subsidiaries.

4.5.2. Warrant plans

ThromboGenics has created a number of warrants,

on December 31, 2017, two warrant plans are effective:

- The 2014 warrant plan composed of 720,000 warrants giving right to one share each as decided by the extraordinary shareholders meeting of December 4, 2014.
- The 2017 warrant plan composed of 1,440,000 warrants giving right to one share each as decided by the extraordinary shareholders meeting of November 20, 2017.

Paragraph 5.7.11 gives more detailed information on the warrant plans and outstanding warrants at the end of 2017.

4.5.3. Shareholders

On January 26, 2018, based on all received transparency declarations, and following the issue of 2,177,226 new ordinary shares to Novartis Pharma AG, thereby increasing its number of outstanding shares to 38,271,575. ThromboGenics is aware of the following participations:

	Shares	% of total number of shares
Mr Thomas M. Clay and entities controlled by him	3,361,555	8.78%
Baron Philippe Vlerick and entities controlled by him	2,324,719	6.07%
Novartis Pharma AG	2,177,226	5.69%

4.5.4. Notification of important participations

Belgian law, in conjunction with the articles of association of ThromboGenics, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or jointly with others, increases above or falls below a threshold of 3 percent, 5 percent, or any multiple of 5 percent, of the total number of voting rights attached to the Company's securities. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the FSMA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the FSMA. The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the securities of ThromboGenics on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels will publish details of the notifications.

4.5.5. Financial service – Paying agent services

The financial service for the shares will be provided in Belgium by KBC Bank, free of charge for the shareholders.

Shareholders must themselves solicit information with regards to costs relating to financial services offered by other intermediaries.

4.6. Composition and functioning of the Company organs

4.6.1. Composition of the Board of Directors

The Company is led by a collegiate Board of Directors which is the Company's most senior administrative body. The Company establishes the Board of Directors' internal rules and regulations and publishes them in its Corporate Governance Charter. It is the role of the Board of Directors to strive for the long-term success of the Company by guaranteeing entrepreneurial leadership and ensuring that risks are assessed and managed in an appropriate way. The Board of Directors' responsibilities are stipulated in the articles of association and in the Board of Directors' internal rules and regulations. The Board of Directors is organized in view of an effective execution of its tasks. The Company sets its managing structure in function of its continuously changing needs.

The Board of Directors decides upon the Company's values and strategy, upon its willingness to take risks and upon the general policy plan.

The Board of Directors ensures that the necessary leadership and the necessary financial and human resources are available so that the Company is able to realize its goals. Also, upon determining the values and strategies in the major policy plan, the Board of Directors considers corporate social responsibility, gender diversity and diversity in general.

From December 5, 2013, to June 15, 2017, Viziphar Biosciences BVBA, represented by Mr. Staf Van Reet, acted as Chairman and Director of the Board of Directors. Since June 15, 2017, Thomas Clay acts as Chairman and Director of the Board of Directors.

On June 15, 2017, the Board of Directors acknowledged the resignation of Viziphar Biosciences BVBA, represented by Mr. Staf Van Reet, as Director and Chairman of the Board of Directors as from June 15, 2017. On August 31, 2017, the Board of Directors acknowledged the resignation of (i) Innov'Activ BVBA, represented by its permanent representative Patricia Ceysens, as Director as from September 07, 2017, and (ii) Lugo BVBA, represented by its permanent representative Luc Philips, as Director as from September 07, 2017. On August 31, 2017, the Board of Directors decided, based on the advice of the Remuneration and Nomination Committee, not to replace Viziphar Biosciences BVBA, Innov'Activ BVBA and Lugo BVBA.

As of December 31, 2017, the Board of Directors consists of six members:

- Thomas Clay, Non-Executive, Independent Director, Chairman
- Patrik De Haes (ViBio BVBA), Chief Executive Officer, Executive Director
- Dr David Guyer MD, Non-Executive, Director
- Paul G. Howes, Non-Executive Director
- Emmanuèle Attout (Investea SPRL), Non-Executive, Independent Director
- Baron Philippe Vlerick, Non-Executive, Independent Director

As such the Board is composed of 1 female and 5 male members. The Board is actively seeking to identify additional female board candidates.

The following paragraphs contain a brief biography of each Director in function at December 31, 2017:

Thomas Clay, Non-Executive, Independent Director, Chairman

Thomas Clay is Vice-President of East Hill Management Company, LLC and Chairman and CEO of Golden Queen Mining Co., Ltd. He also serves as a Director of the Clay Mathematics Institute, Inc. Thomas is a graduate of Harvard College, Oxford University, and Harvard Business School. Thomas replaced his father, Landon Clay, who led the first external investment into ThromboGenics and resigned from the Board of Directors in 2011.

Patrik De Haes (ViBio BVBA), Chief Executive Officer, Executive Director

Dr Patrik De Haes has over 25 years of experience in the global healthcare industry, covering product development, marketing and general management. Before joining ThromboGenics as CEO in 2008, Patrik was Head of Roche's Global Insulin Infusion business. Prior to this, he was President and CEO of Disetronic Medical Systems Inc, a medical device company based in Minneapolis, USA. He also led the global development and commercialization of the first biotech product at Sandoz Pharma (now Novartis) in Switzerland. Past Chairman of FlandersBio, Patrik is an active member of the local and regional biotech and lifesciences community in Belgium. Patrik is also Executive Chairman of Oncurious NV, an emerging oncology company co-created by ThromboGenics NV and VIB lifesciences. Patrik holds a degree in Medicine from the University of Leuven.

Dr David Guyer MD, Non-Executive Director

Dr David Guyer MD is a long standing member of the US retina community and is currently the Co-Founder and Executive Chairman of Ophthotech Corporation. He was previously the CEO of Ophthotech. Dr Guyer is also on the Boards of Sound Pharmaceuticals, iStar and PanOptica. He co-founded and served as CEO and a Director of Eyetech Pharmaceuticals, Inc., where he led the company through private, public and corporate financings, and oversaw the rapid development and successful commercialization of Macugen® (pegaptanib sodium), the first FDA-approved anti-VEGF pharmacological treatment for the treatment of wet AMD. Dr Guyer has also had a successful career in academic medicine as Professor and Chairman of the Department of Ophthalmology at New York University School of Medicine. Dr Guyer received his Bachelor of Science (BSc) degree from Yale College summa cum laude and his medical degree (MD) from Johns Hopkins Medical School. He completed his ophthalmology residency at Wilmer Ophthalmological Institute at Johns Hopkins Hospital and a retinal fellowship at the Massachusetts Eye and Ear Infirmary at Harvard Medical School.

Paul G. Howes, Non-Executive Director

Paul Howes brings over 30 years of commercial strategy, product development and management leadership experience, with a significant focus in the field of ophthalmology. He currently serves as a board member of ThromboGenics, and until the end of 2017 was the President and Chairman of its U.S. subsidiary, ThromboGenics, Inc. He previously served as a board member and CEO of Inotek Pharmaceuticals, a NASDAQ-listed ophthalmic drug development company. Prior to joining Inotek, Mr. Howes was President of the Americas Region for Bausch & Lomb with leadership responsibility for the United States, Canada, Latin America and South America across Bausch & Lomb's Vision Care, Surgical and Pharmaceuticals business segments. Prior to joining Bausch & Lomb in 2003, Mr. Howes spent the previous 16 years in various senior management roles at Merck & Co. Inc. This experience included roles as Executive Director of Hospital Marketing, Vice President of Sales and Marketing for Specialty Products, President and CEO of the DuPont Merck Pharmaceutical company and President of Merck Frosst Canada, Inc. Prior to Merck, Mr. Howes spent 11 years at PriceWaterhouseCoopers Canada. Mr. Howes is a graduate of Harvard College and earned his MBA from York University in Toronto, Canada. He also serves as a board member of Prevent Blindness, as a Trustee of BioNJ and as a board member of Kish Bancorp.

Emmanuèle Attout (Investea SPRL), Non-Executive, Independent Director

Emmanuèle Attout has been an audit partner at PriceWaterhouseCoopers from 1994 to 2014, in charge of audits of a range of clients including banks, insurance companies, investment funds and asset managers. In recent years she managed the audits of listed companies and pharmaceutical and life sciences companies, from which she brings substantial relevant experience to the Board and to the Audit Committee. Emmanuèle is an independent non-executive Director, member of the Audit Committee, of Atenor SA and Schréder SA. Since 2009, Emmanuèle is co-founder and Director of the ngo Women on Board. She serves also the Board of Toutes à l'école Belgique asbl. Emmanuèle graduated in Applied Economic Sciences at the Catholic University of Louvain.

Baron Philippe Vlerick, Non-executive, Independent Director

Philippe Vlerick is the owner, Chairman and CEO of several businesses in Belgium and abroad. He currently serves as the Chairman and Chief Executive Officer of Vlerick Group (Belgium), and as Chairman and CEO of UCO NV, Chairman of Pentahold. Chairman of Smartphoto Group, Chairman of the Festival Van Vlaanderen, and Commissioner-General of Europalia Romania. Baron Vlerick is Vice-chairman of KBC Group, Corelio, and Durabilis. and is a member of the Board of Directors of Exmar, Hamon & Cie, Besix Group, BMT, Etex and L.V.D. (Belgium).

Mr Vlerick holds a Degree in Philosophy and Law from the University of Leuven, and an MBA General Management degree (PUB) (Ghent, Vlerick School of Management - 1979). He also holds a Master's degree in Business Administration from Indiana University, Bloomington (USA - 1980). He was elected 2006 Manager of the Year by Trends, a leading business magazine in Belgium. He was granted the title of Baron in 2008, and became Commander of the Order of Leopold in 2013.

4.6.2. Evaluation of Board activity and members

The Board does not use a formalized process for the assessment of its operation, the functioning of the Committees and the involvement of each Director.

The Chairman in consultation with individual Directors and with support from the remuneration committee conducts regularly an evaluation of all components of the Board.

A global evaluation is further informally debated in the various Board meetings and committees to ensure appropriateness and effectiveness of operations of all components of the Board and of interactions with the Executive Team. In particular when proposing election or re-election of Directors, the Board ensures through its Board meeting discussions that its composition delivers the appropriate skills and will deliver the legally required gender diversity.

4.6.3. Board of Directors' Meetings in the Financial Year 2017

The Board of Directors met six times in 2017. With regard to its supervisory responsibilities, the following topics were discussed and assessed:

- The Board of Directors decides on the Company's strategy, its willingness to take risks, its values and major policies.
- The Board of Directors ensures that the necessary leadership and the necessary financial and human resources are available so that the Company is able to realize its goals.
- Upon determining the values and strategies in the major policy plan, the Board of Directors considers corporate social responsibility, gender diversity and diversity in general.

- The Board of Directors is responsible for the quality and comprehensiveness of the financial information published. At the same time, the Board of Directors is responsible for the integrity and timely publication of the annual results and other important financial and non-financial information that is communicated to shareholders and potential shareholders.
- The Board of Directors selects the auditor on the recommendation of the Audit Committee and supervises its activity, and is responsible for the supervision of the internal control, taking into account the evaluation of the Audit Committee.
- The Board of Directors supervises the Company's obligations towards its shareholders, and considers the interests at stake of those involved in the Company.
- The Board of Directors stimulates an effective dialogue with the shareholders and potential shareholders, on the basis of mutual understanding of goals and expectations.
- Following the recommendations of the Nomination and Remuneration Committee, the Board of Directors approves the contracts that appoint the CEO and the other members of the Executive Team. The contracts refer to the criteria adopted when determining the variable remuneration. The contract includes specific stipulations regarding a premature termination of the contract.
- The Board of Directors elects the structure of the Company's Executive Team, stipulates its powers and obligations and supervises and evaluates the performance thereof.
- The Board of Directors is responsible for the Corporate Governance structure of the Company and the compliance with the Corporate Governance stipulations.

Additional Agenda Items:

- the Company's financial data such as the summary half year financials, year-end financials, budget follow-up and consolidated results;
- application of IFRS;
- FSMA requirements;
- follow-up of subsidiaries;
- matters of a strategic nature, new and current investments, the analysis, discussion and evaluation of acquisition opportunities;
- preparations for the General Meeting, draw-up of the Annual Reports and press releases;
- company insurance;
- Warrant and retention plans.

The Board of Directors can deliberate validly only if at least half of its members is present or represented. Should this quorum not be achieved, a new Board meeting shall be convened with the same agenda, which meeting shall deliberate and pass resolution validly if at least two Directors are present or represented. Resolutions made by the Board of Directors shall be passed by a majority of the votes. The Board may deliberate validly on items not specified on the agenda only with the agreement of all their members and subject to those being present in person.

Principle 2.9 of the Belgian Corporate Governance Code 2009 recommends that the Board of Directors appoints a company secretary to advise the board on all company matters. On July 01, 2014, the Board of Directors appointed Claude Sander, the Company's Chief Legal Officer, as its Secretary.

Below is the attendance grid at the 2017 Board meetings:

BOARD OF DIRECTORS	Viziphar Biosciences BVBA	ViBio BVBA	Thomas Clay	Lugo BVBA	Innov'Activ BVBA	Dr. David Guyer	Paul G. Howes	Investea SPRL	Baron Philippe Vlerick
16 March 2017	present	present	present	present	present	present	present	present	present
15 June 2017	n/a	present	present	present	present	present	present	present	present
31 August 2017	n/a	present	present	present	present	present	present	present	excused
11 September 2017	n/a	present	present	n/a	n/a	present	present	present	present
19 October 2017	n/a	present	present	n/a	n/a	present	present	present	present
7 December 2017	n/a	present	present	n/a	n/a	present	present	present	present

4.6.4. Committees within the Board of Directors

The Board of Directors has established an Audit Committee and a combined Nomination and Remuneration Committee. The Board of Directors appoints the members and the chairman of each committee. Each committee consists of at least three members. The composition of the committees over the financial year 2017 was as follows:

Audit Committee: Investea SPRL (represented by Emmanuèle Attout), chairman; Lugo BVBA (represented by Luc Philips) (resignation on September 07, 2017); Innov'Activ BVBA (represented by Patricia Ceysens) (resignation on September 07, 2017), Thomas Clay (since September 07, 2017); Philippe Vlerick (since September 07, 2017).

The Audit Committee held four meetings during the financial year 2017.

Nomination and Remuneration Committee: Viziphar Biosciences BVBA (represented by Staf Van Reet), chairman (resignation on June 15, 2017); Thomas Clay, chairman (since June 15, 2017); Innov'Activ BVBA (represented by Patricia Ceysens) (resignation on September 07, 2017); Dr. David Guyer; Investea SPRL (represented by Emmanuèle Attout) (since June 15, 2017).

The Nomination and Remuneration Committee held three meetings during the financial year 2017.

The powers of these committees are described in the Corporate Governance Charter of ThromboGenics (Appendix 4 and 5), which is available on the ThromboGenics' website (www.thrombogenics.com).

Below is the attendance grid at the 2017 Committee meetings:

AUDIT COMMITTEE	Investea SPRL, Chairman	Lugo BVBA (resigned on September 07, 2017)	Innov'Activ BVBA (resigned on September 07, 2017)	Thomas Clay (since September 07, 2017)	Philippe Vlerick (since September 07, 2017)
9 March 2017	present	present	present	n/a	n/a
15 June 2017	present	present	present	n/a	n/a
31 August 2017	present	present	present	n/a	n/a
7 December 2017	present	n/a	n/a	present	present

NOMINATION and REMUNERATION COMMITEEE	Viziphar Biosciences BVBA, Chairman (resigned on June 15, 2017)	Innov'Activ BVBA (resigned on September 07, 2017)	Dr. David Guyer	Thomas Clay (since June 15, 2017), Chairman	Investea SPRL (since September 07, 2017)
16 March 2017	present	present	present	n/a	n/a
15 June 2017	present	present	present	present	n/a
7 December 2017	n/a	n/a	present	present	present

4.6.5. Executive Team

ThromboGenics has an Executive Team, which includes the CEO and the executive Directors. The members of the Executive Team are appointed by the Board of Directors and in accordance with ThromboGenics' corporate governance charter, the Executive Team has the power to propose and implement corporate strategy, by taking into account the Company's values, its risk appetite and key policies. The Executive Team is, amongst others, entrusted with the running of the Company. The Executive Team does not constitute a management committee in the meaning of article 524bis of the Belgian Company Code.

The Board of Directors has appointed the CEO of the Company. The powers of the CEO were defined by the Board of Directors in close consultation with the CEO. The CEO supervises the various activities and the central services of the Company.

In 2017 the Executive Team is composed of:

- ViBio BVBA, represented by Patrik De Haes – CEO
- Paul Howes – Executive Director

As of 31 December 2017, Paul Howes has stepped down from his executive functions and remains on the Board of the Company. The details of the remuneration of the Executive Team are laid out in the remuneration report.

This section displays a brief biography of each Executive Team member in activity at December 31, 2017.

Patrik De Haes (ViBio BVBA) – Chief Executive Officer

We refer to the section 4.6.1.

Paul G. Howes, Executive Director

We refer to the section 4.6.1.

4.6.6. Executive Committee

In addition to the Executive Team, several managers are members of the Executive Committee; this Executive Committee is not mentioned in the Corporate Governance Charter. The members of the Executive Committee provide support and assistance to the Executive Team. As such the members of the Executive Committee have no statutory delegated powers to represent the Company or to propose or implement the corporate strategy.

Executive Committee meetings are attended by the CEO and the executive Directors and the Executive Committee is composed of (December 31, 2017):

- Vibio BVBA, represented by Patrik De Haes – CEO
- D&V Consult BVBA, represented by Dominique Vanfleteren – CFO
- Susan Schneider – Chief Medical Officer
- Vinciane Vangeersdaele – Chief Commercial Officer
- Andy De Deene – Global Head of Clinical and Product Development
- Claude Sander – Chief Legal Officer & Secretary of the Company
- Panéga BVBA, represented by Jean Feyen – Head of Preclinical Research
- Paul Howes – Executive Chairman of ThromboGenics, Inc.
- Mark Denayer, Global Head of Drug Safety and Medical Affairs

4.7. Policy regarding Transactions and other Contractual Relationships between the Company, including Affiliated Companies, and its Directors and Members of the Executive Team

4.7.1. Conflicts of Interest of Directors and members of the Executive Team

Article 523 of the Belgian Company Code contains special provisions which must be complied with whenever a Director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors.

According to Appendix 2 of the Corporate Governance Charter of the Company regarding transactions or other contractual relations between the Company including affiliated companies, and her Directors and members of the Executive Team, such transactions need to be submitted to the Board of Directors.

In 2017, two conflicts of interest occurred:

Board of Directors of September 11, 2017

Conflict of interest with respect to the allocation of warrants

(a) Declaration

ViBio BVBA, represented by its permanent representative, Mr. Patrik De Haes (CEO), declared that it had a conflict of interests within the meaning of article 523 of the BCC with regards to the

only agenda item of this meeting (allocation of warrants under the Warrant Plan 2017). This conflict of interest results from the following circumstances: Patrik De Haes is the permanent representative of ViBio BVBA which serves as CEO of the Company. As CEO, the management company of Mr. Patrik De Haes participates in the Warrant Plan 2017 and will be entitled to receive the number of warrants allocated to it by the Board. Therefore, Mr. De Haes refrained from participating in the deliberation on and the decision-making process with regard to this agenda item.

(b) Description of the resolution and justification.

The proposed resolution relates to the allocation of warrants under the Warrant Plan 2017 to incentivize and retain key personnel, including the CEO. It was noted that the justification for the proposed resolution was based on the fact that the allocation of a certain number of warrants to the CEO aims to create a long-term incentive for the CEO who can make an important contribution to the success and the growth of the group. Furthermore, the allocation aims to retain the CEO as a key person for the further implementation of the Company's pipeline programs and the success of the Company on a stand-alone basis.

(c) Financial consequences of the proposed allocation of warrants to the CEO.

It was considered that the financial consequences for the Company are difficult to assess at this time. The exercise price of the warrants would be the lower of (i) the average closing price of the Company's Shares on the stock exchange over a period of thirty calendar days prior to the offer date or (ii) the closing price of the Company's Shares on the last business day prior to the offer date, without the exercise price being lower than the average closing price over a period of thirty days prior to the issue date. The issue of warrants is, from the Company's perspective, an inexpensive method of remunerating and incentivizing its employees and senior management, including its CEO. If no warrants were to be allocated, the Company would have to increase the remuneration it pays which could represent a significant additional cost for the Company.

Board of Directors of December 07, 2017

Conflict of interests with respect to the achievement of the 2017 corporate objectives

(a) Declaration

Patrik De Haes and Paul Howes declared that they had a conflict of interests within the meaning of article 523 of the BCC with regard to agenda item 2, i.e., the achievement of the 2017 corporate objectives. This conflict of interest results from the following circumstances: Patrik De Haes is the permanent representative of ViBio BVBA which serves as CEO of the Company. Paul Howes serves as President of ThromboGenics, Inc. As executive members of the BoD, both individuals are entitled to receive an annual variable compensation. The amount of the variable compensation is dependent on the BoD's assessment of the achievement of the corporate objectives and its resolution about the pay-out ratio for the variable compensation.

(b) Description of the resolution and justification

The proposed resolution relates to the variable compensation to be granted to the managerial level of the Company, among others ViBio BvBA and Paul Howes. It is market standard in the biotech and pharmaceutical industry that senior executives are incentivized via variable compensation dependent on the achievement of the corporate objectives.

(c) Consequences

The aforementioned Directors refrained from participating in the deliberation and decision-making process with regard to the aforementioned resolution.

4.7.2. Transactions with Affiliated Companies

Article 524 of the Belgian Company Code provides for a special procedure which must be followed for transactions with ThromboGenics' affiliated companies or subsidiaries. Such a procedure does not apply to decisions or transactions that are entered in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed one percent of the Companies' consolidated net assets. According to Appendix 2 of the Corporate Governance Charter of the Company regarding transactions or other contractual relations between the Company including affiliated companies, and her Directors and members of the Executive Team, such transactions need to be submitted to the Board of Directors.

4.7.3. Protocol regarding transactions with Affiliated Companies

1. Patrik De Haes is compensated by means of management agreements between ThromboGenics NV and ViBio BVBA (a company of which Patrik De Haes is Director). Within the framework of this consulting agreement the ThromboGenics Group paid a total of 560 k euro in 2017.

2. For non-executive Directors a total of 165 k euro was paid in 2017, for the execution of their board mandate.

We refer to section 4.9 for the remuneration report over the financial year 2017.

4.7.4 Market abuse regulations

ThromboGenics' Corporate Governance Charter Appendix 3 as published on its website describes the rules to prevent privileged knowledge being used illegally or even the impression of such illegal use being created by Directors, shareholders, members of the management and important employees (insiders).

The precautionary measures against insider trading concern amongst others the obligation to compose lists of insiders, the requirements concerning investment recommendations, the obligation to report insider transactions and the obligation for the intermediary to report suspicious transactions. The measures are stipulated in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

In accordance with the EU Market Abuse Regulation, ThromboGenics NV has drawn up a list of persons in the Company who are employed or consulted by the Company and who have regular or occasional access to inside information directly or indirectly concerning ThromboGenics NV. These lists have to be updated frequently and have to remain at the disposal of the FSMA for 5 years.

In accordance with the EU Market Abuse Regulation, the members of the Board of Directors and the management were obliged to report ThromboGenics' stock transactions to the FSMA.

4.8. Capital Increase by the Board of Directors with Respect to the Authorized Share Capital and Provisions that may be triggered in the Event of a Public Takeover on the Company (article 34 of the Royal Decree of 14 November 2007)

a. The Powers of the Board of Directors with Respect to the Authorized Share Capital

Article 47 of the Company's articles of association contains the following provisions with respect to the authorized share capital. The powers of the Board of Directors with respect to the authorized share capital were renewed at the extraordinary shareholders' meeting on June 06, 2016 for a period of five years starting from the publication of the deed of amendment of the articles of association in the Belgian Official Gazette. The Board is authorized to increase the share capital of the Company on one or more occasions up to an amount equal to the current amount of the share capital of the Company, being 162,404,449.73 euro, in cash or in kind or by conversion of the reserves, in accordance with article 604 of the Belgian Companies Code. The Board of Directors will be able to proceed to issue convertible bonds and warrants on the same conditions.

b. "Change of Control" Provision with Respect to Warrants Issued by the Company

On 4 December 2014, the Company's extraordinary shareholders' meeting decided to issue an additional 720,000 warrants under the Warrant Plan 2014, of which 594,000 warrants have been allotted. Under this plan, no warrants have been exercised and 206,500 warrants have been forfeited. The remaining 126,000 warrants issued under Warrant plan 2014 remain to be offered by the Board of Directors.

The Warrant Plan 2014 contains the following "change of control" provision in the event of a public takeover on the Company:

"If the Company becomes subject to a public takeover bid, the allocated Warrants will immediately vest and will be exercisable during an exercise period of thirty calendar days following the formal notification to the Company of the public takeover bid by the Financial Services and Markets Authority (FSMA)."

On 20 November 2017, the Company's extraordinary shareholders' meeting decided to issue an additional 1,440,000 warrants under the Warrant Plan 2017, of which 552,000 warrants have been allotted. Under Warrant Plan 2017 0 warrants were exercised and 151,000 have been forfeited.

The Warrant Plan 2017 contains the following "change of control" provision in the event of a public takeover on the Company:

"If the Company becomes subject to a public takeover bid then the Warrants that have not yet been offered will immediately lapse on the formal notification to the Company of the public takeover bid by the Financial Services and Markets Authority (FSMA)."

c. "Change of Control" Provision with Respect to certain Management Agreements

On April 9, 2009, the Company's extraordinary shareholders' meeting approved, in accordance with article 556 BCC, the

following "change of control" provision that was then included in the management agreement of the senior managers. If the Company becomes subject to a public takeover bid and the content of their respective management agreements would significantly change, a compensation has been approved. With a change of control, this compensation would be different depending on who takes the initiative to end the contract. In case the initiative is taken by the Company, 18 months is applicable, in the manager's case it would be 12 months.

4.9. Remuneration Report Financial Year 2017

4.9.1. Remuneration policy in general

The remuneration policy of the Company aims to attract reputable persons with the necessary experience to ensure continuing sustainable and profitable growth. The policy should support the retention and motivation of these persons. The remuneration policy is determined by the Board of Directors upon proposal of the Remuneration Committee. The performance criteria are determined by the Board of Directors in consultation with the CEO.

The total remuneration package at the Group comprises three elements:

- a fixed monthly compensation;
- a variable component based on corporate targets & personal targets,
- equity based compensation in the form of warrants.

The principles for the fixed and variable remuneration are already several years in place and the Company does not expect any major changes in the near future.

The variable component is based on, predefined at beginning of the year, key yearly corporate targets agreed between the Executive Team and the Remuneration Committee then validated by the Board of Directors. This variable component is a yearly incentive linked to annual corporate and annual individual targets performance. Except for the CEO, no percentage of variable compensation based on corporate & personal targets exceeds 25%. The level of achievement of each of the targets defines the total % of the target incentive amount. As a consequence of the yearly nature, this component is a short-term cash incentive. Further description of performance metrics is information of sensitive nature and therefore not disclosed in the Company's Annual Report.

The Group has granted warrants to employees, consultants and Directors through various warrant plans. Warrants are granted according to rules set by the board based on individual management level of each eligible beneficiary. In alignment with standard practice in the industry, eligibility to warrants is not linked to individual performance, but distributed to ensure that managerial employees have a long-term commitment to maximize shareholder value. For all plans the vesting is spread over more than one year. Paragraph 5.7.11 gives more detailed information on the warrant plans and outstanding warrants at the end of 2017.

Neither are shares granted to the members of the Executive Team nor to any other employee, consultant or Director.

The extraordinary shareholders meeting of November 20, 2017 decided that ThromboGenics would expressly deviate from the specific provisions of art. 520ter of Belgian Company law concerning the spread of variable remuneration over time. This decision is not being considered as exceptional in the Biotech environment.

The variable remuneration offered by ThromboGenics does not foresee any claw-back clause as:

- payout of the variable component, based on yearly corporate and yearly personal performance targets with the purpose of securing yearly results, only happens upon achievement.
- by nature warrants first require a cash-out by the beneficiary, to subscribe to the underlying capital increase at exercise price, and will only reward the beneficiary like any shareholder in case of increased performance effectively reflected in the stock price.

4.9.2. Directors' remuneration

For the remuneration of the members of the Board of Directors, the Board of Directors makes a proposal to the General Meeting.

The remuneration of the non-executive Directors is composed of a fixed annual remuneration and attendance fees. The attendance fees count for about 60 percent of the total remuneration. The non-executive Directors have no right to a severance pay.

Non-executive Directors

Non-executive Directors at ThromboGenics are entitled to fixed annual remuneration and attendance fees:

There is a fixed annual remuneration for non-executive board members of 10,000 euro per year.

There is also an attendance fee of 2,000 euro per meeting, for board meetings as well as committee meetings. Directors attending in Board or committee meetings by phone or video-conference are entitled to an attendance fee of 1,000 euro.

The non-executive Directors receive no warrants.

The remuneration of the executive Directors and the Chairman of the Board of Directors is mentioned below.

This remuneration structure encourages an active participation in both board and committee meetings. The fixed remuneration for the non-executive members is justified by the fact that the proper operation of these committees requires adequate preparation by the members.

The objective and independent judgment of the non-executive Directors, is further encouraged by the fact that they do not draw any other remuneration from the Company than their fixed Directors' remuneration and their attendance fees, except for David Guyer who provides additional ad hoc consultancy services.

On an individual basis following amounts have been paid over the book year ended December 31, 2017:

- David Guyer 19 k euro
- Innov'Activ BVBA, represented by Patricia Ceysens 15 k euro
- Lugo BVBA, represented by Luc Philips 22 k euro
- Investea SPRL, represented by Emmanuèle Attout 30 k euro
- Philippe Vlerick 18 k euro

For the non-executive Directors, no severance pay is foreseen.

David Guyer received, besides his Director's remuneration, a compensation of 80 k euro (90 k USD) for consultancy services in 2017.

Executive Directors

Paul Howes received a remuneration of 191 k euro inclusive of 19 k euro as a board member.

Executive Director, ViBio BVBA, represented by Patrik De Haes, did not receive any compensation for his board mandate. The compensation to ViBio BVBA, represented by Patrik De Haes, in respect of his CEO responsibilities is outlined below.

Chairman Board of Directors

Given the important and active role in the operational and strategic guidance of the Company, ThromboGenics paid over the fiscal year 2017 the following amounts to

1. Viziphar BVBA with Staf Van Reet as permanent representative:
- a fixed remuneration of 10 k euro;
- an attendance fee of 4 k euro per meeting, for board meetings as well as committee meetings.

On an individual basis, following amount has been paid over the financial year ended December 31, 2017:
- Viziphar BVBA, represented by Staf Van Reet 26 k euro

2. Thomas Clay:
- a fixed remuneration of 15 k euro;
- an attendance fee of 4 k euro per meeting, for board meetings as well as committee meetings.

On an individual basis, following amount has been paid over the financial year ended December 31, 2017:
- Thomas Clay 35 k euro

The Company did not enter into any insurance scheme for the Chairman.

CEO

In the financial year 2017, ThromboGenics paid 560 k euro of remuneration in respect of the CEO, ViBio BVBA with Patrik De Haes as permanent representative. This includes:

- a fixed remuneration comprising a base fee of 446 k euro;
- a variable component of 114 k euro. This variable component is based on, predefined at beginning of the year, key yearly corporate targets agreed between the Excecutive team and the Remuneration Committee then validated by the Board of Directors. For the CEO this variable compensation is uniquely dependent on realization of corporate objectives, any personal component is excluded. The 2017 variable compensation of the CEO in 2017 represents 25.6% of the fixed remuneration.

The CEO participates in the different warrant plans that ThromboGenics has in place. In total the CEO is entitled to the following outstanding warrants:

- Under the Warrant Plan "2014": 90,000 warrants at an exercise price of 6.96 euro/share to be vested over a period of 3 years

- Under the Warrant Plan "2017": 100,000 warrants at an exercise price of 4.593 euro/share, 1/2 to be vested after 2 years and 1/2 after 3 years

We refer to section 4.9.2 for deviation from art. 520ter of Belgian Company law.

At December 31, 2017, the CEO holds 100,000 shares of ThromboGenics NV.

For the CEO a severance pay is foreseen. If dismissed, the CEO would get a severance pay of 12 months, except in case of change of control. In the latter case, the severance pay would be 12 months if the consultant would leave the Group on his own initiative or 18 months if the consultant would be asked to leave the Group.

4.9.3. Remuneration of Key Management Personnel

We refer to the section 5.5.8.

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. Consolidated statement of profit and loss

In '000 euro (as at 31 December)	Note	2017	2016
Income		**9,055**	**7,104**
Sales	5.6.1	7,797	4,596
Income from royalties	5.6.1	1,258	2,508
Cost of sales	5.6.2	**-2,579**	**-6,880**
Gross profit		**6,476**	**224**
Research and development expenses	5.6.3	-23,186	-24,712
General and administrative expenses	5.6.4	-6,226	-6,523
Selling expenses	5.6.5	-4,247	-4,325
Other operating income	5.6.6	50,449	1,088
Impairment losses	5.6.7	0	-26,586
Operating result		**23,266**	**-60,834**
Finance income	5.6.8	392	529
Finance expense	5.6.9	-1,029	-65
Result before income tax		**22,629**	**-60,370**
Taxes	5.6.12	-14	22
Result of the year		**22,615**	**-60,348**
Attributable to:			
Equity holders of the Company		22,788	-60,314
Non-controlling interest		-173	-34
Result per Share			
Basic earnings/(loss) per share (euro)	5.6.13	0.63	-1.67
Diluted earnings/(loss) per share (euro)	5.6.13	0.62	-1.67

In '000 euro (as at 31 December)	Note	2017	2016
Result of the year		**22,615**	**-60,348**
Exchange differences on translation of foreign operations		-150	36
Other comprehensive income, net of income tax		**-150**	**36**
Other comprehensive income that will not be reclassified to profit or loss		-150	36
Total comprehensive income/(loss) for the year		**22,465**	**-60,312**
Attributable to:			
Equity holders of the Company		22,638	-60,278
Non-controlling interest		-173	-34

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.2. Consolidated statement of financial position

In '000 euro (as at 31 December)	Note	2017	2016
ASSETS			
Property, plant and equipment	5.7.1	991	1,743
Intangible assets	5.7.2	23,603	25,902
Other non-current assets	5.7.3	126	202
Non-current tax credit	5.7.5	1,434	2,350
Non-current assets		26,154	30,197
Inventories	5.7.4	2,204	2,614
Trade and other receivables	5.7.5	4,295	7,672
Current tax receivables	5.7.5	2,054	1,085
Investments	5.7.6	49,555	21,817
Cash and cash equivalents	5.7.7	56,175	58,251
Restricted cash	5.7.7	10,000	0
Current assets		124,283	91,439
Total assets		150,437	121,636
EQUITY AND LIABILITIES			
Share capital	5.7.10	151,991	151,991
Share premium	5.7.10	157,661	157,661
Cumulative translation differences		-335	-185
Other reserves	5.7.11	-13,141	-13,317
Retained earnings		-163,546	-186,334
Equity attributable to equity holders of the Company		132,630	109,816
Non-controlling interest		727	43
Total equity		133,357	109,859
Trade payables		3,298	5,941
Other short-term liabilities	5.7.8	13,782	5,836
Current liabilities		17,080	11,777
Total equity and liabilities		150,437	121,636

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.3. Consolidated statement of cash flows

In '000 euro (as at 31 December)	Note	2017	2016
Cash flows from operating activities			
Profit (loss) for the period		22,615	-60,348
Finance expense	5.6.9	1,029	65
Finance income	5.6.8	-392	-529
Depreciation on property, plant and equipment	5.7.1	674	886
Amortization of intangible assets	5.7.2	3,156	33,383
Equity settled share-based payment transactions	5.6.10	176	156
Change in trade and other receivables including tax receivables and inventories		3,734	3,232
Change in short-term liabilities		-4,697	2,846
Net cash (used) from operating activities		**26,295**	**-20,309**
Cash flows from investing activities			
Disposal of property, plant and equipment (following a sale)	5.7.1	323	31
Change in investments	5.7.6	-27,738	-13,773
Interest received and similar income	5.6.8/9	22	148
Acquisition of intangible assets	5.7.2	0	-1,000
Acquisition of property, plant and equipment	5.7.1	-246	-572
Acquisition (divestments) of other non-current assets	5.7.3	76	33
Net cash (used in) generated by investing activities		**-27,562**	**-15,133**
Cash flows from financing activities			
Restricted cash reserved for issue of share capital	5.7.7	10,000	0
Paid interests	5.6.9	-11	-6
Net cash (used in) generated by financing activities		**9,989**	**-6**
Net change in cash and cash equivalents		**8,722**	**-35,448**
Cash and cash equivalents at the start of the period	5.7.7	58,251	93,341
Effect of exchange rate fluctuations		-798	358
Cash, cash equivalents and restricted cash at the end of the period		**66,175**	**58,251**

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.4. Consolidated statement of changes in equity

	Share capital	Share premium	Cumulative translation differences	Other reserves	Retained earnings	Attributable to equity holders of the Company	Non-con-trolling interest	Total
Balance as at 1 January 2016	151,991	157,661	-221	-13,473	-126,020	169,938	77	170,015
Loss of the year 2016	0	0	0	0	-60,314	-60,314	-34	-60,348
Change to foreign currency translation difference and revaluation reserve	0	0	36	0	0	36	0	36
Share-based payment transactions	0	0	0	156	0	156	0	156
Balance as at 31 December 2016	151,991	157,661	-185	-13,317	-186,334	109,816	43	109,859
Balance as at 1 January 2017	151,991	157,661	-185	-13,317	-186,334	109,816	43	109,859
Profit of the year 2017	0	0	0	0	22,788	22,788	-173	22,615
Change to foreign currency translation difference and revaluation reserve	0	0	-150	0	0	-150	0	-150
Issue of ordinary shares	0	0	0	0	0	0	857	857
Share-based payment transactions	0	0	0	176	0	176	0	176
Balance as at 31 December 2017	151,991	157,661	-335	-13,141	-163,546	132,630	727	133,357

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.5. General notes to the consolidated financial statements

5.5.1. Reporting entity

ThromboGenics NV, a Naamloze Vennootschap (limited company) established under Belgian law with its registered office at Gaston Geenslaan 1, B-3001 Leuven, and its subsidiaries ThromboGenics, Inc. and Oncurious NV are a biopharmaceutical Group which focuses on the development of new drugs for the treatment of eye diseases and cancer. The ThromboGenics NV Group (the 'Group') has built a pipeline of drug candidates, a number of which are at the clinical study stage. The Group's research and development facilities are located in Belgium.

The consolidated financial statements of ThromboGenics NV for the year ending December 31, 2017 include ThromboGenics NV and its subsidiaries ThromboGenics, Inc. and Oncurious NV and constitute the ThromboGenics NV Group.

These consolidated financial statements were approved by the Board of Directors on March 15, 2018. Possible changes to this financial report can be carried out until the General Meeting of May 2, 2018.

5.5.2. Application of new and revised standards and interpretations to the consolidated financial statements

New Standards, Interpretations and Amendments adopted by the Group

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and effective for the accounting year starting on January 1, 2017. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2017.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effec-tive for the current year:

- IAS 7 Cash flow statement — Amendments as result of the Disclosure initiative (January 2016)
- IAS 12 Income taxes — Amendments regarding the recognition of deferred tax assets for unrealized losses (January 2016)

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current year

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB and the IFRIC but are not yet effective as per December 31, 2017 and/or not yet adopted by the European Union as per December 31, 2017 and for which the impact might be relevant:

- Annual Improvements to IFRSs 2014-2016 Cycle (December 2016) *
- Annual Improvements to IFRSs 2015-2017 Cycle (December 2017) *
- IFRS 2 Share-based Payment — Amendments to clarify the classification and measurement of share-based payment transactions (June 2016) *
- IFRS 4 Insurance Contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9 (September 2016)
- IFRS 7 Financial Instruments: Disclosures (Amendments December 2011) — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- IFRS 7 Financial Instruments: Disclosures (Amendment November 2013) — Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9
- IFRS 9 Financial Instruments — Classification and Measurement (Original issue July 2014, and subsequent amendments)
- IFRS 9 Financial Instruments – Amendments regarding prepayment features with negative compensation (October 2017) *
- IFRS 10 Consolidated Financial Statements — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014) ***
- IFRS 14 Regulatory Deferral Accounts (Original issue January 2014) **
- IFRS 15 Revenue from Contracts with Customers (Original issue May 2014 and subsequent amendments)
- IFRS 15 Revenue from Contracts with Customers – Clarifications (Original issue April 2016)
- IFRS 16 Leases (Original issue January 2016)
- IFRS 17 Insurance Contracts (Original issue May 2017) *
- IAS 28 Investments in Associates and Joint Ventures — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014) ***
- IAS 28 Investments in Associates and Joint Ventures – Amendments regarding long-term interests in Associates and Joint-Ventures (October 2017) *
- IAS 39 Financial Instruments: Recognition and Measurement — Amendments for continuation of hedge accounting (fair value hedge of interest rate exposure) when IFRS 9 is applied (November 2013)
- IAS 40 Investment Property: Amendments to clarify transfers or property to, or from, investment property (December 2016) *
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (December 2016) *
- IFRIC 23 Uncertainty over Income Tax Treatments (June 2017) *

** Not yet endorsed by the EU as of December 31, 2017*
*** The EC had decided not to launch the endorsement process of this interim standard and to wait for the final standard.*
**** The EC had decided to postpone the endorsement process of these amendments and to defer the effective date indefinitely.*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

IFRS 15: we refer to comments in section 5.5.3.F
IFRS 16: we refer to comments in section 5.5.3.K
IFRS 9: we refer to comments in section 5.5.3.O

None of the other new standards, interpretations and amendments, which are effective for years beginning after January 1, 2017 which have been issued by the IASB and the IFRIC but are not yet effective as per December 31, 2017 and/or not yet adopted by the European Union as per December 31, 2017, are expected to have a material effect on the Group's future financial statements.

5.5.3. Basis of preparation and significant accounting policies used to draw up the financial statements

The main bases adopted when preparing these consolidated financial statements are set out below.

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements were prepared in accordance with the "International Financial Reporting Standards" (IFRS) as issued by the "International Accounting Standards Board" (IASB) and adopted by the European Union (hereinafter referred to as "IFRS"). The consolidated financial statements are presented in euro.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- liabilities for equity-settled share-based payment arrangements are measured at fair value;
- the defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service costs and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(C) GOING CONCERN

The consolidated financial statements were prepared on the assumption of continuity in the Group.

At December 31, 2017 there is still a strong equity position of 137.9 million euro in comparison to 114.1 million euro at December 31, 2016. Taking into account the current available cash position, the Board of Direction deems that all financial obligations will be honored and all research programs can be continued. Since the Company can honor all its financial obligations, the Board of Directors deems that the Company can continue as a going concern

(D) BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include all the entities that are controlled by the Group. Control exists when ThromboGenics NV directly or indirectly has the ability to direct the relevant activities that significantly affect the entities returns, has exposure or rights to variable returns and the ability to use its power over the entity to affect investors' returns, Control is presumed to exist when ThromboGenics NV owns, directly or indirectly, more than 50 percent of the voting rights linked to the share capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Intra-group transactions, balances and unrealized profits and losses on transactions between companies in the group are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized profits unless the transaction indicates an impairment loss on the assets transferred. The accounting principles of the subsidiaries have been adjusted where necessary to be consistent with the principles adopted by the Group.

(E) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are processed by applying the acquisition method. The cost of an acquisition is calculated on the basis of the fair value of the assets disposed of, the equity instruments disbursed as compensation and the obligations entered into or taken over on the date of the acquisition, plus the costs directly attributable to the acquisition. The cost is attributed to the identifiable assets, liabilities and contingent liabilities of the party taken over. These identifiable acquired assets and (contingent) liabilities are initially valued at their fair value on the date of acquisition.

The amount by which the cost of the acquisition exceeds the fair value of the Group's interest in the identifiable acquired net assets is included in goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary taken over, the remaining difference is included directly in the income statement after revaluation.

ThromboGenics recognizes the goodwill of the business combination as the excess of the compensation transferred measured in accordance with IFRS 3 and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed also measured in accordance with this IFRS 3.

(F) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in thousands of euro, which is the functional currency of ThromboGenics NV. All companies within the Group use the euro as their functional currency, except for the US subsidiary, whose functional currency is the US dollar.

Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency of the entities are recorded at the exchange rates prevailing on the

date of the transaction. On each balance sheet, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the balance sheet date. Exchange rate differences relating to monetary items include the difference between the amortized costs in the functional currency at the start of the period, adjusted for the actual interest (payments) during the period, and the amortized costs of foreign currencies translated at the exchange rate at the end of the period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities at fair value where the fluctuations in fair value are recognized directly in equity.

Foreign operations

On consolidation, the assets and liabilities including goodwill and fair value adjustments arising on consolidation of the Group's foreign operations are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange rate differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or expense items in the period in which the operation is disposed of.

(G) REVENUE RECOGNITION

Collected payments from research milestones are considered as revenue upon payment. Sales agreements do not provide for reimbursement.

Royalties are generated under license agreements based on licensee sales of products incorporating the Group's proprietary technology. Royalties are recognized once the amounts due can be reliably estimated based on the sale of the underlying products and when collectability is assured. When the Group is unable to reliably estimate the royalty income due until receipt of the payment, the royalty income is accounted for as received rather than when due.

Income from sales of products and licenses is recognized when all the following conditions have been met:

- The significant risks and rewards of the ownership of goods have been transferred to the buyer;
- The Group retains neither effective control nor involvement to the degree usually associated with ownership over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group will adopt, as from January 1, 2018, the new standard IFRS 15 - Revenue from contracts with customers.

Under the model established by the standard, in five steps, the Group's main analysis focuses on identifying the performance obligations that its multiple-element contracts comprised and on the allocation of the transaction price according to the stand-alone selling price of each of the performance obligations.

Income for ThromboGenics consist of JETREA® vial sales to distributors, royalties for JETREA® vial sales from licensees and occasional upfront and milestone payments agreed through license or collaboration contracts which could include re-charging of exposed services cost.

The Group has opted to apply IFRS 15 retrospectively and recognize the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings as of January 1, 2018. This effect being immaterial, no restatement will be made.

(H) RESEARCH GRANTS

On certain specific research projects, the research costs incurred are partially reimbursed by IWT (Agency for Innovation by Science and Technology in Flanders – Agentschap voor Innovatie door Wetenschap en Technologie in Vlaanderen – 'IWT'). These grants are recognized as government grant income over the term of the grant project when there is a reasonable assurance the Group will comply with the conditions attached to them and the grants will be received. Grants that compensate the Company for expenses incurred are deducted from the 'Research and Development expenses' on a systematic basis in the same period in which the expenses are incurred.

(I) COOPERATION AGREEMENTS FOR RESEARCH AND DEVELOPMENT

The Group has entered into certain cooperation arrangements whereby the parties agree to work jointly on research into and development of potential therapeutic products. Under such arrangements the parties agree who will be performing which elements of the research and development projects. These arrangements do not include the creation of any separate entity to conduct the activities nor any separate and distinct assets or liabilities. The parties agree that the combined cost of all relevant activities will be borne by the parties in a particular proportion and that net revenues derived from sales of any resulting product will be shared in a particular proportion. The sharing of costs will result in balancing payments between the parties and such payments receivable or payable will be respectively added to or deducted from research and development expenses in the income statement. Any amounts receivable or payable at a period end are included in the balance sheet under trade and other receivables or other current liabilities.

(J) INTANGIBLE ASSETS

Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 5.7.2) which arises from development activities undertaken in the Group is recognized only if all of the following conditions are met:

- Technical possibility of making the intangible asset ready for use;
- The intention is to complete the intangible asset and use or sell it;
- Possibility of using or selling the intangible asset;
- It is probable that the intangible asset will generate future economic benefit or demonstrate the existence of a market;
- Availability of adequate technical, sufficient financial resources to complete the development;
- Availability to reliably measure the attributed expenses for this intangible asset during development.

The patent costs for protecting the intangible assets are recognized as an expense.

After their initial recording on the balance sheet intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. Amortization of capitalized development costs are recognized in the income statement under 'Research and Development expenses'.

The capitalized costs are amortized over the life of the patent as of the moment that it will generate revenue.

In case the criteria for capitalization of the development expenses are not met, these expenses are recorded as incurred during the period.

ThromboGenics has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in Phase III and future commercialization was estimated to be highly probable. The intangible assets consist of external study and production costs with subcontractors and internal development costs regarding all projects in Phase III.

Intangible assets purchased

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life which is normally considered to be three years.

Knowledge acquired in the form of licenses is recorded at cost less accumulated amortization and impairment. They are amortized on a straight line basis over their estimated useful life, which is the period over which the Group expects to receive economic benefits from such licenses.

Goodwill

(Negative) goodwill arises from acquisition of subsidiaries, non-consolidated companies and joint ventures.

Acquisitions before January 1, 2003

As part of the transition to IFRS, the group preferred to restate only those business combinations that occurred on or after January 1, 2003. In respect of acquisitions prior to January 1, 2003, goodwill represents the amount recognized under the Group's previous accounting framework, Irish GAAP.

Acquisitions on or after January 1, 2003

For acquisitions on or after January 1, 2003, goodwill represents the excess of the costs of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and

contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses.

(K) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at the historical cost (material costs only) less accumulated depreciation and impairment. Subsequent costs are included in the carrying amount for the asset or booked as a separate asset as appropriate, but only when it is probable that future economic benefits associated with the item will be generated for the Group and the cost price of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are included in the income statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposal of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

- Property, plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years

The depreciation methods, useful life and residual value are revalued on each reporting date.

Subsequent costs

The cost of replacing part of an item of property, plant 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 Group 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, plant and equipment are recognized in profit or loss as incurred.

(L) LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases.

Rentals payable under operating leases are included in the income statement on a straight-line basis over the relevant lease term.

The company will apply IFRS 16 standard in the required timing. Major leases are for offices, cars and some equipment. As from today, impact is not quantified.

(M) IMPAIRMENT LOSSES ON GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with an indefinite useful life or not yet available for use and goodwill are not subject to amortization but are tested annually for impairment or if there is an indication that an asset may be impaired.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

To determine its carrying value, the cash value of the estimated future cash flows is calculated on the basis of a discount rate before tax that reflects both the current market appraisal of the time value of cash and the specific risks relating to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit pro rata the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. For assets other than goodwill, where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable value, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment

loss been included for the asset (cash-generating unit) in prior years. The reversal of an impairment loss is included immediately in the income statement.

(N) INCOME TAXES

Income tax expenses in the income statement comprise the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted on the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(O) EMPLOYEE BENEFIT PLAN

Employee benefit obligations

Starting July 1, 2009, the Group has changed the existing defined benefit plan into a defined contribution plan. All acquired rights up to June 30, 2009 are kept. Therefore, the Group combines the defined benefit plan and a defined contribution plan.

The assets from both plans are held in separate trustee-administered funds.

Obligations relating to contributions to pension schemes on the basis of defined contributions are included in the profit and loss account as an employee benefit expense when the amounts are payable. Prepaid amounts are included as assets insofar a reimbursement in cash or a reduction in future payments is available.

The Group's commitments under defined benefit plans, and the related costs, are valued using the "projected unit credit method" with actuarial valuations being carried out at each balance sheet date by a qualified actuary. Past service cost is included immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of unrecognized actuarial losses and past service cost, plus the present value of future available refunds and reductions in future contributions to the plan.

No assets or liabilities are recognized in the Group balance sheet in respect of defined contribution plans, apart from regular prepayments and accruals of contributions. As ThromboGenics is required by law to guarantee a minimum return on employee and employer contributions for the Belgian defined contribution plans, these plans are in principle to be considered as defined benefit plans. However, the company has obtained a confirmation that these plans are insured by the insurance company, justifying the absence of any liability in this respect and supplementary disclosure notes.

No other long- or short-term benefits are granted to employees with the exception of warrants.

Share-based compensation

The Group operates equity-settled, share-based compensation plans through which it grants share options (options giving the holder the right to subscribe to a specific number of shares in accordance with the share option plan, hereafter referred to as 'warrants') to employees and consultants and executive members of the Board of Directors. The fair value of the employee services received in exchange for the granting of the warrants is recognized as an expense over the vesting period with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, measured using the Black/Scholes model, taking into account the term and conditions upon which the warrants were granted excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of warrants that are expected to become exercisable except where forfeiture is only due to shares not achieving the threshold for vesting. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants are exercised.

(P) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are included in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

IFRS 9 October 2017 update

The company is not involved in prepayments with negative compensation.
The company does not expect an impact of this update on its financial reporting.

Non-derived financial instruments

Trade and other receivables

When initially recognized, trade receivables are measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are included in the income statement when there is objective evidence that the asset is impaired. The allowance included is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

The investments are accounted for at fair value. The fair value adjustment is included in other reserves until the investment is derecognized or has been impaired. The impairment is included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Short term liabilities

Short term liabilities are accounted for at nominal value.

Derivative financial instruments

The Group does not have a policy of engaging in speculative transactions, nor does it issue or hold financial instruments for trading purposes.

Impairment of financial assets

Financial assets are assessed for impairment on the balance sheet date. Financial assets are subject to impairment when it can be objectively established that the estimated future cash flows from the investments are affected by one or more events arising after the financial asset was initially recorded.

The carrying amount of the financial assets is directly reduced by the impairment loss, with the exception of trade receivables. For trade receivables, the carrying amount is reduced by means of a separate write-down account. If a trade receivable is considered uncollectable, it is written off in respect of this write-down account. Subsequent collection of amounts which had been previously written off is credited in respect of this write-down account. Modifications in the carrying amount of the write-down account are recognized in the income statement.

(Q) EQUITY INSTRUMENTS

Equity instruments issued by the Group are recorded at the proceeds received. Direct issue costs are processed as a deduction on equity.

(R) FINANCIAL INCOME AND EXPENSES

Financial income includes interest income on invested funds. Realized and unrealized exchange differences are reported under financial income and expenses.

(S) SEGMENT REPORTING

An operational segment is a component of an entity:

- which exercises operating activities with which profits are being gained and with which costs can be made (including profits and costs from transactions with other components of the entity);
- of which the operational results are being judged regularly by the highest function of the entity who can take important operational decisions (Chief operating decision maker) in order to make decisions regarding the granting of resources and to evaluate the financial results of the segment; and
- for which separate financial information is available that is engaged either in providing specific products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

ThromboGenics considers itself an integrated R&D and commercial Biotech company and reports its activities in only one general segment.

(T) INVENTORIES

Raw and ancillary materials and commodities are being rated at acquisition value according to the FIFO-method or according to the market value at balance sheet date if the latter is lower.

Goods in process and finished goods are being rated according to the standard manufacturing price according to the FIFO-method or according to the market value on balance sheet date if the latter is lower.

Market value is the value at sales, when leaving the Company under normal and usual sales conditions, taking into account the usual granted discounts, refunds and rebates, after deduction of an amount which corresponds with the normal direct sales costs.

The standard manufacturing price of the goods in process and of the finished goods, includes besides the acquisition value of the raw materials, consumables and ancillary materials, also the production costs which are directly attributable to the product, as well as the proportioned part of the production costs which are only indirectly attributable to the product, in so far that these costs cover the normal production period.

The standard manufacturing price will be compared yearly to the real manufacturing price. The difference will result in an adjustment of the value of the inventories.

Impairment losses are being calculated on the goods in process, if their manufacturing price, increased with the estimated amount of the costs to be incurred is higher than the net sales price at year-end.

Impairment losses on inventories are being looked at case per case and being booked if the net feasible value is lower than the booking value. The calculation of the net feasible value takes into account the specific characteristics of the inventories, as the due date and if there are indications of a low rotation.

5.5.4. Main accounting estimates and assessments

Drawing up the financial statements in accordance with IFRS obliges the management to use estimates and assumptions that impact on the amounts reported under assets and liabilities,

the notes on the latent assets and liabilities on the date of the financial statements, and the reported amounts of income and expenditure in the course of the reporting period. The actual results may differ from these estimates.

The main assumptions relating to future developments and the main sources of uncertainty as regards estimates on the balance sheet dates are set out below.

Share-based payment schemes

The Group defines the cost of share-based payment schemes on the basis of the fair value of the equity instrument on the date of issue. Determining the fair value involves choosing the most suitable valuation model for these equity instruments, and the characteristics of the issue have a decisive impact. It also assumes the input in the valuation model of a number of relevant assumptions, such as the estimated useful life of the option, volatility, etc. The assessments and the model are specified in more detail in note 5.6.10.

Impairment of intangible assets

The Group enables development as intangible assets if the conditions for the recognition of developed intangible assets are met, otherwise such costs are included in the income statement when they arise. The costs are capitalized only if the product is in Phase III and the chances of future success are estimated as highly probable. Furthermore, accounting estimates and assessments of future business evolution are also important in the context of the annual impairment test.

Revenue recognition

JETREA® vial sales to distributors are recognized at time of delivery to the distributor. In accordance to the revenue recognition policy (see note 5.5.3 (G)) an accrual is made with regard to revenue credits and reimbursements based on historical data reviewed on a quarterly base.

Royalties for JETREA® vial sales from licensees are recognized monthly on sales estimates and adjusted quarterly at reception of sales report from licensee.

Occasional upfront and milestone payments agreed through license or collaboration contracts are recognized at date that performance obligation is met.

Re-charging of incurred services cost is recognized only post delivery of services and upon approval of buying party. Regard to credits and reimbursements based on historical data.

Taxes

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of ThromboGenics NV as it is very difficult to estimate the impact of the patent deduction on the future tax result at this moment. As the Group can use the abovementioned patent deduction on the basis of a tax ruling, the expectation exists that the future tax gains will be rather limited. Beside this, there is also the uncertainty regarding the future use of the tax losses with ThromboGenics, Inc.

5.5.5. Segment information

The segment information is represented in a consistent manner regarding the internal reporting to the chief operating decision maker of the entity, i.e. the institution which takes the most important decisions, enabling decision-making of allocating resources to the segment and evaluating financial performances of the segment. At this moment, reporting is being done at global level within ThromboGenics.

5.5.6. Financial instruments

ThromboGenics does not buy or trade in financial instruments for speculative purposes.

The only financial instruments the Company currently holds are the so-called "loans and receivables " (including the cash and cash equivalents) and investments amounting to 115,730 k euro (2016: 80,068 k euro).

Financial assets and financial liabilities are included in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Use of Derivative Instruments, hedging

On December 31, 2017, there were no outstanding derivative instruments. The Company does not hedge transactions.

Fair Values

There is no significant difference between the fair value and carrying amount of the Group's cash and cash equivalents,

investments, trade and other receivables, other current assets, trade payables and other current liabilities.

The carrying amount of cash and cash equivalents and investments is equal to their fair value, given the short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables, which are all subject to normal trade credit terms, is equivalent to their fair values.

The assets available for sale are valued at fair value. The fair value adjustments are recorded in other reserves.

5.5.7. Financial risk management

The financial department of the parent Company coordinates access to the national and international financial markets, and considers and manages the financial risks relating to the activities of the Group. However, these risks are confined to a minimal exchange rate risk. There are no risks worth mentioning, such as liquidity risks or interest rate risks as the Group has no debts and an ample cash position. The Group does not buy or trade in financial instruments for speculative purposes.

(A) CAPITAL MANAGEMENT

The Group manages its capital with the aim of ensuring that the Group can continue to operate. At the same time, the Group wishes to generate a return for its stakeholders via the results of its research activities, which in turn are expected to lead to an increase in the value of the Company's shares. This strategy has not changed compared to previous years.

The capital structure of the Group consists of investments, cash and cash equivalents, as indicated in note 5.7.6 and note 5.7.7, and equity attributable to the equity holders of the Company, including capital, reserves and results carried over, as indicated in notes 5.7.10 and 5.7.11 respectively.

The Group manages its capital structure and makes the necessary adjustments in the light of changes in economic circumstances, the risk characteristics of the underlying assets and the projected cash requirements of current research activities. When assessing the capital structure, the current cash position and projected cash burn are used as the key parameters. Cash burn is defined as the net result corrected for depreciation and amortization and less investments in fixed assets.

The Group wishes to maintain a capital structure that is sufficient to fund research activities during a period of at least twelve months. Currently, the cash inflows from possible cooperation agreements or other cash generating activities are not taken into account here. To maintain the capital structure, the Group can issue new shares or conclude new finance arrangements.

The Group is not subject to any externally imposed capital requirements.

(B) MAIN ACCOUNTING PRINCIPLES

Details of the main accounting principles and methods, including the inclusion criteria, the valuation basis and the basis on which income and costs are recognized, for each category of financial assets, liabilities and equity instruments, are explained under 5.5.3.

(C) CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments currently held by the Company are:

- Receivables
- Short term financial liabilities
- Cash, cash equivalents and investments (we refer to note 5.7.6 and note 5.7.7) amounting to 115.7 million euro (2016: 80.1 million euro). Investments are mainly in low risk bonds and term investments.

(D) MARKET RISK

The Group's activities are such that the Group's income is exposed first and foremost to financial risks arising from exchange rate fluctuations. The Group aims to compensate the in- and outflows in foreign currency. A substantial proportion of the research expenditure is invoiced in USD and GBP.

Analysis of sensitivity to exchange rates

The Group is mainly exposed to fluctuations in pound sterling (GBP) and US dollar (USD) against the euro.

The table below shows sensitivity to a reduction of 10% in the euro compared with the relevant foreign currencies. Management believes that 10% is a reasonable estimate of a possible fluctuation in foreign currencies.

The sensitivity analysis comprises the impact of a 10% decrease of the euro against the foreign currency for, on the one hand the outstanding monetary items in foreign currencies at the end of the year, and on the other hand all transactions in foreign currencies (USD and GBP) over the entire year. A positive

(negative) amount in the table below indicates that a decrease of 10% of the euro against the relevant foreign currencies results in an increase (decrease) of the result of the year. An increase of 10% in the value of the euro compared with the same currencies would have an equivalent but opposite impact on the results.

	USD impact		GBP impact	
	2017	2016	2017	2016
Result outstanding balance sheet items (cash and cash equivalents, accounts receivables, accounts payables and current accounts)	1,437	125 (*)	-36	-64 (*)
Net impact on equity and CTA	29	23		
Result on all transactions over the year	-734	-2,475	-204	-268

(*) Figures were corrected from 2016 annual report by inclusion of the impact of GBP cash items and a USD current account accounted for at year-end 2016.

The management believes that the above sensitivity analysis provides an accurate picture of the risk that the Group incurs during the year in respect of exchange rate fluctuations.

(E) INTEREST RISK MANAGEMENT

The Group does not have any external debt financing at the moment. Furthermore, the Group does not have any contracts with a variable interest rate. Consequently, there is currently no need for a specific interest risk management policy in the Group.

(F) CREDIT RISK MANAGEMENT

Credit risk relates to the risk that a counterparty will fail to fulfill their contractual obligations with the result that the Group would suffer a loss. The Group's policy focuses on only working with creditworthy counterparties and, where necessary, requiring adequate securities. Information about the creditworthiness of counterparties is provided by independent ratings agencies and, if this is not available, the Group uses information that is publicly available as well as its own internal records. Credit risk is managed by the financial department of the parent Company by means of individual follow-up of credit per counterparty.

Given the Group's limited number of clients, the Group is not subject to significant concentrations of credit risk. We refer to the table in note 5.7.5.

The credit risk on cash investments is limited given that the counterparties are banks with high credit scores attributed by international rating agencies.

(G) LIQUIDITY RISK MANAGEMENT

The Group manages its liquidity risk by ensuring adequate reserves and by constantly checking the projected and actual cash flows. At the moment the Group is not subject to any substantial liquidity risk.

5.5.8. Remuneration of Key Management Personnel

Key management personnel was constituted in 2017 of:

- ViBio BVBA, represented by Patrik De Haes – CEO
- Paul Howes – Executive Director

The key management personnel constitutes the Executive Team as per Company's corporate chapter.

Remuneration of key management personnel was as follows:

In '000 (as at 31 December)	2017	2016
Consultancy fees and reimbursement of expenses, short term	751	720
# of warrants and shares obtained during the period (in thousands)	100	90
Consultancy fees in the long term in case of dismissal		
Minimum fee	446	439
Maximum fee	669	658

No loans, quasi-loans or other guarantees have been given to any of the executive Directors.

5.6. Notes to the consolidated statement of profit and loss

5.6.1. Income

In '000 euro (as at 31 December)	2017	2016
Sales - US	2,885	4,400
Sales - EU + rest of the world (2017: profit transfer)	1,667	195
Settlement on previous years COGS	3,245	0
Sales reagents and reference material	0	1
Total sales	**7,797**	**4,596**
Income from royalties	1,258	2,508
Total income	**9,055**	**7,104**

In 2017, no vials were delivered to Alcon/Novartis. As from 16 September 2017, ThromboGenics entered into a new profit transfer agreement with Alcon/Novartis and this resulted for 2017 in net sales of 1,667 k euro. As a final compensation for historical COGS, a compensation of 3,245 k euro was received from Alcon/Novartis.

Income from royalties

In 2017, the royalty income consisted of royalties mainly received from Alcon/Novartis. The decrease compared to 2016 is due to the discussions with Alcon/Novartis resulting in return of rights and the loss of royalties is compensated by profit transfer from Alcon/Novartis as result of transition agreement.

5.6.2. Cost of sales

In '000 euro (as at 31 December)	2017	2016
License rights on sales	-237	-347
Cost vials	-2,342	-6,533
Total cost of sales	-2,579	-6,880

The license rights sales include the royalties which ThromboGenics owes to RCT and LSRP on the basis of JETREA® sales.

In the cost of vials, an amount of 2,397 k euro has been accounted for in 2017 for write off of inventories. The large previous year amount is due to write-off of obsolete drug substance and materials. For more information regarding the cost price of the vials, see also note 5.7.4.

5.6.3. Research and development expenses

In '000 euro (as at 31 December)	2017	2016
Employee benefits	-5,822	-5,760
Subcontracted R&D activities	-11,281	-8,349
Reagents and materials	-650	-559
Patent expenses	-287	-383
Consultancy fees	-1,883	-2,413
Other	-1,968	-1,153
Depreciation and amortization	-3,790	-7,596
Government grants	823	-163
Income from recharge of costs	1,672	1,664
Total research and development expenses	-23,186	-24,712

The subcontracted R&D activities increased from 8,349 k euro to 11,281 k euro and are related to the outsourced services to develop ThromboGenics' projects in the preclinical and clinical phase. The increase is mainly due to the concurrent running of Circle and THR-317 clinical studies as well as preclinical activities with THR-687 and THR-149.

In 2017, other expenses increased to 1,968 k euro compared to 1,153 k euro in 2016. The increase is due to 750 k euro milestone payment to Bicycle Therapeutics.

Since the launch of JETREA® (beginning January 2013), ThromboGenics has started to amortize the costs which can be brought in connection with the development of ocriplasmin. Amortisation has reduced as a result of impairment booked in 2016. We refer to note 5.7.2 for more information.

The government grants are grants received from the IWT. Since two programs were finalized in 2017, ThromboGenics currently has one contract remaining with the IWT.

The income from recharge of costs relates to research and development expenses recharged to Alcon/Novartis, BioInvent and LSRP.

The government grants and income from recharge of costs are deducted from the research and development expenses.

5.6.4. General and administrative expenses

In '000 euro (as at 31 December)	2017	2016
Employee benefits	-1,757	-1,909
Consultancy fees	-2,811	-2,666
Insurance	-295	-368
Other	-1,350	-1,576
Depreciation and amortization	-13	-4
Total general and administrative expenses	-6,226	-6,523

The consultants are experts hired by ThromboGenics to assist in ICT, management, audit, Board fees, HR services, ...

5.6.5. Selling expenses

In '000 euro (as at 31 December)	2017	2016
Employee benefits	-1,465	-1,533
Distribution costs	-734	-569
Consultancy fees	-1,225	-1,273
Other	-796	-872
Depreciation and amortization	-27	-78
Total selling expenses	-4,247	-4,325

Selling expenses are exposed for the commercialization of JETREA® worldwide. Out of the total 2017 amount of 4,247 k euro, 2,923 k euro are related to the US commercial operations.

5.6.6. Other operating income

In '000 euro (as at 31 December)	2017	2016
Other operating income	50,449	1,088
Total other operating income	50,449	1,088

In 2017, ThromboGenics obtained other operating income of 50.4 million euro whereas 45.0 million euro and 4.5 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and as an intervention on obsolescent drug materials.

The government grants and income from recharge of costs are deducted from the research and development expenses as from financial year 2013. We refer to note 5.6.3.

5.6.7. Impairment losses

In '000 euro (as at 31 December)	2017	2016
Impairment losses	0	-26,586
Total impairment losses	0	-26,586

The impairment losses recognised in 2016 relate to JETREA® sVMA/VMT. Details are provided in section 5.7.2.1. These impairment losses are neutral from a cash point of view.

5.6.8. Finance income

In '000 euro (as at 31 December)	2017	2016
Interest	53	184
Exchange rate gain (on USD and GBP)	339	345
Total finance income	392	529

5.6.9. Finance expense

In '000 euro (as at 31 December)	2017	2016
Bank costs	-31	-36
Impairment on short-term financial investments	2	2
Other	-11	-6
Exchange rate loss (on USD and GBP)	-989	-25
Total finance expense	-1,029	-65

As a result of USD revaluations, the unrealised exchange losses in 2017 amounted to 972 k euro whereas 17 k euro exchange losses were realised.

5.6.10. Employee benefits

In '000 euro (as at 31 December)	2017	2016
Wages, salaries and bonuses	-8,473	-8,612
Share-based compensation expenses	-176	-156
Pension costs	-395	-435
Total	-9,044	-9,202

The average number of full-time equivalents (including executive Directors) was as follows:

In numbers	2017	2016
Research and development	52	56
General and administration	10	12
Selling	9	9
Total	71	77

The share-based compensation expense included in the income statement is given below:

In '000 euro (as at 31 December)	2017	2016
Research and development expenses	77	71
General and administrative expenses	65	54
Selling expenses	34	31
Total	176	156

The fair value of each warrant is assessed on the basis of the Black/Scholes model on the date it is granted, taking into account the following assumptions:

WARRANTS 2015	Feb/15
Warrant plan	2014
Number of warrants granted	384,000
Current share price on date of acceptance (in euro)	7.49
Exercise price	6.945
Expected dividend yield	-
Expected stock price volatility	40%
Risk-free interest rate	-0.08%
Expected duration	3
Fair value (in euro)	2.2
Expected turnover of employees (depending on department)	0%-12%

WARRANTS 2016	Apr/16	Apr/16
Warrant plan	2014	2014
Number of warrants granted	60,000	90,000
Current share price on date of acceptance (in euro)	3.44	3.44
Exercise price	4.5	6.92
Expected dividend yield	-	-
Expected stock price volatility	40%	40%
Risk-free interest rate	-0.38%	-0.38%
Expected duration	3	3
Fair value	0.61	0.26
Expected turnover of employees (depending on department)	0%-12%	0%-12%

WARRANTS 2017	Feb-17	Feb-17	Aug-17	Dec-17	Dec-17
Warrant plan	2014	2014	2014	2017	2017
Number of warrants granted	73,500	10,000	15,000	401,000	150,000
Current share price on date of acceptance (in euro)	3.5	3.5	3.2	3.38	3.38
Exercise price	4.5	6.92	4.5	3.38	4.593
Expected dividend yield	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%
Risk-free interest rate	-0.51%	-0.51%	-0.50%	0.55%	0.55%
Expected duration	3	3	3	10	10
Fair value	0.15	0.46	0.34	1.64	1.37
Expected turnover of employees (depending on department)	0%-12%	0%-12%	0%-12%	0%-12%	0%-12%

The current P&L impact relates to the warrants granted in the previous and the current year that have vested in 2017. In 2015, ThromboGenics made for the first time a correction on the value of outstanding warrants as it added an assumption for the expected turnover of employees.

Since July 2006 the closing price on the stock market of Euronext Brussels is used as a reference for the current share price on date of acceptance.

The **estimated volatility** is based on the historical volatility of similar biotech companies that operate in the same disease areas as the Group, or that are similar in size or activity. Until 2009 the volatility was based on the average of all Belgian Biotech companies. As from 2010 the volatility, is based on ThromboGenics' share price.

The **expected duration** is calculated as the estimated duration until exercise, taking into account the specific features of the plans.

The weighted **average risk-free interest** rates used are based on the Belgium government bond rates at the date of granting with a term equal to the expected life of the warrants.

The **expected turnover of employees** indicates an estimation of the expected turnover based on historical information.

The Group has also granted warrants to parties that are not employees of the Group. As the services rendered are of such a specific nature that the fair value cannot be determined reliably, ThromboGenics NV has determined the fair value of the services received from these parties by reference to the warrants granted.

5.6.11. Operating leases

In '000 euro (as at 31 December)	2017	2016
Leasing payments included as an expense (lessee)	-663	-745

For more information regarding these contracts, please refer to note 5.8.

5.6.12. Taxes

In '000 euro (as at 31 December)	2017	2016
Taxes	-14	22
Total	-14	22

A reconciliation explaining the difference between the expected income tax of the Group, ThromboGenics NV, Oncurious NV and ThromboGenics, Inc., and the actual income tax is as follows:

In '000 euro (as at 31 December)	2017	2016
Result of the year	22,615	-60,348
Disallowed expenses	200	625(*)
Notional interest deduction	-260	0(*)
Taxable result	22,555	-59,723(*)
Expected tax, calculated by applying the Belgian statutory tax rate of 33.99% to the taxable result	7,666	0(*)
Reduction of tax due to use of tax loss carry forward	7,666	0(*)
Total tax expense paid	14	-22

(*) Details not provided in annual report 2016, shown for comparison purposes.

Belgian income tax is calculated at 33.99 percent of the results of the year. The taxes for other jurisdictions are calculated at applicable tax rates in the relevant jurisdiction.

The main difference between the theoretical income tax and the actual income tax is due to deferred tax receivables on tax transferable losses.

5.6.13. Result per share

Basic earnings per share

The calculation of basic earnings per share by December 31, 2017 is based on the holders of ordinary shares attributable profit/(loss) from 22,615 k euro (2016: (60,348) k euro) and a weighted average number of ordinary shares outstanding during 2017 of 36,094,349 (2016: 36,094,349), calculated as follows:

	2017	2016
Issued ordinary shares per 1 January	36,094,349	36,094,349
Effect of capital increase through issue of shares	0	0
Effect of exercised share options	0	0
Average number of ordinary shares per 31 December	36,094,349	36,094,349

In '000 euro, except for result per share	2017	2016
Result of the year	22,615	-60,348
Diluted result per share (*)	0.63	-1.67

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the number of ordinary shares shall be the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2017	2016
Issued ordinary shares (diluted) per 1 January	36,531,849	36,615,974
Effect of capital increase through issue of shares	0	0
Effect of exercised share options	66,777	-23,731
Average number of ordinary shares (diluted) per 31 December	36,598,626	36,592,243

In '000 euro, except for result per share	2017	2016
Result of the year	22,615	-60,348
Diluted result per share (*)	0.62	-1.67

(*) As there was a loss in 2016 the diluted earnings are the same as the basic earnings per share.

The Group has granted warrants to employees, consultants and Directors to buy ordinary shares.

See note 5.7.11 for an overview of the number of outstanding warrants at each year end.

5.7. Notes to the consolidated statement of financial position

5.7.1. Property, plant and equipment

In '000 euro	Machines, plant and equipment	Furniture and fittings	Total
As at 1 January 2016			
Cost	5,741	3,939	9,680
Accumulated depreciation	-4,543	-3,088	-7,631
Exchange differences	6	33	39
Net carrying amount	1,204	884	2,088
Year ended on 31 December 2016			
Additions	506	56	562
Depreciation expenses	-566	-315	-881
Disposals	-26	-5	-31
Exchange differences	3	2	5
Net carrying amount	1,121	622	1,743
As at 31 December 2016			
Cost	6,247	3,995	10,242
Accumulated depreciation and disposals	-5,135	-3,408	-8,543
Exchange differences	9	35	44
Net carrying amount	1,121	622	1,743
Year ended on 31 December 2017			
Additions	125	172	297
Depreciation expenses	-419	-255	-674
Disposals	-284	-39	-323
Exchange differences	-33	-19	-52
Net carrying amount	510	481	991
As at 31 December 2017			
Cost	6,372	4,167	10,539
Accumulated depreciation	-5,838	-3,702	-9,540
Exchange differences	-24	16	-8
Net carrying amount	510	481	991

As at December 31, 2017, property, plant and equipment worth 5.3 million euro that has already been fully depreciated is still in use. No property, plant and equipment is pledged or in limited use.

5.7.2. Intangible assets and goodwill

5.7.2.1 Intangible assets

In '000 euro	
As at 1 January 2016	
Cost	75,844
Accumulated amortization	-20,145
Net carrying amount	55,699
Year ended on 31 December 2016	
Additions	1,000
Disposals	0
Amortization expenses	-6,797
Impairment losses	-24,000
Net carrying amount	25,902
As at 31 December 2016	
Cost	76,844
Accumulated amortization	-26,942
Accumulated impairment losses	-24,000
Net carrying amount	25,902
Year ended on 31 December 2017	
Additions	857
Disposals	0
Amortization expenses	-3,156
Impairment losses	0
Net carrying amount	23,603
As at 31 December 2017	
Cost	77,701
Accumulated amortization	-30,098
Accumulated impairment losses	-24,000
Net carrying amount	23,603

The fair value of the assets based on the Company's equity value at the closing price of the Euronext of the year 2017, multiplied by the number of ordinary shares (36,094,349, see note 5.7.10) is less than the carrying amount of the assets.

Recurring sales for JETREA® sVMA amounting to 5.8 million euro in 2017 compared to 6.8 million euro in 2016 was considered an indicator for impairment testing. The analysis happened on the basis of a DCF model which foresees cash flows for the next seven years (i.e. the patent life for JETREA®) on the basis of actual market conditions and with a residual value of five years after 2024 (patent life) and with a discount rate (WACC) of 14 %. Based on the model which is in accordance with IAS 36, the DCF model returns a value close to the carrying value of the asset. At 15% discount the model returns a deficit of 1.4 million euro versus carrying value, at 13% discount rate a surplus of 1.5 million euro. Due to current situation of transition ThromboGenics believes the comparison of DCF model to Carrying value will evolve favorably and hence no impairment booking is needed.

For the Galapagos IP and VIB IP, due to indefinite lifetime and pre-clinical status, the carrying value was tested against its probabilised market potential. A DCF model was used applying industry standard probabilities to bring the molecule to the market and on top a discount rate (WACC) of 14 % was used which has resulted in no indication of impairment.

5.7.2.2 Goodwill

In '000 euro	
As at 1 January 2016	
Cost	2,586
Accumulated impairment losses	0
Net carrying amount	2,586
Year ended on 31 December 2016	
Additions	0
Disposals	0
Impairment losses	-2,586
Net carrying amount	0
As at 31 December 2016	
Cost	2,586
Accumulated impairment losses	-2,586
Net carrying amount	0
Year ended on 31 December 2017	
Additions	0
Disposals	0
Impairment losses	0
Net carrying amount	0
As at 31 December 2017	
Cost	2,586
Accumulated impairment losses	-2,586
Net carrying amount	0

This goodwill relates to the historic acquisition of an ownership interest in Thromb-X NV by ThromboGenics Ltd in 2001.

The impaired goodwill related to JETREA® was written off as a result of the 2016 impairment test.

5.7.3. Other non-current assets

In '000 euro (as at 31 December)	2017	2016
Other non-current assets	126	202
Total	126	202

The other non-current assets consist of:

- Rental deposit offices Belgium (Bio-Incubator): 117 k euro
- Deposit to Intelsius DGP (packaging and transport): 11 k USD (9 k euro)

5.7.4. Inventories

In '000 euro (as at 31 December)	2017	2016
Raw and ancillary materials, goods in process and finished goods	2,204	2,504
Prepayments	0	110
Total	2,204	2,614

The inventories of raw and ancillary materials, goods in process and finished goods is the net value, after impairment losses. These impairment losses on the inventories recognized in cost of goods amount to 2,251 k euro.

5.7.5. Trade and other receivables, non-current tax credit and current tax receivables

5.7.5.1 Trade and other receivables

In '000 euro (as at 31 December)	2017	2016
Trade receivables	2,626	5,181
Other receivables	1,230	1,398
Prepaid expenses and other current assets	439	1,093
Total	4,295	7,672

Non-collectable trade receivables are booked on the basis of an estimate, taking into account the payment history of the other party. As per 31 December 2017, there are no material aged trade receivables.

The table below shows the outstanding balances of the key counterparties on the balance sheet date:

In '000 euro (as at 31 December)	2017	2016
BioInvent	85	0
Alcon	1,608	3,876
Accredo Health Group, Inc.	3	4
Besse Medical	416	1,062
Quintiles Outcome Sciences	356	0
Mc Kesson Financial Center	92	161
Walgreens Specialty	48	67
Accutome Inc.	18	0
Other trade receivables	0	11
Total	2,626	5,181

Reduction in Alcon/Novartis receivable is due to resolution of all pending items with the return of JETREA® rights.

Management has sufficient confidence in the creditworthiness of the counterparty, that the amounts are considered collectable in full. The Group has no securities linked to these receivables.

When determining the collectability of a trade receivable, the Group takes into account any change in the quality of the receivable between the date on which the credit was granted and the reporting date.

5.7.5.2 Taxes

Non-current tax receivables

In '000 euro (as at 31 December)	2017	2016
Tax credit	1,434	2,350
Total	1,434	2,350

The tax credit applies to the acquired intangible assets and was deducted from the intangible assets, if capitalized. If the Company does not use this tax credit in the long-term within the next 5 years, it will be recoverable from the government.

Current tax receivables

In '000 euro (as at 31 December)	2017	2016
Recoverable VAT	340	363
Recoverable withholding tax	43	129
Other taxes	30	34
Tax credit	1,641	559
Total	2,054	1,085

The outstanding tax claims relate to recoverable VAT, recoverable withholding tax on interest, US corporate income tax and the tax credit in the short-term.

5.7.6. Investments

In '000 (as at 31 December)	2017	2016
Other investments	634	817
Term investments	48,921	21,000
Total investments	49,555	21,817

Finance assets according to categories defined in IAS 39	Investments at fair value
Balance at 1 January 2016	8,044
Exchange rate differences	16
Additions	21,000
Retirements	-7,241
Impairments	-2
Appreciation at market value	0
Balance at 31 December 2016	21,817
-/- of which taken in fixed assets	-
Taken in current assets	21,817
Composition	
- Other bonds	817
- Term investments	21,000
Breakdown per currency	
- in EUR	21,441
- in other currency	376
Total	21,817
Balance at 1 January 2017	21,817
Exchange rate differences	-29
Additions	27,921
Retirements	-155
Impairments	1
Appreciation at market value	0
Balance at 31 December 2017	49,555
-/- of which taken in fixed assets	-
Taken in current assets	49,555
Composition	
- Other bonds	634
- Term investments	48,921
Breakdown per currency	
- in EUR	41,392
- in other currency	8,163
Total	49,555

The Group decided to invest mainly in saving accounts and term deposits. As per 31 December 2017 41,000 k euro was invested in EUR term accounts and 9,500 k euro was invested in USD term accounts.

The remaining bonds are held by UBP (Union Bancaire Privée), previously Coutts Bank, and distributed in 13 bonds of private and public institutions.

5.7.7. Cash, cash equivalents and restricted cash

In '000 euro (as at 31 December)	2017	2016
Cash and cash equivalents	56,175	58,251
Restricted cash	10,000	0
Total cash and cash equivalents	66,175	58,251

The restricted cash amounting 10 million euro relates to the funds received on 22 December 2017 from Novartis Pharma AG for the capital increase which took place on 5 January 2018.

5.7.8. Other short-term liabilities

In '000 euro (as at 31 December)	2017	2016
Employee benefits	1,850	1,615
Other current liabilities	11,932	4,221
Total other short-term liabilities	13,782	5,836

Under employee benefits, the holiday pay, bonus and outstanding employee taxes are recorded.

The other current liabilities consist of a prepayment of 10 million euro received on 22 December 2017 from Novartis Pharma AG for the capital increase which took place on 5 January 2018. Furthermore, it consists of commitments that expire before year end for which the exact price is not yet known.

5.7.9. Deferred taxes

The following temporary differences which might give rise to deferred taxes relate to:

In '000 euro (as at 31 December)	2017	2016
Net tax loss carry forward	223,953	255,059(*)
Notional interest deduction	12,102	17,874
Total deductible temporary differences	236,055	272,933(*)
Non recognized deferred tax receivables	73,338	85,889(*)

(*) Figures were corrected from 2016 annual report by inclusion of the impact of impairment depreciation accounted for at year-end 2016.

The above table includes the deferred taxes for ThromboGenics NV, Oncurious NV as well as for ThromboGenics, Inc.

If the notional interest deduction cannot be used, it will lapse (latest in 2018).

The tax loss carried forward can be offset by future gains recorded by the Group for an indefinite period.

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of ThromboGenics NV as it is very difficult to estimate the impact of the patent deduction on the future tax result at this moment. As the Group can use the abovementioned patent deduction on the basis of a tax ruling, the expectation exists that the future tax gains will be rather limited. Beside this, there is also the uncertainty regarding the future use of the tax losses with ThromboGenics, Inc., and Oncurious NV as these Companies have not yet recorded a tax basis.

For the above reasons, the Group has not yet recorded deferred taxes regarding tax losses.

5.7.10. Share capital

ThromboGenics NV was founded on May 30, 2006, with a capital of 62,000 euro represented by 11,124 shares. As of December 31, 2013, the capital of the Company amounted to 162,404,449.73 euro represented by 36,094,349 shares. Since 2013 there were no capital increases.

On December 31, 2017, the capital of the Company thus amounted to 162,404,449.73 euro represented by 36,094,349 shares.

As at December 31, 2017, ThromboGenics NV had 36,094,349 ordinary bearer shares without indication of nominal value. All the shares are fully paid up and all have the same rights.

The powers of the Board of Directors with respect to the authorized share capital were renewed at the extraordinary shareholders' meeting on June 6, 2016 for a period of five years starting from the publication of the deed of amendment of the articles of association in the Belgian Official Gazette. The Board is authorized to increase the share capital of the Company on one or more occasions up to an amount equal to the current amount of the share capital of the Company, being 162,404,449.73 euro, in cash or in kind or by conversion of the reserves, in accordance with article 604 of the Belgian Companies Code. The Board of Directors will be able to proceed to issue convertible bonds and warrants on the same conditions.

Number of shares	
31 December 2015	36,094,349
-	0
31 December 2016	36,094,349
-	0
31 December 2017	36,094,349

The share capital and the 'issue premium' account didn't evolve since 2013 but the extraordinary general shareholders meeting of 20 November 2017 did approve, reserved to Novartis Pharma AG, a Capital increase of 9.80 million euro assorted with an issue premium of 0.2 million euro. Funds were received on 22 December 2017 and Capital increase took place on 5 January 2018 with 2,177,226 new shares being delivered on 22 January 2018 bringing the total number of shares to 38,271,575 and the capital to 172,200,753.04 euro.

In '000 euro	Capital	Issue premium
31 December 2015	151,991	157,661
-	0	0
31 December 2016	151,991	157,661
-	0	0
31 December 2017	151,991	157,661

The difference between the share capital, as indicated above, and the 'capital' account on the balance sheet relates to the costs of the various capital transactions (for a total of 10,413 k euro), which in accordance with IAS 32.35 is deducted from the income from these capital transactions.

5.7.11. Other reserves

In '000 euro	
31 December 2015	-13,473
Share-based payment	156
Fair value adjustment	0
31 December 2016	-13,317
Share-based payment	176
Fair value adjustment	0
31 December 2017	-13,141

Share-based payment schemes

The Group has created various warrant schemes that can be granted to employees, Directors, consultants and research institutions. Since the public listing, warrant plans have been created in respect of ThromboGenics NV.

End 2017, there were 2 outstanding warrant plans.

Synoptic overview of all outstanding warrants granted between 2010 and December 31, 2017

Creation date of scheme	Date granted	Exercise price (in euro)	Beneficiary
Warrants scheme Belgium 2014	2015-2016-2017	Between 4.5 and 6.95	Employees, key consultants and Directors of the Group
Warrants scheme Belgium 2017	2017	Between 3.38 and 4.593	Employees, key consultants and Directors of the Group

Belgium 2014 Warrant Plan

On December 4, 2014, the Extraordinary General Meeting of ThromboGenics NV decided to issue the Belgium 2014 warrant plan. Under this warrant plan a maximum of 720,000 warrants can be issued and granted to employees, Directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for Directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee.

ThromboGenics 2017 Warrant Plan

On November 20, 2017, the Extraordinary General Meeting of ThromboGenics NV decided to issue the ThromboGenics 2017 warrant plan. Under this warrant plan a maximum of 1,440,000 warrants can be issued and granted to employees, Directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for Directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for ten years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee.

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Average exercise price (in euro)	Warrants
Outstanding at 31 Dec 2015	9.61	471,625
Granted	5.95	150,000
Forfeited	20.24	-234,125
Exercised	0.00	0
Outstanding at 31 Dec 2016	6.60	387,500
Granted	3.87	650,500
Forfeited	3.91	-189,125
Exercised	0.00	0
Outstanding at 31 Dec 2017	5.10	848,875

Outstanding vested warrants (in thousands) as at December 31, 2017, have the following earliest exercise date, maturities and exercise prices:

Earliest exercise date	Expiry date	Exercise price (in euro)	Number (in thousands)
2018	2019	6.79	202,375

5.7.12. Employee Benefit Obligations

ThromboGenics offers its employees retirement benefits that are funded through a group insurance plan managed by an insurance fund. Until June 30 2009, the insurance group plan was based on a "defined benefit" system. In a defined benefit pension plan, an employer commits to paying its employee a specific benefit for life beginning at his or her retirement. The amount of the benefit is known in advance, and is usually based on factors such as age, earnings, and years of service. Defined benefit plans do not have contribution limits, but they do have a limit on the maximum annual retirement benefit.

Since July 1, 2009, the previous plan was changed in a defined contribution plan. The employee will receive an amount equal to the paid contributions (since July 1, 2009). The Group has no obligation to pay further contribution than those mentioned in the agreement.

With regards to the defined benefit pension plan which ended on June 30, 2009, the accrued assets and liabilities remain in force as from that date and the most important assumptions regarding this plan are kept constant against previous years.

	2017	2016
Discount rate	1.7%	1.7%
Expected rate of salary increases	3.5%	3.5%

Given a cost-benefit analysis, ThromboGenics decided that actuarial calculations are made once every 3 years.

For the year ended on 31 December 2017 the actuarial calculation of 2016 was not updated.

5.8. Other clarification notes to the statement of financial position

Subsidiaries and branches

Name of the subsidiary	Place of incorporation and operation			Principal activity
		2017	2016	
ThromboGenics, Inc.	US	100%	100%	Distributor
Oncurious NV	BE	81.67%	91.67%	Research (oncology)

Name of the branch	Place of incorporation and operation			Principal activity
		2017	2016	
Irish Branch	IE	100%	100%	No current activity

On December 12, 2017, ThromboGenics NV decided to convert the loan agreement with Oncurious NV into capital for a total of 3.0 million euro in exchange for 3,000 shares at conversion. At year-end 2017, out of a new total of 5,358 Oncurious NV shares, ThromboGenics NV will own 4,376 shares or 81.67%.

Key Agreements, Commitments and Contingent Liabilities

The Group has a number of material agreements with independent parties. In some cases, these agreements include a cost-sharing plan for the project as well as the sharing of any revenue between the parties, so as to be able to defray the cost of commercializing the results of the project.

Please find below an explanation of some of ThromboGenics most important agreements. An agreement is considered being important when the commitments reach over 1 million euro.

Research and Development Agreements

BioInvent

In September 2004, ThromboGenics and BioInvent International AB entered into an agreement to cooperate on research and to develop together drugs based on antibodies for vascular disorders. In 2015, ThromboGenics assigned this agreement to its newly incorporated affiliate Oncurious NV in line with its cooperate strategy to focus its oncological R&D activities. Under this contractual arrangement, Oncurious NV and BioInvent are currently developing one candidate together, Anti-PlGF (TB-403),

for the possible treatment of Medulloblastoma, the most common pediatric malignant brain tumor, accounting for 20% of all brain tumors in children (the "Medulloblastoma Project").

In June 2017, ThromboGenics NV (including its affiliate Oncurious NV) and BioInvent International AB entered into a term sheet amending their long-standing collaboration. Under the new contractual arrangement, the split of economic value for the and costs will be as follows:

- TB-403 – BioInvent increases its share of the economic value from 40 to 50 percent in all oncology indications of TB-403. The parties will share the costs for development of TB-403 in oncology indications at 50:50.
- THR-317 – ThromboGenics gains full and exclusive ownership of THR-317 for development and commercialization in all non-oncology indications. ThromboGenics will continue to carry all costs for the development of THR-317 in non-oncology indications, and share a 5% economic value with BioInvent.

It is envisaged that the new TB-403 and THR-317 agreements will be executed in the first quarter of 2018.

Bicycle Therapeutics

On September 5, 2013, ThromboGenics and Bicycle Therapeutics signed an agreement to develop new products for the treatment of eye diseases with diabetics. ThromboGenics has the exclusive rights for the clinical development and commercialization, while Bicycle Therapeutics is entitled to milestone payments and royalties on sales.

Outcome Sciences

Outcome Sciences, a division of Quintiles, provides clinical research services for JETREA®'s ORBIT clinical study since 2014. Services are billed on a project basis via Statements of Work based on a Master Service Agreement.

Parexel

Parexel provides clinical research services for the development of JETREA® in diabetic retinopathy. Services are billed on a project basis via Statements of Work based on an Agreement for Services dated as of September 01, 2015.

INC Research

INC Research provides clinical research services for the development of THR-317 in ophthalmic indications. Services are billed on a project basis via Statements of Work based on a Services Agreement for Clinical Research and Related Services dated as of August 19, 2016.

Galapagos

ThromboGenics signed a global and exclusive in-licensing agreement with Galapagos to develop and commercialize integrin antagonists for the treatment of diabetic eye disease.

Galapagos remains entitled to further potential milestone payments in the amount of up to 47.5 million euro which are mainly dependent on the achievement of various development and sales milestones and possible single digit royalty payments in the future.

Intellectual Property and Royalty Agreements

Grifols, Inc.

In February 2012, ThromboGenics and Grifols entered into a license agreement. Through this agreement, ThromboGenics strengthens its exclusive worldwide rights regarding the use of plasmin and derivate products for the treatment of ophthalmological diseases. Following this agreement, ThromboGenics has paid a total of 13 million USD to Grifols. ThromboGenics has a royalty obligation of 2% on the sales of ocriplasmin, but the first 10 million USD of this royalty obligation can be deducted from the earlier paid 13 million USD.

Life Sciences Research Partners VZW

Following a contract between the former Thromb-X NV and former DCRF VZW, dated June 1, 2001, and amended on March 27, 2012, ThromboGenics NV has the obligation to pay royalties on JETREA® sales.

Research Corporation Technologies, Inc. (RCT)

In December 2000, Research Corporation Technologies, Inc. and ThromboGenics entered into a licensing agreement under which ThromboGenics was granted a license to RCT's Pichia yeast expression technology for an early step in the manufacturing of ocriplasmin. ThromboGenics has a contractual royalty obligation to RCT of 2% of net sales of JETREA®.

Commercial Agreements

Fujifilm Diosynth Biotechnologies UK, Limited

In September 2010, ThromboGenics concluded a long-term manufacturing and supply agreement with Fujifilm for the production of JETREA® drug substance for commercial and clinical trial purposes. Since 2007, Fujifilm has delivered drug substance to ThromboGenics and in 2015 the manufacturing and supply agreement was amended by a Site Letter Agreement clarifying some of the contractual terms.

Patheon

Under a Manufacturing and Supply Agreement, Patheon serves as the final drug product manufacturer for JETREA® for commercial purposes. Patheon manufactures and delivers JETREA® final drug product in glass vials for both ThromboGenics and Alcon/Novartis. For the US market they further label and package the JETREA® drug product and prepare it for frozen shipment. In December 2015, Patheon terminated the Manufacturing and Supply agreement with effect to 31 December 2017. On October 18, 2016 the Company and Patheon executed a new Manufacturing and Supply Agreement on the basis of which Patheon will continue to serve as the final drug product manufacturer for JETREA® for commercial purposes.

License, Development and Commercial Agreement

Alcon/Novartis

In March 2012, ThromboGenics signed a 375 million euro strategic license agreement with Alcon, the global leader in eye care, under which Alcon was entitled and obligated to register, develop and commercialize JETREA® outside the US. Upon execution of the license agreement, ThromboGenics received an upfront payment of 75 million euro. Upon the first approval by the EMA for JETREA® and the first commercial sale of JETREA® in the first country of the EU-6, the Company received further milestone payments by Alcon amounting to 90 million euro in aggregate.

Since January 2015, the Company was involved in a nascent dispute with Alcon, concerning costs to be paid by Alcon for the drug product JETREA® under the licensing agreement. On September 15, 2017, the parties entered into a contractual settlement arrangement on the basis of which the licensing agreement was terminated and ThromboGenics regained full global rights to JETREA®. Under the terms of the settlement agreement, Alcon/Novartis will work closely with ThromboGenics to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years and ThromboGenics received a cash amount of 53.7 million euro and an equity investment of 10 million euro in ThromboGenics capital from Novartis Pharma AG.

Academic Agreements

The Company has concluded agreements with various academic institutions that are interested in the study of drug candidates, including the following:

Flanders Institute for Biotechnology (VIB)

The Company has concluded agreements with the Vesalius Research Center (formerly the Dept. of Transgene Technology and Gene Therapy), a department of the VIB, relating to the preclinical characterization of two of the programs under license with this institute, i.e. Anti-PlGF and PlGF.

In September 2017, Oncurious NV, an affiliate of ThromboGenics NV, and VIB entered into a research collaboration and license agreement on the basis of which Oncurious acquired exclusive licenses to a portfolio of five unique next generation immune-oncology assets, based on seminal work originating from the VIB-KULeuven laps of Massimiliano Mazzone and Gabriele Bergers, and from the the VIB-VUB lab of Jo Van Ginderachter. As part of this contractual arrangement, VIB increased its equity stake in Oncurious, with ThromboGenics remaining the majority stakeholder. VIB will also receive a royalty on future sales of any of these assets.

The Group as a lessee in operating leases

On the balance sheet date the Group had outstanding commitments for future minimum lease payments, payable as follows:

In '000 euro (as at 31 December)	2017	2016
Less than one year	504	518
More than one year but less than 5 years	37	34
Total	541	552

Since January 2009, all current research laboratories are established in the building 'Bio-Incubator' at the Gaston Geenslaan 1 in 3001 Leuven. On July 1, 2008, an operational lease agreement was concluded with Bio-Incubator Leuven NV. On

October 1, 2013, a new operational lease agreement was signed for the use of additional offices ('Bio-Incubator II'). At the same time the original contract ('Bio-Incubator I') has been replaced. These agreements started at August 13, 2012, for a period of 3 years and contain a yearly commitment of 616 k euro, and can be prolonged with mutual consent for a maximum period of 7 years. As from the fourth year, the operational lease may be renewed tacitly each time for a period of one year.

ThromboGenics NV Irish Branch is currently situated in Dublin, Ireland and has an operating lease for a building which started on September 15, 2014. The lease is renewed and can be terminated after a notice period of 3 months.

ThromboGenics, Inc. has concluded a new operating lease relating to a building involving a commitment of 121 k USD (approximately 111 k euro) for one year.

Other Commitments

Research and development commitments

As at December 31, 2017, the Group had commitments outstanding in the context of research and development agreements amounting to 8,764 k euro (2016: 12,200 k euro) payable over the course of the following 12 months to various research subcontractors.

Contingent liability

The expenses incurred in several of the Group's research and development programs have been reimbursed by IWT, as a government grant. Contracts with IWT generally include a clause that defines the need for validation of the project results in order for the grant to be effectively earned. Should this validation not occur, IWT has the right to reclaim the funds previously granted. ThromboGenics NV Group considers this as a remote possibility. Total amounts received in 2017 with respect to government grants from IWT amount to 271 k euro (2016: 124 k euro).

ThromboGenics NV has granted a loan facility to Oncurious to further develop and commercialize TB-403 for a total amount of 3,000 k euro. On December 12, 2017 the loan to Oncurious NV was settled by incorporating it as a contribution in kind in the capital of Oncurious NV, moving its ownership in Oncurious NV from 91.7% to 97.2%. Subsequent contribution in kind of immuno-oncology assets from VIB brought the ownership of ThromboGenics in Oncurious back to 81.7%

Related parties

Other than the key management personnel (see note 4.6), no other related parties have been identified.

Subsequent events

In January 2018 Novartis Pharma AG invested 10 million euro in the capital of the Company. For more information refer to note 3.6.1.

Done on March 15, 2018,
On behalf of the Board of Directors

6. STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF THE COMPANY THROMBOGENICS NV FOR THE YEAR ENDED 31 DECEMBER 2017

In the context of the statutory audit of the consolidated financial statements of ThromboGenics (the Company) and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of 3 May 2016, following the proposal formulated by the board of directors, based on the advice of the audit committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on 31 December 2017. We have performed the statutory audit of the consolidated financial statements of the company ThromboGenics NV for eight consecutive years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements s, including a summary of significant accounting policies and other explanatory information, and which is characterized by a consolidated statement of financial position total of 150.437 (000) EUR and for which consolidated income statement and other comprehensive income shows a profit for the year of 22.615 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31 December 2017, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

We have obtained from the board of directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Impact of agreement with Alcon/Novartis

Discussion of the matter
Notes 3.6.2, 5.6.1 and 5.6.6. of the financial statements describe that, as a result of an agreement made in 2017, Alcon/Novartis paid a cash amount of 53.7 million EUR and did an equity investment of 10 million EUR in the beginning of 2018 in return for the recovery by Thrombogenics of its global rights to its product JETREA (ocriplasmin).

This transaction was significant to our audit procedures, because of its important financial impact on the consolidated annual accounts.

Procedures performed
Our audit procedures included, amongst others:

- We have analyzed the agreement, assisted by experts in IFRS at our firm, to create an understanding of the impact on the financial statements and its disclosures.
- We reviewed the accounting treatment as presented by the management, and in particular the revenues recognized in line with the accounting and valuation rules as adopted by the Company in accordance with IFRS.
- We assessed the adequacy of the Company's disclosures in Note 5.6.1 and 5.6.6 of the Consolidated Financial Statements.

- Impairment of assets

Discussion of the matter
The intangible fixed assets include capitalized development costs relating to JETREA® sVMA/VMT. These fixed assets are amortized over their estimated economical lifetime, and an additional impairment was recorded in 2016. Triggered by impairment indicators at the end of 2017, the company tested these assets for impairment, in accordance with IAS 36. This impairment test did not result in the need for an additional impairment, since the carrying value did not materially deviate from the realizable value, as described in Note 5.7.2.1. of the Consolidated Financial Statements.

The valuation of these intangible assets is significant to our audit because of the potential significant impact on the financial statements and the fact that the impairment test contains key judgmental areas that are strongly affected by assumptions.

Procedures performed
Our audit procedures included, among others:

- We have analyzed and reviewed the Company's impairment model including the significant underlying assumptions described in Note 5.7.2.1 and checked whether an adequate valuation model was applied.
- We have assessed whether the cash generating units were defined in accordance with IFRS.
- We consulted a valuation expert in our firm to assess the methodology and discount rate as applied in the model.
- We reviewed the sensitivity analysis prepared by management to understand the effect of changing assumptions.
- We considered all available information provided to us by the Company to assess potential additional impairment triggers.
- We reviewed the completeness and adequacy disclosures in Note 5.7.2.1 of the Company's Financial Statements.

Responsibilities of the board of directors for the consolidated financial statements
The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the board of directors and with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control identified during the audit.

We also provide the board of directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the board of directors and with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the contents of the management report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) that is supplementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, as well as to report on these elements.

Aspects related to the management report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 119 of the Company Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated financial

statements and the other information included in the annual report on the consolidated financial statements, namely:

- Chapter 3.1 Key Figures
- Chapter 3.2 Activities of ThromboGenics
- Chapter 3.3 Comments to Consolidated Financial Statements
- Chapter 3.5 Description of the Principal Characteristics of the Company's Risks

contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

We do not express any form of assurance whatsoever on the management report on the consolidated financial statements nor on the other information contained in the annual report on the consolidated financial statements.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of consolidated financial statements, and we remained independent of the Group throughout the course of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 134 of the Company Code were duly itemised and valued in the notes to the consolidated financial statements.

Other statements

- This report is in compliance with the contents of our additional report to the audit committee as referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 30 March 2018

BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by Gert Claes

7. ABBREVIATED STATUTORY FINANCIAL STATEMENTS

The Annual Accounts of ThromboGenics NV are presented in an abbreviated form.

The Annual Report, the Annual Accounts and the opinion of the statutory auditor are, according to art. 98 and 100 of the Company code, de-posited at the National Bank of Belgium. On request a copy of these documents can be obtained.

The full version of the statutory Annual Accounts and the reports are available free of charge for the public upon request to:

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There is also an electronic version of the full Statutory Annual Report and the reports which can be obtained via the internet from the ThromboGenics' website (www.thrombogenics.com). The statutory financial statements as filed with the Belgian National Bank are based upon Belgian GAAP. An unqualified audit opinion will be issued by the statutory auditor.

7.1. Balance sheet of ThromboGenics NV

In '000 euro (as at 31 December)	2017	2016
ASSETS		
Fixed Assets	30,182	31,448
Intangible fixed assets	24,005	27,161
Tangible fixed assets	913	1,416
Financial fixed assets	5,263	2,871
Current assets	123,896	92,263
Amounts receivable after more than one year	4	4
Inventories and work in progress	2,268	2,358
Amounts receivable within one year	3,202	8,673
Current investments	52,449	23,229
Cash and banks	62,402	54,426
Deferred charges and accrued income	3,572	3,573
TOTAL ASSETS	154,078	123,711
LIABILITIES		
Equity	137,898	114,074
Capital	162,404	162,404
Share premium account	157,661	157,661
Accumulated profits (losses)	-182,168	-205,991
Amounts payable	16,180	9,637
Amounts payable within one year	14,304	5,481
Accrued charges and deferred income	1,876	4,156
TOTAL LIABILITIES	154,078	123,711

7.2. Income statement of ThromboGenics NV

In '000 euro (as at 31 December)	2017	2016
Operating income and charges		
Gross margin	55,347	-1,961
Remuneration, social security costs and pensions	-7,607	-7,646
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	-20,759	-19,705
Amounts written down stock, contracts in progress and trade debtors - Appropriations (write-backs)	-1,608	-4,123
Other operating charges	-648	-543
Non-recurring operating charges	0	-34,163
Operating profit (loss)	24,725	-68,141
Financial income	251	880
Financial charges	-1,152	-51
Profit (loss) for the period before taxes	23,824	-67,312
Income taxes	0	-1
Profit (loss) for the period	23,824	-67,313
Profit (loss) for the period available for appropriation	23,824	-67,313

7.3. Appropriation account of ThromboGenics NV

In '000 euro (as at 31 December)	2017	2016
Profit (loss) to be appropriated	-182,167	-205,991
Gain (loss) to be appropriated	23,824	-67,313
Profit (loss) to be carried forward	-205,991	-138,678
Profit (loss) to be carried forward	-182,167	-205,991

7.4. Key valuation principles

INTANGIBLE ASSETS

Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 5.7.2) which arises from development activities undertaken in the Group is recognized only if all of the following conditions are met:

- Technical possibility of making the intangible asset ready for use;
- The intention is to complete the intangible asset and use or sell it;
- Possibility of using or selling the intangible asset;
- It is probable that the intangible asset will generate future economic benefit or demonstrate the existence of a market;
- Availability of adequate technical, sufficient financial resources to complete the development;
- Availability to reliably measure the attributed expenses for this intangible asset during development.

The patent costs for protecting the intangible assets are recognized as an expense.

After their initial recording on the balance sheet intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation of capitalized development costs are recognized in the income statement under 'Research and Development expenses'.

The capitalized costs are amortized over the life of the patent as of the moment that it will generate revenue.

In case the criteria for capitalization of the research and development expenses are not met, these expenses are recorded as incurred during the period.

ThromboGenics has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in Phase III and future commercialization was estimated to be highly probable. The intangible assets consist of external study and production costs with subcontractors and internal development costs regarding all projects in Phase III.

Intangible assets purchased

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life which is normally considered to be three years.

Knowledge acquired in the form of licenses is recorded at cost less accumulated amortization and impairment. They are amortized on a straight line basis over their estimated useful life, which is the period over which the Group expects to receive economic benefits from such licenses.

TANGIBLE ASSETS

Property, plant and equipment are included at the historical cost (material costs only) less accumulated depreciation. Subsequent costs are included in the carrying amount for the asset or booked as a separate asset as appropriate, but only when it is probable that future economic benefits associated with the item will be generated for the Group and the cost price of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are included in the income statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposal of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

- Property, plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years

The depreciation and amortization methods, useful life and residual value are revalued on each reporting date.

Subsequent costs

The cost of replacing part of an item of property, plant 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 Group 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, plant and equipment are recognized in profit or loss as incurred.

INVENTORIES

Raw and ancillary materials and commodities are being rated at acquisition value according to the FIFO-method or according to the market value at balance sheet date if the latter is lower.

Goods in process and finished goods are being rated according to the standard manufacturing price according to the FIFO-method or according to the market value on balance sheet date if the latter is lower.

Market value is the value at sales, when leaving the Company under normal and usual sales conditions, taking into account the usual granted discounts, refunds and rebates, after deduction of an amount which corresponds with the normal direct sales costs.

The standard manufacturing price of the goods in process and of the finished goods, includes besides the acquisition value of the raw materials, consumables and ancillary materials, also the production costs which are directly attributable to the product, as well as the proportioned part of the production costs which are only indirectly attributable to the product, in so far that these costs cover the normal production period.

The standard manufacturing price will be compared yearly to the real manufacturing price. The difference will result in an adjustment of the value of the inventories.

TRADE RECEIVABLES

When initially recognized, trade receivables are measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are included in the income statement when there is objective evidence that the asset is impaired. The allowance included is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

INVESTMENTS

The investments are held as available for sale and annual closing date stated at market value. The fair value adjustment is included in other reserves until the investment is derecognized or has been impaired. The impairment is included in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

TRADE PAYABLES

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

8. GLOSSARY

Age-related macular degeneration (AMD)	A degenerative condition of the macula (central retina) that is the most common cause of vision loss in those 50 or older, with the disease affecting more than 10 million Americans.
Clinical trial	A rigorously controlled test of a drug candidate or a new invasive medical device on humans.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Contract Manufacturing Organization (CMO)	A company that is authorized by the drug authorities to produce material for administration to humans.
Diabetic Retinopathy (DR)	A complication of diabetes caused by damage to the tiny blood vessels inside the retina, the light-sensitive tissue at the back of the eye. Diabetic retinopathy is the leading cause of blindness in the working-age population.
EMA	European Agency of Medicinal Products.
FDA	U.S. Food and Drug Administration, the agency responsible for the drug approval process in the United States.
Good Laboratory Practice (GLP)	The purpose of the GLP quality guidelines is to ensure a quality product, guiding pharmaceutical product research and development, but also to present a codex for many of the activities off the critical path of drug development.
Good Manufacturing Practice (GMP)	GMP standards are a part of the guarantee of the pharmaceutical quality of the drug and guarantee that drugs are made up and controlled in a consistent fashion, according to standard of quality adapted to the considered use and in compliance with provisions on drugs.
HR	Human Resources.
IASB	International Accounting Standards Board.
IBR	Institute for company revisors.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
IP	Intellectual Property.
IWT	Institute for the Promotion of Innovation in Science and Technology in Flanders.
KULeuven	Catholic University of Leuven.
MBA	Master of Business Administration
MIVI-TRUST	Microplasmin for Intravitreal Injection – Traction Release without Surgical Treatment
OASIS	Ocriplasmin for Treatment for Symptomatic Vitreomacular Adhesion including Macular Hole study
Ophthalmology	The branch of medicine that deals with the diagnosis, prevention, and treatment of disorders of the eye.
ORBIT	Ocriplasmin Research to Better Inform Treatment study
OZONE	Ocriplasmin Ellipsoid Zone Retrospective Data Collection study
PDR	Proliferative Diabetic Retinopathy
Placental Growth Factor (PlGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. Although a homologue to VEGF, PlGF binds only to VEGFR-1 (Flt-1) (unlike VEGF, which binds to VEGFR-1 and VEGFR-2).
Plasmin	A fibrin-digesting substance or enzyme.
Plasminogen	An inactive enzyme circulating in the blood which may be used to create plasmin.
Plasminogen activator	An enzyme that converts plasminogen into plasmin
Preclinical Trial	A laboratory test of a new drug candidate or a new invasive medical device on animals or cell cultures that is conducted to gather evidence justifying a clinical trial.

PVD	Posterior Vitreous Detachment
R&D	Research and Development
Retina	The light-sensitive tissue that is present on the innermost back wall of the eye.
Retinal Detachment	The coming loose of the retina from the underlying tissue.
Staphylokinase	A protein derived from the bacteria Staphylococcus Aureus that when administered to patients can induce the dissolution of a blood clot by binding to plasminogen in the presence of a blood clot.
TB-403	Anti-PlGF (placental growth factor)
Thrombolytic	A pharmaceutical that can break up blood clots blocking the flow of blood to specific tissues.
Thrombosis	The formation of a blood clot locally within a blood vessel.
tPA	Tissue Plasminogen Activator, an enzyme that exists in the human body and plays a role in the dissolution of blood clots.
µm	Microns
VA	Visual Acuity
Vascular Endothelial Growth Factor (VEGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. The predominant receptors that VEGF binds to are called VEGFR-1 (Flt-1) and VEGFR-2 (Flk-1).
VIB	Flanders Institute for Biotechnology
Vitreous	A jelly-like substance that fills the center of the eye.
VMA	Vitreomacular adhesion.
VMT	Vitreomacular traction.

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ThromboGenics®

Advancing Science. Enhancing Vision.™