2019
ANNUAL REPORT
FINANCIAL INFORMATION

Contents

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 Oxurion is responsible for the contents of this document. The Board of Oxurion declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Year's Annual 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 Oxurion 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 Oxurion 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 12, 2020.

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-1930 Zaventem, represented by Gert Claes and a member of the "Instituut der Bedrijfsrevisoren (IBR)" has been appointed as statutory auditor of Oxurion for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2022, which will have deliberated and resolved on the financial statements for the financial year ending on December 31, 2021.

1.3. Availability of the Annual Report

Oxurion published its Annual Report in Dutch. Oxurion 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 to the public on the Company's website (www.oxurion.com) and in hard copy free of charge in both languages by request to:

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1.4. Forward looking information

This Annual Report includes forward-looking statements, expectations and assessments regarding the expected future performances of Oxurion and the market in which it operates. Certain statements, expectations and assessments can be recognized using 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 future matters that are not historical facts. Such statements, expectations and assessments are based on various assumptions, expectations and assessments of known and unknown risks, uncertainties and other factors that 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 depend on factors outside the Company's control. Consequently, the actual results, financial condition and the results of the sector, may diverge substantially from any future results, performanc-

es or achievements expressed or implied by such statements, expectations and assessments. Factors that can cause such a divergence include, but are not limited to, the factors that are discussed in the Chapter "Risk Factors". Given these uncertainties, absolutely no statement is made or reassurance is given regarding 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 disclaims any obligation to adapt any of the forward-looking statements, expectations and assessments in this Annual Report in order to reflect any change in the expectations and assessments of the Company 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, 2019, unless expressly stated otherwise.

2. Message from CEO and Chairman of the Board

Dear Reader,

2019 was an important year for Oxurion, with the results of three clinical trials and the strategic decision to focus our research and resources on developing non-VEGF compounds to target an unmet medical need for people with diabetic and retinal eye disease.

Our therapeutic approach means focusing resources, time, and energy on compounds we believe have the potential to make a life-changing improvement in a person's vision. For DME patients there is still a large unmet need. More than 40% of them have a suboptimal or zero response to treatment with an anti-VEGF, currently the standard of care for most DME patients.

Streamlined pipeline for renewed focus

In August 2019, the data for the phase 2a clinical trial evaluating our anti-PlGF (THR-317) for treating DME was announced. It proved to be clinically sound, but the read-out data did not show the outcome we were hoping for. Leaving this pathway was the obvious choice.

This past year we have put a lot of effort into advancing our pipeline targeting back of the eye diseases, conducting three clinical trials. This was a big achievement, thanks to the tireless work of the whole Oxurion clinical development team. It was an intensive process, but the hard work paid off for two compounds.

We've obtained excellent results from two phase 1 clinical trials evaluating two distinct and wholly owned non-VEGF compounds: THR-149 and THR-687. Both compounds not only proved to be very safe and well-tolerated, they also showed a substantial, clinically relevant and early benefit and durability of effect. These molecules have given us a solid basis, a confirmation of our new focus, and a growth platform for the company's future development.

In July 2019 we could announce the first positive topline data for the phase 1 clinical study evaluating the safety of THR-149, a plasma kallikrein inhibitor, to treat patients with DME. This is a validated pathway and a different angle to target the disease. Additional data supported the findings in September 2019.

At the beginning of 2020, the first positive data for the phase 1 clinical study evaluating the safety of THR-687 were announced. THR-687 is a pan-RGD integrin antagonist and yet another path to finding a novel treatment for diabetic eye disease, with a compound offering a very broad potential.

The data of these two trials truly tick all the boxes in developing the next-generation therapy for retinal disease.

It is encouraging to see that key retina opinion leaders in Europe and the US also confirm the potential of THR-149 and THR-687 for treatment of DME. The retina community's interest in these compounds is already greater than was the case for THR-317.

Oxurion does not hesitate to bring investors and experts together. We want our shareholders and investors to hear from key opinion leaders familiar with our programs why these are innovative and important for the eye community.

Exciting new phase

In 2020, we are in the process to prepare two clinical phase 2 trials, evaluating whether multiple doses of the compounds can increase and prolong the visual improvement observed in the phase 1 studies. The two compounds target different patient groups. THR-149 will be evaluated in patients who do not or do not optimally react to anti-VEGF treatment (non-responders/ poor responders), while anti-VEGF treatment naïve patients will be selected in the THR-687 phase 2 study.

Oxurion believes that if the phase 2 trials replicate and maintain the observed benefit from the phase 1 studies, both compounds would become compelling drug candidates with clear value to the market.

Future development

Moreover, we continue to invest in discovery programs for new target diseases in the back of the eye. It is critical to a biotechnology company like Oxurion to push R&D and constantly generate new concepts at the preclinical level. That way we can keep bringing new products into the clinic and add value to our portfolio.

Our current value and position as a global biotech player are the fruit of proven past R&D efforts that led to sustainable research models. Our decision to invest in early stage compounds have already generated visible results: we brought a first-in-class product to the market and now have an exciting pipeline with two compounds in clinical trials. The success factor in all these strategic considerations is good interaction between the Management Team and the Board of Directors.

In 2019, the Oxurion research and preclinical development teams focused almost exclusively on in-vivo and in-vitro validation of new pathways and compounds for treatment of dry AMD. The company entered the field of age-related macular degeneration (AMD) the year before. AMD is one of the world's leading causes of blindness in elderly people. In the 'dry' form of the disease (dry AMD), retinal tissue slowly wastes away due to cell degeneration. In its most advanced stage the condition leads to blindness. We hope to be able to present a preclinical proof of concept in 2020.

Eye community

In 2019, Oxurion kept close ties with NGOs and patient advocacy organizations like Prevent Blindness and Retina Global. Our company teamed up with Prevent Blindness in order to boost their 'Diabetic Eye Disease Awareness Month'-campaign. The Company is currently looking into how it can assist and support Prevent Blindness in its development of a brand-new nationwide patient engagement and advocacy training program.

We continue to support Retina Global's diabetic retinopathy project in Bolivia (BOLDR) and elsewhere in the world. Their efforts to educate on eye disease and quality eye care, and to send retina specialists to less privileged parts of the world to provide specialized eye care to those who need it, must be supported.

We remain committed to our outreach efforts to the broader eye community to join forces and show our dedication to fulfilling our mission: to prevent vision loss and fight blindness worldwide by developing and delivering next-generation treatments.

Distribution partner for JETREA®

We also decided to stop actively promoting JETREA® ourselves and seek a distribution licensee partner. With Inceptua Group we've found such a partner. In 2020, Oxurion and Inceptua Group signed a global license agreement for further commercialization of JETREA®. With that we fulfilled our commitment to not only secure access to JETREA® for those patients we believe can truly benefit from this first-in-class medicine, but to do it in a cost-neutral manner for the Company.

Future outlook

Oxurion has completed its transformation to a full-fledged drug development company with a clear focus. It now has two exciting phase 2 clinical trials evaluating two distinct and very innovative non-VEGF compounds for treatment of DME. We've also taken our first step into the AMD arena with its large untapped potential and aim to make a substantial impact there. Our phase 2 studies are designed to generate first efficacy data in 2021/22 and true clinical proof of concept for two drugs with enormous market potential in 2022/23. There are interesting years ahead.

Oncology research with Oncurious

Subsidiary company Oncurious NV is active in the area of next generation Immuno-Oncology therapies, and already has a clinical study going in medulloblastoma. For 2020, the Company is preparing the presentation of preclinical proof of concepts in I/O. For that, Oncurious is working in close collaboration with the Flemish Institute of Biotechnology (VIB).

Strong organization and experienced Board of Directors

Over the years we have built a strong, agile and very complementary organization of 77 people. Our preclinical team is really the driver of our R&D work to discover new pathways. To bring new compounds into the clinic and advance our pipeline, we have a very experienced clinical team with a proven track record in regulatory, quality and safety issues. Much new data will be generated in the coming year so we're now bolstering our statistical analysis capabilities.

Our experienced Board of Directors decides upon the company's values and strategy, upon its willingness to take risks and upon the general policy plan. One-third of the Board consists of female executives. With 50% Europeans and 50% Americans, we're proud to have a perfectly balanced team.

3. Management report of the Board of Directors

3.1. Key Figures

3.1.1. Consolidated statement of financial position

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Property, plant and equipment	340	614
Right-of-use assets	2,212	0
Intangible assets	1,982	20,450
Other non-current assets	96	127
Non-current tax credit	3,385	2,584
Inventories	20	1,036
Trade and other receivables	3,592	4,219
Current tax receivable	467	707
Investments	10,444	20,475
Cash and cash equivalents	42,492	64,652
Total assets	**65,030**	**114,864**
Total equity	53,306	105,310
Non-current liabilities	1,335	0
Current liabilities	10,389	9,554
Total equity and liabilities	**65,030**	**114,864**

3.1.2. Consolidated statement of profit and loss

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Income	3,946	5,320
Operating result	-52,174	-39,241
Finance income	495	796
Finance expense	-407	-324
Result before income tax	-52,086	-38,769
Taxes	-17	-10
Result of the year	-52,103	-38,779
Result per share		
Basic earnings/(loss) per share (euro)	-1.36	-1.01
Diluted earnings/(loss) per share (euro)	-1.36	-1.01

3.2. Activities of Oxurion

3.2.1. General

ThromboGenics NV was incorporated on 30 May 2006 and is a limited liability company (in Dutch: Naamloze Vennootschap). Following shareholders' approval at an extraordinary shareholders' meeting held on September 3, 2018, and effective as of September 10, 2018, ThromboGenics NV changed its corporate name to Oxurion NV.

The registered office is established at:
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 10
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The Company is registered in the Belgian Crossroads Databank for Enterprises under enterprise number 0881.620.924.

3.2.2. Mission

Oxurion is dedicated to developing and bringing new pharmacologic treatments addressing important unmet clinical needs in ophthalmology to a commercial stage of development. Oxurion is focused on developing novel medicines for diabetic eye disease, with focus on back of the eye (diabetic retinopathy and diabetic macular edema), as well as new compounds targeting diseases of the retina and in the area of Aged Macular Degeneration in particular.

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. Starting in 2007, this became the 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 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.

ThromboGenics pioneered the new drug category of pharmacological vitreolysis, developing and commercializing JETREA® (ocriplasmin) which has been approved for the treatment of vitreomacular adhesion/ vitreomacular traction in 54 countries worldwide.

In 2015, Oxurion took a strategic decision to focus its main resources on developing novel medicines for diabetic eye disease, with a focus on back of the eye (diabetic retinopathy and diabetic macular edema). Oxurion also researches new compounds targeting diseases of the retina and in the area of Aged Macular Degeneration in particular.

In order to allow the company to focus its efforts on the development of new medicines, Oxurion decided in 2019 to move towards a distribution model for JETREA®.

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

As of December 31, 2019, the Group consists of Oxurion NV, including an Irish Branch, a fully owned subsidiary ThromboGenics, Inc and an 81.67% owned subsidiary Oncurious NV.

3.2.4. Employees and headcount development

As of December 31, 2019, Oxurion NV Group employed 77 employees

- 67 for Oxurion NV: 61 in Leuven, Belgium; 2 in France, 2 in Germany and 2 in Italy
- 6 in ThromboGenics, Inc. (New Jersey, US and home-based employees)
- 4 for Oncurious NV all employed in Leuven, Belgium

Oxurion NV Group counts 21 employees holding a Doctoral degree and 39 employees holding a master's degree.

3.2.5. Activities

Oxurion has made significant progress with the development of its innovative pipeline of drug candidates for Diabetic Macular Edema (DME).

The Oxurion clinical development pipeline consists of novel products with different, including VEGF independent, modes of action, which together potentially give the Company access to a significant share of the large and fast-growing diabetic eye disease market.

Oxurion's clinical pipeline comprises of

- **THR-149:** a potent plasma kallikrein inhibitor completed a phase 1 multicenter, dose escalation study for the treatment of DME in July 2019. Positive data showed that THR-149 is well-tolerated and safe with no dose-limiting toxicities or drug-related serious adverse events reported. The data also showed promising efficacy results in relation to BCVA after a single injection.

- **THR-687:** a small molecule pan-RGD integrin antagonist being developed to treat a broad range of patients with diabetic eye disease. phase 1 study completed in January 2020 and the data showed it is well-tolerated and safe. The data also showed promising efficacy results with rapid onset of action and prolonged effect on BCVA following a single injection.

Patrik De Haes, M.D., CEO of Oxurion, commented:

"The positive phase 1 results that we have delivered in recent months from both our THR-149 and THR-687 programs have clearly positioned Oxurion as the leader in developing safe and effective next generation therapies for DME and diabetic eye disease more broadly, which go beyond VEGF.

These novel candidates have the potential of being a significant market opportunity, as it is known that 40% of DME patients respond poorly to any anti-VEGF therapy. We believe that those patients will have a better chance of achieving improved visual outcomes when treated with beyond VEGF therapies such as THR-149 and THR-687.

Our THR-149 program, a potent plasma kallikrein inhibitor which acts via a completely VEGF independent pathway, has reported positive phase 1 data showing that this compound is well placed to potentially become a treatment of choice for those DME patients who have previously responded suboptimally to anti-VEGF therapy.

Based on preclinical data and when compared to historical clinical data, THR-687, a small molecule pan-RGD integrin antagonist, has shown the potential to perform as well, if not better, than approved anti-VEGF treatments. This is particularly encouraging given our expectation that THR-687 could have a much broader therapeutic reach than anti-VEGFs.

We are preparing to begin a phase 2 study with both compounds and expect to start our first trial evaluating multiple doses of THR-149 later in 2020. The phase 2 study with THR-687 is expected to start in Q1 2021.

Our current cash of €52.9 million will allow us to initiate and progress phase 2 development of these exciting novel compounds as we look to provide both patients and physicians with improved treatment options for the treatment of diabetic eye disease."

Diabetic Eye Disease – Oxurion's key focus

Diabetic eye disease is a major global healthcare problem and the major cause of blindness in adults of working-age. It is estimated that there are 150 million people with diabetic retinopathy (DR), 50 million of which have vision-threatening disease.

Diabetic eye disease is caused by the high blood glucose levels (hyperglycemia) associated with diabetes. If left unchecked, hyperglycemia causes damage to the capillaries supplying blood, and hence oxygen, to the retina, the structure at the back of the eye responsible for vision.

Diabetic retinopathy (DR) is a serious, sight-threatening disease. DR progresses from mild, non-proliferative to more severe or even proliferative stages (PDR). PDR, the more advanced stage of diabetic eye disease happens when the retina starts growing new fragile blood vessels, which often bleed into the vitreous leading to loss of vision.

Diabetic macular edema (DME) is a severe complication of DR. DME is an accumulation of fluid in the macula – the part of the retina that controls detailed vision - due to leaking blood vessels. DME represents an area of major unmet medical need.

It is estimated that the overall retinal vascular disease therapy market is worth $11 billion per annum of which $4 billion is accounted for by treatments for DR/DME, the vast majority of which relates to anti-VEGF therapies.

In DME, anti-VEGFs, which are the current standard of care, have been shown to deliver suboptimal results in a significant portion of the patient population. Around 40% of DME patients have an unsatisfactory early visual response with anti-VEGF therapy, and in many cases, anti-VEGFs fail to achieve a clinically meaningful visual improvement.

Oxurion is focused on solving that unmet medical need.

Next generation therapies targeting unmet medical need in DME – Beyond VEGF

Oxurion's R&D activities are focused on using its in-depth understanding of important eye disease mechanisms to generate new therapies that can be game changing in the treatment of several major retinal indications such as diabetic eye disease.

In general, treatment of diabetic eye disease is centered around anti-VEGF therapies, which are used to treat approximately 80% of patients. Despite the significant success of anti-VEGFs, there will always be a need from both physicians and patients for improved therapies that have:

- Faster onset of action
- Better therapeutic effect in terms of visual function (BCVA) and response rate (proportion of patients)
- Longer duration of response allowing extended treatment intervals
- Improved convenience of treatment through a simpler dosing regimen

Those requirements are driving the development of Oxurion's new generation of beyond-VEGF therapies, where Oxurion has focused on market and patient requirements when selecting new drug candidates.

These criteria mean that both THR-149 and THR-687 are being developed to meet specific unmet needs in the market for diabetic eye disease therapies.

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

Positive phase 1 Results with THR-149 for the treatment of DME – phase 2 program under preparation

THR-149 is a novel plasma kallikrein inhibitor being developed as a potential new standard of care for the 40% of DME patients who respond suboptimally to anti-VEGF therapy.

THR-149 acts through inhibition of the Plasma Kallikrein-Kinin (PKal-Kinin) system, a validated target for DME.

The phase 1 study for THR-149 showed that it:

- Is well-tolerated and safe. No dose-limiting toxicities nor drug-related serious adverse events were reported at any of the dosages evaluated in the study.
- Delivered promising results in relation to efficacy, in particular changes to the patient's BCVA. A rapid onset of action was observed from Day 1, with an increasing average improvement in BCVA of up to 7.5 letters at Day 14.

Importantly, this activity was maintained with an average improvement in BCVA of 6.5 letters at Day 90 following a single injection of THR-149.

Data from this positive phase 1 study with THR-149 were presented at several major retina conferences in Europe and the US in 2019 including:

- 19th Congress of European Society of Retina Specialists (EURETINA) in Paris (5– 8 September);
- Retina Society Annual Meeting in London (11–15 September).

The Company is currently preparing to start a phase 2 development program, which will evaluate multiple doses of THR-149 in patients with DME. Start of study delayed until COVID-19 related safety considerations allow. Preparation work to continue as planned.

This novel drug candidate was generated using Bicycle Therapeutics' Bicycles® technology platform.

THR-687 – a pan RGD-integrin antagonist for treatment of DME

Positive phase 1 Results with THR-687 for the treatment of DME – phase 2 program expected to start in Q1 2021

Oxurion is developing THR-687, a novel pan-RGD integrin antagonist, to preserve vision in a broad range of patients with diabetic eye disease. This wide-ranging potential is based on the hypothesis that integrin inhibition can address many of the processes that result in the pathological angiogenesis and vascular leakage that cause diabetic eye disease and other retinal diseases.

Topline data from the phase 1 trial showed that THR-687:

- Is well-tolerated and safe with no dose-limiting toxicities. No serious adverse events were reported at any of the doses evaluated in the study.
- The study also looked at efficacy including changes to the patient's BCVA. Across all doses, a rapid onset of action as measured by mean BCVA change was observed from Day 1 with an increase of 3.1 letters, which further improved to 9.2 letters at Month 1.

- This activity was maintained with a mean BCVA improvement of 8.3 letters at Month 3 following a single injection of THR-687.

- A clear dose response was seen in terms of BCVA with the highest dose of THR-687 delivering a mean BCVA Improvement of 11 letters at Day 14, with a peak improvement of 12.5 letters at Month 3.

- In addition, a peak mean central subfield thickness (CST) decrease of 106 µm was observed at Day 14 with the highest dose of THR-687.

Data from this positive phase 1 study with THR-687 were presented by Retina expert at the Bascom Palmer Eye Institute Angiogenesis, Exudation, and Degeneration 2020 Meeting in February 2020 in Miami (US).

Oxurion is preparing the complete data analysis from this phase 1 study with THR-687, ahead of starting a planned phase 2 study in Q1 2021.

THR-317 – No further investment in clinical development

In August 2019, the Company announced the topline results from an exploratory 70 patient phase 2a study evaluating the efficacy and safety of intravitreal THR-317, an anti-PIGF antibody, administered in combination with ranibizumab (Lucentis®), a VEGF inhibitor, for the treatment of DME.

The study showed that the combination did not produce an increase in BCVA in the overall population at Month 3.

Certain improvement in mean BCVA at Month 3 could be observed with the combination therapy in 2 pre-specified subgroups of interest:

- poor (or non) responders to prior anti-VEGF, and
- patients with poor vision - baseline BCVA ≤65 letters

Topline data confirmed that THR-317 in combination with ranibizumab is safe and well-tolerated.

Following these mixed results together with the very promising data that have been generated with both THR-687 and THR-149, all investments in further clinical development of THR-317 ceased in December 2019.

Oxurion will follow a publication strategy for any further clinical data related to the above.

Oxurion and Inceptua Group enter global license agreement for the commercialization of JETREA®

Following its earlier decision to stop all of its own JETREA® commercialization activities, and to organize patient and physician access to JETREA® exclusively via a distributor/licensee agreement, Oxurion now announces it has signed a JETREA® global license agreement with Inceptua Group.

With local offices across Europe, USA, and Asia, Inceptua Group is a global pharmaceutical company and service partner spanning the product lifecycle – from clinical trials, through early access programs to licensing and commercialization of products.

As a result of this agreement, it is expected that Oxurion will cease commercialization activities in 2020.

In Europe, the Marketing Authorization (MA) will be transferred from Oxurion NV to the Inceptua Group, which is expected by Summer 2020.

In Switzerland, the hosting agreement will be transferred and in Australia, the distribution agreement will also be transferred to Inceptua.

In the US, current distributors will continue to supply the market until further notice. It is anticipated that the biologics licence application (BLA) in the US will be withdrawn by February 2021 at the latest. After that, access to JETREA® in the US will be decided by Inceptua Group.

JETREA® is a first-in-class pharmacological vitreolysis therapy approved for treatment of symptomatic vitreomacular adhesion or vitreomacular traction. It was launched in early 2013.

Over 35,000 patients have been treated with JETREA® to-date with real world clinical data confirming that the drug is a safe and effective early treatment for a well identified group of patients suffering from symptomatic vitreomacular adhesion or vitreomacular traction.

Patrik De Haes, M.D., CEO of Oxurion NV, said: *"The deal with Inceptua is in line with our plan to move the commercialization of JETREA® to a distribution and licensee model. Our worldwide license agreement with INCEPTUA will allow us to fully focus our organization and resources on further progressing our promising clinical pipeline of next generation non-VEGF assets for treatment of diabetic eye disease."*

Oncurious Update

Increased focus on building portfolio of next generation Immuno-Oncology therapies

Oncurious' full focus is on the development of next-generation Immuno-Oncology therapies targeting a broad spectrum of cancers.

Oncurious is identifying a number of multi-specific biologics with distinct modes of action against immunomodulatory targets.

In close collaboration with VIB (Flemish Institute of Biotechnology), the Belgium based world leading life sciences research institute and shareholder of Oncurious (next to Oxurion), these candidates are being evaluated in preclinical tumor models, both as monotherapies and in combination with standard of care treatment.

In June 2019, Oncurious received a project grant of close to €1.0 million from Flanders Innovation and Entrepreneurship (VLAIO) to support these developments.

Oncurious is well on track to present a first preclinical proof of concept by mid-2020.

Clinical study TB-403 for treatment of medulloblastoma

Recruitment in US phase 1/2a study evaluating TB-403, a humanized monoclonal antibody against placental growth factor (PlGF), for treatment of Relapsed or Refractory Medulloblastoma is ongoing, but continues to be very slow.

TB-403 is being developed by Oncurious in conjunction with BioInvent International.

3.2.6. Intellectual property

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

The licenses awarded to Oxurion NV are exclusive licenses with the right to sublicense and might be subject to pre-agreed royalties. Oxurion NV has the rights to all in-house intellectual property. The Company employs a contracted European patent 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, 2019, Oxurion 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 Oxurion holds 81.67%, the other 18.33% being owned by VIB.

3.2.8. Facilities

Since January 2009, all 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, Iselin (US) and Dublin (Ireland).

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, Oxurion has not made any other large investments, nor made commitments to make major investments in the near future.

IP acquired from third parties are accounted for as investments and subject to impairment evaluation as per accounting policy.

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 3 and according to the Company's accounting policy will be capitalized.

3.2.10. Health, safety and environmental regulations

As a biotech Company, Oxurion must deal with biological products daily. 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.

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

Corporate social responsibility

The company is in connection with NGOs and patient advocacy organizations. Our company teamed up with Prevent Blindness and is a leading sponsor of the Bolivian project BOLDR of Retina Global. With this project, the organization trains local physicians and nurses in diagnosing and treating diabetic retinopathy and eye diseases in general in a population that normally cannot afford it. Oxurion continuously aims to reach out to the broader eye community to join forces and show our dedication to fulfilling our mission: to prevent vision loss and fight blindness worldwide by developing and delivering next-generation treatments.

While biotech research is inherently associated with high waste production, where possible the company selects re-usable or recyclable material: disposable protective garments are replaced by a washable alternative, plastics are replaced by glassware, waste flows are separated in different fractions to allow recycling. Orders are placed with local (European) providers and grouped as to reduce transportation impact. Our processes are optimized to generate as little waste materials as possible.

Furthermore, Oxurion actively promotes the use of public transportation or bicycle for the regular commute to work; and work-related travel is replaced by interactive videoconference calls to maintain business contacts. Oxurion remains ever conscious of its environmental impact of its activities, and continuously evaluate its needs in order to minimize its footprint.

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 12, 2020.

Income statement

In 2019, Oxurion JETREA® income amounted to 4.0 million euro compared to 5.3 million euro in 2018.

Oxurion's gross profit in 2019 amounted to 1.7 million euro compared to 2.0 million euro in 2018.

R&D expenses in 2019 were 25.7 million euro compared to 29.5 million euro in 2018. R&D expenses related to preclinical activities in THR-687, and THR-149 as well as in THR-317 clinical activities. The 2018 figure included a milestone payment of 1.0 million euro related to the development of THR-149. Government grants and income from recharge of costs are deducted from the research and development expenses.

In 2019, the selling expenses of Oxurion were 7.0 million euro compared to 6.2 million euro in 2018. The increase in these expenses reflects investments in personnel for a select number of ex-US markets as well as diverse activities related to the transfer of market authorizations and regulatory duties from Alcon/Novartis.

General & administrative expenses comprising expenses related to General, Human Resources, Finance, ICT, Legal, Corporate Communications management and Board remained stable at 6.3 million euro compared to 6.3 million euro in 2018.

In 2019, Oxurion obtained other operating income of 2.0 million euro compared to 0.9 million euro in 2018. This included 1.0 million euro obtained as a closing balance of profit transfer from JETREA® sales made by Alcon/Novartis.

On June 30, 2019, the remainder of all JETREA® intangibles (comprising internally generated assets, as well as Nuvue and Grifols acquired IP) were written off for a total amount of €16.9 million.

In 2019, Oxurion incurred an operating loss of 52.2 million euro compared to an operating loss of 39.2 million euro in 2018.

Oxurion's 2019 total financial income decreased to 0.5 million euro compared to 0.8 million euro in 2018, while finance expenses increased to 0.4 million euro compared to 0.3 million euro in 2018.

In 2019, Oxurion made a loss for the year of 52.1 million euro, compared to a loss for the year in 2018 of 38.7 million euro resulting in negative diluted earnings per share of 1.36 euro in 2019 versus 1.01 million euro negative diluted earnings per share in 2018.

Cash Flow

Oxurion's cash position (including investments) at the end of 2019 amounted to 52.9 million euro, in comparison to 85.1 million euro (including investments) at the end of 2018.

Balance sheet

The total balance sheet per December 31, 2019 amounted to 65.0 million euro with cash, cash equivalents and investments representing 81% of the total balance sheet compared to 114.9 million euro with cash, cash equivalents, restricted cash and investments representing 74% of the total balance sheet as of December 31, 2018. The Group has no external financial debts.

Oxurion NV was incorporated as ThromboGenics NV on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. Per December 31, 2019, the capital of the Company amounted to 100,643,932 euro represented by 38,291,950 shares.

3.4. Comments to Statutory Accounts

The 2019 financial year closed with a loss of 50.2 million euro compared to a loss of 36.9 million euro for the 2018 financial year.

The operating income for the 2019 financial year amounted to 24.3 million euro compared to 24.7 million euro in 2018 and consists of

- 2.9 million euro from product sales compared to 4.4 million euro in 2018;
- 0.1 million euro from royalties compared to 0.1 million euro in 2018;
- 18.0 million euro capitalized R&D expenses compared to 18.9 million euro in 2018;
- 3.2 million euro from costs carried forward and other operational revenue compared to 1.3 million euro in 2018.

The operating expenses for the financial year 2019 amounted to 75.4 million euro compared to 63.2 million euro for the financial year 2018. These operating expenses break down as follows

- 12.0 million euro in purchases compared to 12.1 million euro in 2018;
- 16.2 million euro in services and various goods compared to 18.2 million euro in 2018. The 2018 figure included a milestone payment of 1.0 million euro related to the development of THR-149;
- 8.4 million euro in salaries and social security compared to 7.5 million euro in 2018;
- 20.5 million euro in depreciations and amortization compared to 24.5 million euro in 2018 and;
- 1.4 million euro in other operating expenses compared to 0.9 million euro in 2018;
- 16.9 million euro in non-recurring operating charges in 2019 due to the impairment of JETREA®.

Therefore, the operating loss amounts to 51.1 million euro, compared to a loss of 38.5 million euro a year earlier.

The financial results were as follows: 0.5 million euro in financial revenue compared to 1.1 million euro in 2018 and 0.4 million euro in financial expenses compared to 0.3 million euro in 2018.

Favorable adjustments of income taxes, related to a different method of processing the tax credit as from 2018, based on the CBN opinion 2018/02, published on March 21, 2018, amounted to 0.7 million euro in 2019 and 0.8 million euro in 2018.

As a result, the 2019 financial year closed with a loss of 50.2 million euro compared to a loss of 36.9 million euro for the 2018 financial year.

In addition, for the financial year 2019, an amount of 0.11 million euro was invested, mostly in IT and laboratory equipment and office modeling, compared to 0.15 million euro in 2018.

Going concern

According to article 3:6 of the Belgian Company Code (article 96, 6th of the old Belgian Company Code) and after deliberation, the Board of Directors has decided to preserve the valuation rules assuming continuation, for the following reason:

At December 31, 2019 there is a solid cash and cash equivalents position (including investments) of 52.7 million euro in comparison to 84.9 million euro (including investments) at December 31, 2018. Additionally, at December 31, 2019 the Company has a

share capital of 111.1 million euro in comparison to 148.0 million euro at December 31, 2018. Considering the current available cash position, the budgets for 2020 and 2021 and funding activities, the Board of Directors 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 under the assumption of going concern.

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

The risks and uncertainties that Oxurion believes to be material are described below. Should any of these risks materialize, it could have a material adverse effect on Oxurion's cash flows, results of operations, financial condition and/or prospects and may even endanger its ability to continue as a going concern. Moreover, other risks, including those currently unknown or deemed immaterial, may also impair Oxurion's business operations.

As further described below, in 2019 and going forward, Oxurion was and will continue to be subject to the following risks:

- Oxurion has no history of profitability due to the substantial spending on research and development.
- Oxurion will require additional financial investments to future research and development activities.
- The market may not be ready for or may not accept the drug candidates of Oxurion.
- The pharmaceutical market is highly competitive, which means that Oxurion is required to compete with players having much stronger financial and human resources than our Company and creates the possibility of competing molecules and the possible genericization of the anti-VEGF market.
- Bringing a drug candidate to market requires expensive and time intensive preclinical and clinical studies and the outcome of each phase is always uncertain. Oxurion may be unable to complete the development programs of its product candidates successfully and/or to obtain the licenses and approvals necessary to bring new drugs to the market.
- The guidelines and rules issued by the regulatory authorities to authorize the marketing of Oxurion's products are very strict and their impact is difficult to predict.
- Obtaining reimbursement of drugs will be even more important and difficult to obtain in the future.
- Oxurion may be subject to claims that its products violate the intellectual property rights of others or may be exposed to violations of patents or other intellectual property rights.
- Oxurion is dependent on partners to provide expertise and various forms of support on R&D, manufacturing, sales, marketing, technology and license and property rights.
- Oxurion may face difficulties in attracting well qualified staff.
- Oxurion has currently only one commercial product (JETREA®), which to date has been unable to reach break-even. In order to allow Oxurion to focus its efforts on the development of new medicines, Oxurion decided in 2019 to move towards a distribution model for JETREA® which is not expected to substantially impact the cashflow.

In 2019, financial risk management focused on:

- Credit risks: Credit risk is limited to JETREA® sales for which the Company has distributors in US, Belgium, Canada and Australia which are creditworthy. Oxurion 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: Oxurion is moderately subject to exchange rate risks and will use incoming foreign currencies (USD mainly) to partially cover outgoing foreign currencies. Uncovered outgoing foreign currencies will be honored by exchanging euro. As per treasury policy, Oxurion has not used financial instruments to cover such risks.

This section will further specify components of each risk listed: the risk factors are presented in seven categories, depending on their nature. In each category, the risk factor that in Oxurion's view is the most material, taking into account the potential negative impact on Oxurion (including any relevant mitigation measures) and the probability of its occurrence, is mentioned first. The remaining risk factors within each category are not ranked in order to their materiality. The financial risks are addressed in section 5.5.7.

3.5.1. Risk factors related to Company's financial position and capital requirements

Oxurion is a biotechnology company focused on the development of new products. It expects to continue to incur net losses in the foreseeable future and may never achieve sustained profitability.

Oxurion is a biotechnology company in the ophthalmology sector. Oxurion is dedicated to developing and bringing new pharmacologic treatments addressing important unmet clinical needs in ophthalmology to a commercial stage of development.

ThromboGenics pioneered the new drug category of pharmacological vitreolysis, developing and commercializing JETREA® (ocriplasmin) which has been approved for the treatment of vitreomacular adhesion/vitreomacular traction in 54 countries worldwide.

In 2015, Oxurion took a strategic decision to focus its main resources on developing novel medicines for diabetic eye disease, with a focus on back of the eye (diabetic retinopathy and diabetic macular edema). Oxurion also researches new compounds targeting diseases of the retina and in the area of Aged Macular Degeneration in particular.

The Group has reported net profits in 2012, 2013 and 2017 only, which were mainly attributable to the non-recurring milestone payments received under its agreement with Alcon in 2012 and 2013 and the one-time payment received from Alcon/Novartis under the Settlement Agreement with Alcon/Novartis terminating the License Agreement with Alcon/Novartis effective September 15, 2017 (we refer to note 5.8 for more information). The recurring product sales of JETREA® in the US and the ex-US sales have not been able to achieve break-even. In order to allow Oxurion to focus its efforts on the development of new medicines, Oxurion decided in 2019 to move towards a distribution model for JETREA® which is not expected to substantially impact the cashflow.

Oxurion's compounds in its clinical pipeline are comprised of:

- a potent plasma kallikrein inhibitor (THR-149) which completed a phase 1 multicentre, dose escalation study for the treatment of DME.

- a small molecule pan-RGD integrin antagonist (THR-687) being developed to treat a broad range of patients with diabetic eye disease, which completed a phase 1 study.

Oxurion is developing the Product Candidates in clinical settings and does not anticipate generating revenue from sales of these products for the foreseeable future.

The international biopharmaceutical industry is highly regulated by governmental bodies ("Regulators") imposing substantial requirements on almost all aspects of Oxurion's activities and those of its partners, notably on research and development, preclinical trials, clinical trials, labelling, marketing, manufacturing, sales, handling, transport and storage of human material, record keeping, promotion and pricing of its research programmes and product candidates.

Oxurion intends to continue its efforts to conduct preclinical testing, product development, clinical trials and regulatory compliance activities, which, together with anticipated general and administrative expenses, will result in incurring further significant losses for several years. These losses, among other elements, will continue to cause Oxurion's working capital and the shareholders' equity to decrease.

The extent of Oxurion's future net losses will depend on the amount of expenses it incurs and its ability to generate revenue. The Company may encounter unforeseen events (potentially including expenses, difficulties, complications, delays and other unknown factors) that may have a material adverse impact on its business and financial situation.

Oxurion cannot be sure that it will generate positive clinical data, receive regulatory approval, earn revenues or achieve profitability, which could impair Oxurion's ability to sustain operations, obtain any required additional funding, or continue as a going concern. Furthermore, even if Oxurion achieves profitability in the future, it may not be able to sustain profitability in subsequent periods.

As Oxurion does not have profit-generating commercial activities, it is largely dependent on external funding that may not be available on acceptable terms when needed, if at all.

On 31 December 2019, Company's cash position was € 52.9 million. Based on current projections, Oxurion is able to fund the cash requirements of its planned research and development activities until half 2021 but will require additional funding in the future to finance its Product Candidates and take advantage of new business opportunities.

Oxurion's existing capital resources are not sufficient to fund the completion of all its current clinical trials through to out licensing or commercialization. Accordingly, Oxurion will need to raise additional funds. Currently, Oxurion mainly relies on equity for additional funding. The extent of Oxurion's future financing needs is dependent on many factors, including the progress, costs and timing of its research and development activities and clinical trials, the costs of managing patent and IP portfolio and obtaining regulatory approval, and the terms and timing of its product supply arrangements, commercial relationships, license agreements and other partnerships, and/or re-establishing sales and marketing capabilities.

Oxurion's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and Oxurion cannot guarantee

that additional funds will be available when necessary on commercially acceptable terms, if at all. Furthermore, raising additional capital may cause dilution to Oxurion's existing shareholders, restrict its operations or require the company to relinquish or restrict rights to its product candidates or technologies on unfavorable terms. While Oxurion is debt free to date, the future incurrence of indebtedness could result in fixed payment obligations and could also result in certain additional restrictive covenants that could adversely impact the way we conduct our business. This could have a material adverse effect on Oxurion as it may be forced to delay, reduce or terminate the development or commercialization of all or part of its Product Candidates or it may be unable to take advantage of future business opportunities.

3.5.2. Risk factors related to Company's business activities and industry

The novelty of the company's products generates a number of unknown factors that may have an adverse effect on Oxurion

The innovative nature of the pathways and biology Oxurion is researching and developing may result in unexpected correlations or the lack of correlations that would be predicted. As an example, recently generated clinical phase 1 data showed THR-149 induced an increasing average improvement in Best Corrected Visual Acuity (BCVA), but there was no clear signal of reduction in Central Subfield Thickness (CST) which may be a currently desired endpoint but unproven signal of improvement of DME affections.

This type of advanced research sometimes requires additional preclinical and clinical activities to generate more extensive data and hence additional costs, triggering a requirement for additional funding. Oxurion cannot give any assurance that it will be able to deal with these unknown factors, which may have an adverse effect on the business, the results, the financial situation and the development of the Product Candidates.

Oxurion's business environment is characterized by rapid technological change and complexity that could limit or eliminate the market opportunity for its product candidates.

The healthcare industry is characterized by a rapidly changing competitive landscape in which Oxurion competes with other companies based on technology, product offering, therapeutic area, intellectual property, geographic area, time to market and other factors. Oxurion's success depends on, among other things, its ability to establish a competitive position with respect to all these factors. Oxurion believes its competitive advantages include its expertise and know-how in diabetic eye disease, in back-of-the-eye disease in general, the quality (i.e., efficacy and safety) of its product candidates, and the choice of the indications (i.e., unmet medical needs in the fields of diabetic eye disease). However, Oxurion's competitors may have greater financial, human and other resources than the company does.

Markets for ophthalmologic treatments are in general highly competitive and the fields in which Oxurion operates are characterized by increased innovation. Oxurion's competitors may be currently developing, or may in the future develop, technologies and products that are equally or more effective, safe and/or economical as the current or future offering of Oxurion, which could eventually lead to the genericization of the anti-VEGF market. This may have a negative impact on Oxurion's success in the fields in which it operates.

It is also possible that Oxurion's drug candidates may not gain acceptance by patients, physicians and other healthcare professionals. Market acceptance of Oxurion's Product Candidates' will depend on many things, including Oxurion's ability to demonstrate their clinical efficacy, safety, cost-effectiveness, convenience and ease of use. Additionally, the Company's or its partners' ability to promote, market, and to obtain sufficient coverage or reimbursement from payers may impact the commercial success of products brought to market. If Oxurion's Product Candidates fail to gain market acceptance, this could have a material adverse impact on Oxurion's ability to generate revenues.

3.5.3. Risk factors related to clinical development

Company's research programs and product candidates must undergo rigorous preclinical tests and clinical trials, of which the start, timing of completion, number and results are uncertain and could substantially delay or prevent the Product Candidates from reaching the market. If Oxurion experiences significant delays or is unable to obtain marketing authorization, this would have a material adverse effect on its business.

Oxurion's research programs and product candidates must undergo rigorous preclinical and clinical trials, of which the start, the timing of completion, the number and the results are uncertain.

The further clinical trials of Oxurion's Pipeline Candidates may be delayed for a variety of reasons, including, but not limited to, reaching agreement on acceptable terms with prospective research organizations, manufacturing organizations and clinical trial sites; if issues are raised during clinical trials about the safety or efficacy of the Product Candidates; delays in obtaining regula-

tory approval from Regulators to commence a trial, in recruiting sufficient number of suitable patients to participate in a trial, in having patients complete a trial or return for follow-up, in obtaining sufficient supplies of clinical trial materials, and clinical sites dropping out of a trial.

Patient enrolment is a significant factor in the timing of clinical trials and is affected by many factors including, but not limited to:

- the limited number of patients available for clinical trials;
- the proximity of patients to clinical sites;
- 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;
- potential concerns about the safety of the product;
- competing clinical trials;
- clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new products that may be approved for the indications that Oxurion is investigating;
- whether the clinical trial design involves comparison to placebo or standard of care;
- whether the clinical trial investigators have the appropriate competencies and experience;
- the proportion of patients leaving the study before reaching an endpoint; and
- the availability of adequate insurance.

If Oxurion experiences lower than expected enrolment in the trials, the trials may not be completed as envisaged or may become more expensive to complete, which may have an adverse effect on Oxurion's business, prospects, financial condition and results of operations.

Reliance on clinical data and other results obtained by third parties

As part of Oxurion's strategy to mitigate development risk, we seek to develop product candidates with validated mechanisms of action. In doing so, we refer to development of similar drug classes and/or modes of action and in the future, we might utilize biomarkers to assess potential clinical efficacy early in the development process of our compounds. For example, for our Plasma kallikrein inhibitor, Oxurion is monitoring the clinical results of KVD001 from Kalvista and for the Integrin Inhibitor we are following the clinical results for Luminate® by Allegro.

This strategy necessarily relies on clinical data and other results obtained by third parties. If the third-party data and the results that we rely on prove to be inaccurate, unreliable or not applicable to our product candidates, we could make inaccurate assumptions and conclusions about our product candidates. As a result, our research and development or the pathway and drug class may be considered ineffective by the market and as a consequence our development efforts could be materially adversely affected.

Results of preclinical studies and early-stage clinical trials of Company's product candidates may not be predictive of the results of later-stage clinical trials.

Oxurion is not permitted to market or promote any of its Product Candidates before receiving regulatory approval from the European Medicines Agency (EMA), from the US Food and Drug Administration (FDA) or any other comparable Regulators, and Oxurion may never receive such regulatory approval for any of our Product Candidates. Although phase 1 clinical trials for THR-149 and THR-687 indicate that both compounds are safe and signal clinically relevant BCVA gains, there is no certainty that these results will continue in further trials and safety or efficacy issues can arise at any time.

Oxurion's success depends on the Company's ability to successfully develop one of its Product Candidates through completion of clinical phase 2 and out-licensing, or regulatory approval for, and then successfully commercialization of the Product Candidates. We cannot give any assurances that our clinical trials for THR-149, THR-687 or our other product candidates will be completed in a timely manner, or at all. If THR-149, THR-687 or any other product candidate is not approved and commercialized, Oxurion will not be able to generate any product revenues for that Product Candidate, which may have an adverse effect on Oxurion's business, prospects, financial condition and results of operations.

Oxurion's Product Candidates may develop adverse side effects that may delay or prevent marketing approval.

Oxurion's Product Candidates may cause undesirable side effects or have other properties that could delay further development or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

At the clinical stage, adverse side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. At the marketing stage, adverse side effects could prevent Oxurion or any potential future partner from achieving or maintaining market access and market acceptance of the affected product or could substantially increase commercialization costs and expenses.

Although THR-149 and THR-687's phase 1 studies have shown these compounds to be safe, undesirable side effects could appear in subsequent clinical phases and could cause Oxurion or the Regulators to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA or other comparable Regulators. Any of these occurrences may cause material harm to Oxurion's business, financial condition and prospects.

Oxurion's ability grow may be hampered if it fails to successfully identify, develop and commercialize additional products, product candidates or indications

Oxurion's main focus is to continue its clinical trials and ultimately to obtain approval of its current Product Candidates for the treatment of diabetic eye disease, THR-149 and THR-687.

Oxurion also runs preclinical research programs and develops new product candidates. Oxurion intends to leverage its preclinical research and clinical expertise to expand its pipeline to indications for which it believes its products have therapeutic potential. The accumulated data is expected to reduce the time and costs associated with early-stage clinical trials for additional diseases and disorders in the back-of-the-eye. However, the identification, selection and development of additional promising products or product candidates requires additional resources, whether any product or product candidate is ultimately identified.

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. Oxurion intends either to license the rights to such compounds, to purchase them, or to acquire companies that own them. As a result, Oxurion's future success depends in part 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. As Oxurion selects its new product candidates based on novel modes of action, the lack of existing benchmarks may prevent Oxurion from relying on existing precedents with respect to such identification, selection and development.

If Oxurion is not able to identify new product candidates and/or to expand its pipeline to indications for which it believes its products have therapeutic potential, its future growth may be limited which could have a material adverse impact on its business, financial condition and prospects.

3.5.4. Risk factors related to authorization

Failure to obtain marketing authorization, additional post-authorization studies, restricted use, withdrawal or limited market acceptance of Oxurion's products among third party payers, doctors, patients and the medical community in general would affect Oxurion's ability to generate revenues from such products or become profitable.

Oxurion's Product Candidates must receive marketing approval from the EMA, FDA and from Regulators in other jurisdictions before they may be marketed and commercialized. Each Regulator can impose its own requirements and can refuse to give 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 Regulators.

Oxurion's current Product Candidates are in clinical trials and may not receive marketing approval. Clinical data is often susceptible to varying interpretations and analyses, so that a product that performed to satisfaction during clinical trials may nonetheless fail to obtain regulatory approval for marketing. Due to the inherent risk in the development of biopharmaceutical products, there is a risk that not all or none of the Product Candidates in the Oxurion pipeline will be successfully developed and approved.

Once approved, products may also be subject to post-authorization safety studies or other pharmacovigilance or biovigilance activities, may be subject to dosing of other limitations on their uses, or may be withdrawn from the market for various reasons, including if they are shown to be unsafe or ineffective when used in a larger population, which may be different from the trial population studied prior to introducing the product on the market. It is also possible that regulatory approval guidelines may change during the course of the product development and review process, making the chosen development strategy suboptimal. These factors may result in significant delays, increased trial costs, significant changes to commercial assumptions or failure of the Product Candidates

to obtain marketing authorization. Furthermore, if a marketing authorization is obtained, the Regulator may impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

In addition, as Oxurion experienced with JETREA® once introduced to the market, Oxurion's products may not achieve the desired level of acceptance of the products and perception of the advantages of the products by the medical community. Efforts to educate the medical community and third-party payers on the benefits of Oxurion's products may require significant resources and may never be successful, which could prevent Oxurion from generating significant revenues or becoming profitable.

The price setting, availability and level of reimbursement by third parties is uncertain and may impede Oxurion's ability to generate sufficient operating margins to offset operating expenses.

The commercial success of Oxurion's products depends in part on the conditions for setting the sales price of its products and the conditions of their reimbursement by the health agencies, insurance companies or other healthcare payers in the countries where Oxurion's products are sold.

Considering the innovative nature of Oxurion's product candidates and the lack of similar products, reimbursement levels are difficult to predict and Oxurion's ability to adapt an adequate pricing strategy is uncertain. Oxurion's products may not fit within the existing health technology assessment and reimbursement processes applied throughout the different jurisdictions in which Oxurion's products are sold and may be subject to different reimbursement facilities depending on the jurisdiction in which Oxurion's products are being offered. Moreover, there is general pressure on healthcare spending, on reimbursement and price levels in most countries, due to, among other things, the current environment of healthcare cost control and increase in healthcare budgets caused by an aging population.

Failure to obtain favorable price settings and/or adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers may impede Oxurion's ability to generate sufficient operating margins to offset operating expenses.

3.5.5. Risk factors related to legal and regulatory risks

Nearly all aspects of Oxurion's activities are subject to substantial regulation, which may have a significant adverse effect on Oxurion if not complied with.

The international biopharmaceutical industry is highly regulated. In each country where Oxurion operates, it is required to comply with the standards and regulations imposed by the Regulators, which are subject to regular reviews and possible changes. Moreover, the standards imposed by a Regulator and the approval procedure for clinical trials and/or marketing authorizations may vary in timing, detailed costs and efforts necessary to complete those procedures. Furthermore, it is difficult to predict the various reasons for which the Regulator's approval of clinical trials may be refused, delayed, suspended or withdrawn.

If Oxurion does not comply with one or more of the standards of the Regulators, in a timely manner or at all, it could experience significant delays in development or commercialization, additional costs, refusals, suspension, withdrawals of approvals resulting in a significant adverse effect on Oxurion's business, prospects, financial condition and results of operations.

If any product liability claims are successfully brought against Oxurion or its collaborators, Oxurion may incur substantial liabilities and may be required to limit the commercialization of its product candidates.

Product liability claims due to unpredicted adverse side effects of the Product Candidates or JETREA® may be brought against Oxurion or its partners by participants enrolled in clinical trials, patients, practitioners, researchers, other health/research professionals or others using, administering or selling any of Oxurion's future approved products. Oxurion is currently insured for product liability risks for a 25 million euro per claim in annual aggregate. Oxurion may incur substantial liabilities if it cannot successfully defend itself against such claims and any claim is not covered by insurance. From the adverse events reported with Oxurion's products in clinical trials to date, none have been qualified as severe, effects have been reversible and principally unrelated to our compounds. To date, no such claims or legal actions have been filed against Oxurion.

If any data protection or data breach claims are successfully brought against Oxurion or its collaborators, Oxurion may incur substantial liabilities and can cause reputational, financial and operational damages.

Oxurion is required to comply with applicable data protection laws, including the European General Data Protection Regulation, or GDPR, which imposes strict obligations and restrictions on the collection and use of personal data, and even stricter requirements apply to sensitive data (including data related to health). This includes cybersecurity measures addressed to preventing loss or exposure of data, intrusion into our systems, and blockage of our systems.

Oxurion collects, uses and stores personal data including sensitive data during the ordinary course of its operations. Our third party vendors also have access to and process personal data, including sensitive data. Oxurion has established processes and controls for compliance with our data protection obligations and for the proper prevention, detection and response to cybersecurity risk. Although we have taken preventative measures and set up procedures regarding data processing and data security, data breaches, loss of data and unauthorized access could still occur. These could result in legal claims or proceedings, liability under the data protection laws, significant regulatory penalties, disruption of our operations and damage to our reputation. This may have an adverse effect on Oxurion's business, prospects, financial condition and results of operations.

3.5.6. Risk factors linked to intellectual property

Oxurion's patents and other intellectual property rights portfolio may not adequately protect its research programs and other product candidates or Oxurion may not be able to protect and/or enforce its intellectual property rights in all key countries or territories, which may impede Oxurion's ability to compete effectively.

Oxurion's success will depend in part on its and its licensees' ability to obtain, maintain and enforce its patents and other intellectual property rights.

Oxurion cannot guarantee that the current prosecution of its or its licensors' patent applications will result in granted patents for the Product Candidates in each of the territories. Because patent law in the biopharmaceutical industry is highly uncertain, there can be no assurance that the technologies used in Oxurion's research programs and product candidates are patentable, that patents will be granted to Oxurion or its licensors under pending or future applications, or that patents will be of sufficient breadth to provide adequate and commercially meaningful protection against competitors with similar technologies or products (and Oxurion is currently in the process of opposing certain third party patents). A third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology and Oxurion cannot guarantee that third parties will not claim ownership rights over the patents or other intellectual property rights owned or held by Oxurion.

The Company's Product Candidates and JETREA® are covered by several patent families, which are either licensed to Oxurion or owned by Oxurion. Oxurion 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, hence enabling competitors to circumvent or use them and depriving Oxurion of the protection it may expect against competitors.

Oxurion has not sought to protect its intellectual property rights in all jurisdictions throughout the world and may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection. Filing, prosecuting and defending their patents throughout the world would be prohibitively expensive for Oxurion and its licensors. Competitors may use Oxurion's technologies in jurisdictions where Oxurion or its licensors have not obtained patent protection to develop their own products and may also export otherwise infringing products to territories where Oxurion has patent protection but where enforcement is not as well developed as in the United States or the European Union. Consequently, Oxurion will not be able to prevent third parties from practicing its inventions in all countries, or from selling or importing products made using its inventions.

The inability of Oxurion to protect and/or enforce its intellectual property rights would likely have a material adverse effect on its business, prospects, financial condition and results of operations.

If Oxurion is not able to prevent disclosure of its trade secrets, know-how, or other proprietary information, the value of its technology and product candidates could be significantly diminished.

Oxurion relies on trade secret protection to protect its interests in its know-how and other proprietary information and processes for which patents are difficult to obtain or enforce, all of which constitute confidential information.

Oxurion may not be able to protect its confidential information adequately. Oxurion has a policy of requiring its consultants, contract personnel, advisers and third-party partners to enter into confidentiality agreements. However, there is no assurance that such agreements will provide for the meaningful protection of confidential information in the event of any unauthorised use or disclosure of information.

Furthermore, Oxurion cannot provide any assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programs and/or its strategy, by, for example, disclosing confidential information to its competitors. It is also possible that confidential information could be obtained by third parties as a result of breaches of physical or electronic security systems of Oxurion, its consultants, advisers, third-party partners or other parties that have had access to its confidential information.

Any disclosure of confidential data into the public domain or to third parties could allow Oxurion's competitors to learn confidential information and use it in competition against Oxurion. In addition, others may independently discover Oxurion's confidential information.

Enforcing Oxurion's rights against any misappropriation or unauthorized use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

If Oxurion fails to comply with its obligations under the agreements pursuant to which it licenses intellectual property rights from third parties, or otherwise experiences disruptions to its business relationships with its licensors, Oxurion could lose the rights to intellectual property that is important to its business.

Oxurion's activities are dependent in part on the use of intellectual property rights licensed from third parties for important aspects of its business.

In particular, for its clinical programs, Oxurion has entered into license agreements with VIB, Bicycle, and Galapagos, as described in section [5.8]. The conditions under which the Company may use this intellectual property include, but are not limited to, the payment of fees upon achievement of certain milestones and royalties on net sales of relevant products, as well as the performance of other obligations.

If Oxurion fails to comply with its obligations under the respective license agreements, the licensors may reduce the scope of the license or terminate the license, resulting in the loss of the use of the related intellectual property rights. Loss of the rights to this or similar intellectual property may mean that Oxurion is unable to develop, manufacture or sell its products or have them sold. This could have an adverse effect on Oxurion's business, prospects, financial condition and operational results.

Oxurion may be deemed to infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming and could result in Oxurion having to pay substantial damages and/or limit Oxurion's ability to commercialize its product candidates.

Oxurion's success will depend in part on its ability to operate without infringing on or misappropriating the intellectual property rights of others and Oxurion cannot guarantee that its activities, or those of its licensors, will not infringe on the patents or other intellectual property rights owned by others.

There is significant litigation activity in the pharmaceutical industry regarding patent and other intellectual property rights. Oxurion may expend significant time and efforts and may incur substantial costs in litigation if it is required to defend patent or other intellectual property right claims regardless of whether the claims have any merit, which would be a distraction to management and other employees. Oxurion also cannot predict whether it or its licensors will be successful in any litigation.

If Oxurion or its licensors are found to have infringed the patents or other intellectual property rights of others, Oxurion may be subject to substantial claims for damages, which could materially impact its cash flow and financial position. Oxurion may also be required to cease development, use or sale of the relevant research program, product candidate or process or be required to obtain a license for the disputed rights, which may not be available on commercially reasonable terms, if at all. This may have an adverse effect on Oxurion's business, prospects, financial condition and results of operations. To date, no patent infringement claim has been made against Oxurion.

Obtaining and maintaining patent protection depends on compliance with various procedural, documentary, fee payment and other similar requirements imposed by governmental patent agencies, and Oxurion's or its licensor's patent protection could be reduced or eliminated for non-compliance with these requirements.

The relevant patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and after grant. Oxurion and/or its licensors will be required to pay periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications in stages over the lifetime of the licensed patents and/or applications.

Although an inadvertent lapse usually may be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance may result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. Were this to occur, Oxurion's competitors would be able to use its technologies and those technologies licensed to Oxurion, which could have an adverse effect on Oxurion's business, prospects, financial condition and results of operations.

3.5.7. Risk factors linked to Oxurion's dependence on third parties and on key personnel

Oxurion might not find suitable industrial partners to pursue the development, commercialization or the distribution of its products candidates.

Depending on the Product Candidate and geographic region, Oxurion's strategy may include out-licensing, co-development or partnering for the further development, distribution and commercialization of products. This requires finding the appropriate capable of developing, distributing and/or commercializing the products, which means that Oxurion's future success may depend in part on its ability to conclude partnerships and for those partners to fulfil their obligations. For example, in order to allow Oxurion to focus its efforts on the development of new medicines, Oxurion decided in 2019 to move towards a distribution model for JETREA®. At the end of 2019, it was still in the process of deciding on the appropriate partner, for JETREA®.

Oxurion's dependence on collaborative arrangements with experienced partners subjects it to a number of risks, including that:

- It may not be able to control the amount or timing of resources that its partners devote to its drug candidates;
- It may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- It may not receive adequate 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;
- A partner's willingness or ability 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.

Oxurion relies, and expects to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct its preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, Oxurion may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed.

Oxurion has relied upon and plans to continue to rely upon third parties, including independent clinical investigators and third-party CROs, to conduct its preclinical studies and clinical trials and to monitor and manage data for its ongoing preclinical and clinical programs.

Oxurion relies on these parties for the execution of its preclinical studies and clinical trials and can control only certain aspects of their activities. However, Oxurion's reliance on these third parties does not relieve it of its regulatory responsibilities and it continues to be responsible for ensuring that each of its studies and trials is conducted in accordance with the applicable protocol, scientific standards and legal and regulatory requirements such as Good Clinical Practice (GCP) and cGMP regulations. If Oxurion, the participating investigators or any of its CROs fail to comply with applicable GCPs or the tested products do not meet cGMP regulations, the clinical data may be deemed unreliable and the Regulators may require Oxurion to perform additional clinical trials before approving the marketing applications of its product candidates.

Further, the investigators and CROs are not employees of Oxurion and Oxurion will not be able to control, other than by contract, the amount of resources, including time, which they devote to

the Product Candidates and the clinical trials. Clinical trials may be extended, delayed or terminated if independent investigators or CROs fail to devote sufficient resources to the development of the Product Candidates, do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to Company's clinical protocols, regulatory requirements or for other reasons.

There are a limited number of third-party service providers that specialize or have the expertise required to undertake Oxurion's preclinical studies and clinical trials. If Oxurion's relationships with these third-party CROs or clinical investigators would be compromised or terminated, it may not be able to enter into arrangements with alternative CROs or investigators or to do so on commercially reasonable terms. Switching or adding additional CROs (or investigators) involves additional costs and requires management time and focus. In addition, the use of third-party service providers requires Oxurion to disclose its proprietary information to these parties, which could increase the risk that this information will be misappropriated.

If these third parties do not successfully carry out their contractual duties or meet expected deadlines, Oxurion's results of operations and the commercial prospects for the Product Candidates would be harmed, its costs could increase and its ability to generate revenues could be delayed. Oxurion may therefore, not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed.

Oxurion relies, and expects to continue to rely, on third parties for manufacturing its products.

Oxurion relies on third party manufacturers for the manufacturing and supply of study medication for its clinical trials to avoid delays in the drug discovery and development process and also relies on third party suppliers for the manufacturing of JETREA®.

Due to the size of Oxurion's business, most goods and services are provided by only one and not several different suppliers, which creates the risk of loss of key suppliers. Expanding the suppliers' network can be time consuming as all source suppliers are subject to rigorous quality control standards. Oxurion's suppliers are required to adhere to strict contractual terms that include regulatory, quality (including adherence to GMP), as well as anti-bribery and anti-corruption provisions. The material contracts are detailed in the agreements section.

Notwithstanding these contractual requirements, a third party manufacturer may not comply with the required quality standards or devote sufficient resources to the manufacturing of Oxurion's Product Candidates or JETREA® or may otherwise fail in the manufacturing of such compounds, in which event the development and commercialization of the Product Candidate could be delayed (for example because of product re-runs) or even terminated or Oxurion's distribution partner for JETREA® could be hindered in its efforts. Were concerns to arise with the manufacturing, Oxurion's business could be substantially harmed.

Oxurion is subject to competition for its skilled personnel and challenges in identifying and retaining key personnel could impair Oxurion's ability to conduct and grow its operations effectively.

Oxurion is a small company with less than 100 employees and managers. Oxurion's success depends on the continued contributions of Oxurion's Executive Committee 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 Oxurion generally has not experienced substantial problems retaining key employees, clinical and scientific personnel and members of Oxurion's Executive Committee may terminate their employment or services with the company at any time with relatively short notice. The departure of certain clinical and scientific personnel or members of its Executive Committee may seriously and adversely affect Oxurion's research and development efforts.

Oxurion's ability to compete in the highly competitive Belgian biologics sector depends on its ability to attract and retain highly qualified management, scientific and medical personnel. Many of the other biotechnology and pharmaceutical companies and academic institutions that Oxurion competes against for qualified personnel have greater financial and other resources and different risk profiles than Oxurion does. Moreover, the location of the company inhibits its ability to engage international scientific support. Therefore, Oxurion might not be able to attract or retain these key persons on conditions that are economically acceptable. The inability of Oxurion to attract and retain key persons could prevent it from achieving its overall objectives and could thus have an adverse effect on its business, prospects, financial condition and results of operations.

Oxurion has obtained grants and subsidies. The terms of certain of these agreements may significantly hamper Oxurion in its flexibility to choose a different location for its activities.

Oxurion has received several technological innovation grants to date, to support various research programs from an agency of the Flemish government to support technological innovation in Flanders. If Oxurion fails to comply with its contractual obligations under the applicable technological innovation grant agreements, Oxurion could be forced to repay all or part of the grants received. These provisions affect Oxurion's ability to relocate its activities.

Potential inability to qualify for advantageous tax regimes

At the end of 2019 Oxurion had € 301.865 million of deductible carry-forward tax losses in Belgium.

Being active in research and development in Belgium, Oxurion benefits from a Patent Income Deduction, tax credit for R&D expenses, tax exemption for regional grants and subsidies and tax advantages for qualified personnel as well as the expatriate regime for foreign researchers and executives.

The introduction of the minimum taxable base and any other future adverse changes of Belgian tax legislation in relation to the items detailed above may materially adversely affect Oxurion's future average corporate tax rate, results of operations and financial position.

Oxurion may incur unexpected tax charges, including penalties due to the challenge by tax authorities based on transfer pricing. This risk will reduce post 2020 together with the reduction of commercial activities in the United States.

3.6. Other information in accordance with Belgian Company law

3.6.1. Events after the end of the financial year

After receiving the approval of the Board, on March 12, 2020 the Company entered into an exclusive worldwide commercialization license for JETREA® with Inceptua SA. After a transition period, Oxurion's obligations under the agreement will be limited to supply of the JETREA® product to Inceptua until 2023 or potentially longer if Inceptua obtains a shelf life extension. All other activities related to JETREA® will be transferred to Inceptua or will cease.

The Company notes the risk arising from coronavirus disease (COVID-19), which has arisen after the close of the reporting period. While the Company's activities are not especially prone to impacts arising from the disease, the Company's ability to attract patients to the clinical trials of its Products Candidates may be impacted as well as the potential general effects on access to the capital markets. The Company continues to monitor the on-going situation and has taken measures to protect its staff and others by imposing travel restrictions and encouraging hygiene and other safeguards.

3.6.2. Oxurion NV – COVID-19 Statement

- Phase 2 study THR-149 in Diabetic Macular Edema (DME): start of study delayed until COVID-19 related safety considerations allow. Preparation work to continue as planned.
- Phase 2 study THR-687 in Diabetic Macular Edema (DME): preparations to start study in Q1 2021. Currently no change.
- Phase 1/2a study TB-403 in medulloblastoma (Oncurious): study recruiting.

Company does not expect COVID-19 to impact current cash management guidance as communicated in its FY19 Business Update (March 12, 2020)

3.6.3. Major trends influencing evolution of the company

The assets potentially subject to impairment on the balance sheet of Oxurion are the carrying value of the intangible asset composed of the in-licensed integrin antagonist from Galapagos and the value of in-licensed Immuno-Oncology assets in Oncurious.

Concerning JETREA®, the declining sales of the asset signaled the need for impairment. At June 30, 2019 the value of all JETREA® intangibles were written off.

The test made on the in-licensed integrin antagonist from Galapagos and the in-licensed Immuno-Oncology assets from VIB has concluded that there is no need for impairment.

The cash situation at year-end will enable Oxurion to continue clinical development to reach a dosing selection and confirmation of clinical effect for THR-149 by mid-2021. The company is actively pursuing new funding to enable closing phase 2 studies for THR-149 and THR-687 for which, in light of the positive phase 1 results, important scale-ups of number of patients are foreseen compared to original plans.

3.6.4. R&D

Given the activities of Oxurion, the cost of R&D is very important. R&D costs represent more than 65% of total operating costs in 2019 compared to more than 70% in 2018. The government grants and income from recharge of costs are deducted from the research and development expenses starting 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 3 of ocriplasmin for the treatment of vitreomacular adhesion was booked. As the JETREA® asset was impaired as of June 30, 2019, the depreciations for 2019 were lower than in the previous years.

3.6.5. Going concern

We refer to section 3.4.

3.6.6. Subsidiary activity – Business Combinations

On December 31, 2019 Oxurion 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 Oxurion currently holds 81.67%.

On April 3, 2015, Oncurious NV was incorporated as a limited liability company (in Dutch: Naamloze Vennootschap) fully owned by Oxurion 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, Oxurion 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 potential future royalties of TB-403 (oncology) representing 125,000 euro. After this transaction, VIB became a minority shareholder alongside Oxurion, 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 granted by Oxurion NV to Oncurious into 3,000 shares in the ownership of Oxurion NV.

On December 12, 2017 Oncurious NV made congruent agreements with VIB and Oxurion NV in which VIB makes contribution in kind of the rights to 5 Immuno-Oncology targets in exchange for 857 new shares. As a result of these agreements, out of a revised total of 5,358 Oncurious NV shares, Oxurion NV owns 4,376 shares or 81.67% and VIB 982 shares or 18.33%. Pursuant to ongoing development and Oxurion NV investment in the program, Oxurion NV percentage ownership will increase to 85%. 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 Oxurion NV. We refer to the information on key arrangements in note 5.8 for more details on terms and accounting treatment..

3.6.7. Financial instruments

We refer to the section 5.5.6.

3.6.8. Financial risk management

We refer to the section 5.5.7.

3.6.9. Independence and competence in the Audit Committee

The Company's Audit Committee is validly composed in compliance with the Belgian Corporate Governance Code (2020 Edition) and the Belgian Companies Code. The Audit Committee is made up of Investea SRL represented by Emmanuèle Attout, Thomas Clay and Philippe Vlerick. All three Audit Committee members qualify as independent Directors. Investea SRL represented by Emmanuèle Attout, as former audit partner at PriceWaterhouseCoopers, has 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 applicable to the corporate governance of Oxurion. 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 which has been updated since on a regular basis. The last update was approved by the Board of Directors in December 2019.

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

The Corporate Governance Charter of Oxurion 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. Compliance with the Corporate Governance code

Notwithstanding the provisions of Article 7.6 of the Belgian Corporate Governance Code, the 2019 annual shareholders' meeting authorized the grant to non-executive directors of 7,500 subscription rights per year without a vesting period (except where the non-executive board member cannot receive subscription rights because of another mandate). In line with the practices of similarly situated biotech companies, the grant of these subscription rights was considered necessary in order to attract and retain Board members with the relevant skills, knowledge and expertise to advise the Company and to limit the portion of remuneration in cash required to do so.

The implementation of this decision is still pending.

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

The Board of Directors of Oxurion 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 control of the possible risks (strategic risks, financial risks, compliance with rules and legislations), in order to achieve the corporate goals. The internal control system is based on five pillars:

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

4.3.1. Control environment

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

The control 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 Oxurion's 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 Oxurion NV. The delegation of authorities is not linked to a person, but to the position. The Executive Team, whose areas of responsibility are situated at group level, holds a final control 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 independent, non-executive Directors. To achieve its duties, the Board of Directors relies on the following operational committees, as well as the Executive team:

    - Audit Committee which evaluates the strength of controls at regular intervals
    - Nomination and Remuneration 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: Oxurion's 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 Oxurion NV and its subsidiaries. All Directors, officers and employees of Oxurion must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to, and followed by, Oxurion's 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 Oxurion submits to the Brussels Financial Services and Markets Authority (the "FSMA") and in other public communications made by Oxurion;
    - Compliance with all applicable governmental laws, rules, regulations and industry codes;
    - Accountability for adherence to the Code; and
    - The prompt internal reporting of violations of the Code.

4.3.2. Risk analysis

The Board of Directors decides on the Group's strategy, risk profile and its main policy lines. The task of the Board of Directors is 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 undertakes risk analysis in all departments of the Oxurion Group and takes relevant risks into account in developing the Group's strategy. Implementation includes a set of means, codes of conduct, procedures and measures that fit our structure, which are intended to maintain risks at an acceptable level.

Oxurion 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 affecting the company and the sector.

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

4.3.3. Control and risk mitigating activities

In order to properly manage identified risks, Oxurion 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 internal operational and control procedures;
- modifications and updates of the existing procedures;

- use of a reporting tool (QlikView - In 2020, QlikView will be replaced by PowerBI) 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, Oxurion 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 file or 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 the database. The rights are granted in such a way that only those files or data to which the user has been granted access, can be read or modified. A back-up policy is available, and all data is backed up centrally on a weekly base and locally on a daily base.

4.3.5. Supervision and risk mitigation

Supervision is carried out by the Board of Directors, the Audit Committee and the Company's Executive Team.

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

The risk mitigation comprises numerous day-to-day activities such as:

- regular updates of the Company's risk management plans;
- management by operational supervisors;
- data exchange with third parties for confirmation purposes (e.g. suppliers/customers);
- segregation of duties;
- control by external auditors.

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

4.4. Fees to the Auditor

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Remuneration audit mandate	85	88
Other legal assignments of the auditor	8	2
Other services provided by the BDO network	9	8

In 2019, fees totaling 85,000 euro were paid for the audit mandates of Oxurion NV and Oncurious NV.

The 2019 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, 2019, the share capital of Oxurion Group amounted to 100,643,932 euro, represented by 38,291,950 shares, all with the same fractional value. Under section 5.4 an overview is offered of the evolution of the Company's share capital. Section 5.7.9 also specifies the Board's powers with respect to authorized share capital.

On December 30, 2019, by decision of the extraordinary general shareholders meeting, accumulated losses of Oxurion NV were absorbed by a capital decrease of 36,920,014.87 euro and a reduction of share premium by 12,949.53 euro .

In accordance with article 7:198 of the Belgian Companies Code, the Board is authorized to proceed on one or several occasions with the acquisition, by purchase or exchange, own shares for a price to be determined by the Board at the time of acquisition. This authorization also applies to the acquisition of the Company's shares by one of its directly controlled subsidiaries pursuant to article 7:221 of the Belgian Companies Code. This authorization is granted for a period of five years starting from the publication in the Annexes to the Belgian Official Gazette of the deed of amendment to the articles of association (June 13, 2019).

4.5.2. Warrant plans

Oxurion has created a number of warrants.

On December 31, 2019, one warrant plan is effective:

- 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 5.7.10 gives more detailed information on the warrant plans and outstanding warrants at the end of 2019.

4.5.3. Shareholders

On December 31, 2019, based on all received transparency declarations, Oxurion 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 Oxurion, 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 affected 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 Oxurion 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 Management

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 Board of Directors decides upon the Company's values, strategic direction, policies geared achieving its objectives, and risk profile.

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

Since June 15, 2017, Thomas Clay is the Chairman of the Board of Directors.

As of December 31, 2019, the Board of Directors consists of six members:

- Thomas Clay, Non-Executive, Independent Director, Chairman
- Patrik De Haes (ViBio BV), Chief Executive Officer, Executive Director
- Dr David Guyer MD, Non-Executive, Director
- Emmanuèle Attout (Investea SRL), Non-Executive, Independent Director

- Baron Philippe Vlerick, Non-Executive, Independent Director
- Adrienne Graves, Non-Executive, Independent Director

The Board is composed of 2 female and 4 male members as of October 26, 2018, which has been approved by the Shareholders.

The following paragraphs contain a brief biography of each Director in function during the year 2019:

Thomas Clay, Non-Executive, Independent Director, Chairman

Thomas Clay is the Managing Member of Epacria Capital Partners, LLC, a single-family office managing public and private investments for members of the Clay family. He also serves as a Director of several private companies and 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 Oxurion and resigned from the Board of Directors in 2011.

Patrik De Haes, MD, (ViBio BV), 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 Oxurion 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. As past Chairman of FlandersBio, Patrik is an active member of the local and regional biotech and life sciences community in Belgium. Patrik is also Executive Chairman of Oncurious NV, an emerging oncology company co-created by Oxurion NV and VIB life sciences. 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 IVERIC bio (formerly Ophthotech Corporation). He was previously the CEO of Ophthotech. Dr Guyer is also on the Boards of Sound Pharmaceuticals, iStar Medical, PanOptica, Selphagy Therapeutics, EyePoint Pharmaceuticals and Visus Therapeutics. 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.

Emmanuèle Attout (Investea SRL), 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 in various sectors, including 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, chair of the Audit Committee, of Atenor SA and Schréder SA. She is a supervisory board member of Eurocommercial Properties NV. Since 2009, Emmanuèle is co-founder and Director of the NGO Women on Board. 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 also Vice-chairman of KBC Group and Mediahuis Partners and is a member of the Board of Directors of Exmar, 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). In 2006, he was voted 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.

Adrienne Graves, Non-Executive, Independent Director

Dr. Graves is a board member of multiple companies and organizations including IVERIC bio, Nicox, the American Society of Cataract and Refractive Surgery, the Glaucoma Research Foundation, and the American Academy of Ophthalmology. She was the president and Chief Executive Officer of Santen, Inc., the US arm of Japan's largest ophthalmic pharmaceutical company, Santen Pharmaceutical Co., Ltd. Before becoming the president and Chief Executive Officer, she was the vice president of clinical affairs and senior vice president of worldwide clinical affairs for Japan, US and Europe at Santen, Inc. Prior to Santen, Inc., Dr. Graves was the Director of international ophthalmology at Alcon Laboratories, Inc. She was also the co-founder of Glaucoma 360 (Glaucoma Research Foundation) and Ophthalmic Women Leaders (OWL). Dr. Graves received her bachelor's degree in psychology with honors from Brown University, her Ph.D. from the University of Michigan in psychobiology and completed a postdoctoral fellowship in visual neuroscience from the University of Paris.

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 or the involvement of each Director in Board activities. Rather, the Chairman, in consultation with individual Directors and with support from the Nomination and Remuneration committee, regularly conducts 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 diversity.

4.6.3. Board of Directors' Meetings in the Financial Year 2019

The Board of Directors met six times in 2019. 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 was actively engaged with the preclinical and clinical progress of the Company's program candidates and considered possible partnership opportunities, matters of a strategic nature, new and current investments, analysis, discussion and evaluation of acquisition opportunities.
- 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.
- Concerning the JETREA® asset, in order to allow the Company to focus on the products in the pipeline, the Board decided that it was important to achieve break-even as soon as possible and to adopt a distribution model and to cease active commercialisation of JETREA®.
- Upon determining the values and strategies in the overall 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 and application of the IFRS and FSMA requirements. The Board considered the Company financial data such as the summary half year financials, year-end financials, budget follow-up and consolidated results. 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 General Meeting, draw-up of the Annual Reports and press releases. This included on-going discussion of the budget and going concern considerations.
- 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 internal controls, taking into account the evaluation of the Audit Committee. In 2019, the Board reviewed written proposals from three top tier statutory auditing firms. The Board decided to select BDO as the statutory auditor for the next three years. The Board also decided to allow BDO to perform other non-auditing functions.
- 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 was actively involved in discussions with future funding opportunities.
- 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 & 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. To ensure alliance with the corporate objectives, the Board decided to emphasize the corporate objectives in compensating the members of the Executive Committee.
- 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 decided on the Executive's team compliance with the Corporate objectives and the resulting bonuses, warrant and retention plans.
- The Board of Directors is responsible for the Corporate Governance structure of the Company and compliance with the Corporate Governance stipulations. The Board has decided to adopt a one-tier governance structure and to have an Audit Committee and a Nomination & Remuneration Committee.

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 validly pass resolutions 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 is allowed to deliberate on items not specified on the agenda only with the agreement of all 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 1, 2014, the Board of Directors appointed Claude Sander, the Company's Chief Legal Officer, as its Secretary. Claude Sander passed away on December 20, 2019. The company has engaged the service of outside counsel who had previously worked closely with the company to fulfill the legal and secretarial function until it reaches a decision on a permanent replacement.

Below is the attendance grid at the 2019 Board meetings:

BOARD OF DIRECTORS	VIBIO BV	THOMAS CLAY, CHAIRMAN	DR. DAVID GUYER	INVESTEA SRL	BARON PHILIPPE VLERICK	ADRIENNE GRAVES
07 March 2019	present	present	present	present	present	present
03 April 2019	present	present	present	present	present	present
11 June 2019	present	present	present	present	present	present
05 September 2019	present	present	present	present	present	present
11 October 2019	present	present	present	present	present	present
05 December 2019	present	present	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 2019 was as follows:

Audit Committee: Investea SRL (represented by Emmanuèle Attout), chairman; Thomas Clay; Philippe Vlerick.

The Audit Committee held four meetings during the financial year 2019.

Nomination and Remuneration Committee: Thomas Clay, chairman; Adrienne Graves; Dr. David Guyer.

The Nomination and Remuneration Committee held three meetings during the financial year 2019.

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

Below is the attendance grid at the 2019 Committee meetings:

4.6.5. Executive Team

Oxurion 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 Oxurion's 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, among other things, entrusted with the running of the Company. The Executive Team does not constitute a management committee in the meaning of article 07:104 of the Belgian Company Code (article 524bis of the old 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 2019 the Executive Team is composed of:

- ViBio BV, represented by Patrik De Haes – CEO

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, 2019.

Patrik De Haes (ViBio BV) – Chief Executive Officer

We refer to the section 4.6.1.

AUDIT COMMITTEE	INVESTEA SRL, CHAIRMAN	THOMAS CLAY	PHILIPPE VLERICK
26 February 2019	present	present	present
11 June 2019	present	present	present
02 September 2019	present	present	present
05 December 2019	present	present	present

NOMINATION AND REMUNERATION COMMITEEE	THOMAS CLAY, CHAIRMAN	ADRIENNE GRAVES	DR. DAVID GUYER
03 April 2019	present	present	present
11 June 2019	present	present	present
05 December 2019	present	present	present

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 corporate strategy.

Executive Committee meetings are attended by the CEO and the executive Directors and the Executive Committee is composed of (December 31, 2019):

- ViBio BV, represented by Patrik De Haes – CEO and acting CMO
- D&V Consult BV, represented by Dominique Vanfleteren – CFO
- Vinciane Vangeersdaele – Chief Commercial Officer
- Andy De Deene – Global Head Development
- Claude Sander – Chief Legal Officer & Secretary of the Company (Dr. Sander passed away on December 20, 2019 and the company has engaged the services of outside counsel who had previously worked closely together with the Company to fulfill his function until it reaches a decision on a permanent replacement)
- Panéga BV, represented by Jean Feyen – Chief Scientific Officer
- Julie Binon – Head of HR

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 7:96 of the Belgian Company Code (article 523 of the old 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 2019, one conflict of interest occurred:

Board of Directors of December 5, 2019

Conflict of interests with respect to the achievement of the 2019 corporate objectives

(A) DECLARATION

Patrik De Haes declared that he had a conflict of interests within the meaning of article 7:96 of the Belgian Company Code (article 523 of the old Belgian Company Code) with regard to agenda item 9, i.e., the achievement of the 2019 corporate objectives. This conflict of interest results from the following circumstances: Patrik De Haes is the permanent representative of ViBio BV which serves as CEO of the Company. As executive member of the BoD, he is entitled to receive 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 BV. 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 Director refrained from participating in the deliberation and decision-making process with regard to the aforementioned resolution.

4.7.2. Transactions with Affiliated Companies

Article 7:97 of the Belgian Company Code (article 524 of the old Belgian Company Code) provides for a special procedure which must be followed for transactions with Oxurion's 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 Related Parties

Transactions with related parties are exclusively with board members.

We refer to section 4.9 for the remuneration report concerning the financial year 2019.

4.7.4. Market abuse regulations

Oxurion's Corporate Governance Charter Appendix 3 as published on its website describes the rules in place 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 include, among other things, 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 April 16, 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, Oxurion 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 insider information directly or indirectly concerning Oxurion 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 are obliged to report Oxurion 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 8:2 of the Royal Decree of April 29, 2019 (article 34 of the old Royal Decree of 14 November 2007))

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

Article 46 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 May 24, 2019 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 (June 13, 2019). The Board is authorized to increase the share capital of the Company on one or more occasions up to an amount of 111.056.932,00 euro in cash or in kind or by conversion of the reserves in accordance with article 7:199 of the Belgian Companies Code.

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

On December 4, 2014, the Company's extraordinary shareholders' meeting decided to issue an additional 720,000 warrants under the Warrant Plan 2014, of which 692,500 warrants have been allotted. Under this plan, 20,375 warrants have been exercised and 672,125 warrants have been forfeited. The remaining 27,500 warrants issued under Warrant plan 2014 were not allotted. The warrants were valid until December 3, 2019.

The Warrant Plan 2014 contained 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 November 20, 2017, the Company's extraordinary shareholders' meeting decided to issue an additional 1,440,000 warrants under the Warrant Plan 2017, of which 836,800 warrants have been allotted and accepted, and 417,000 have been allotted but

not yet accepted. Under Warrant Plan 2017 no warrants were exercised and 186,200 have been forfeited.

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

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 7:151 BCC (article 556 old BCC), a "change of control" provision which was included in the management agreement of the senior managers. The agreements provide that if the Company becomes subject to a public takeover bid and the content of their respective management agreements would significantly change, compensation would be due based on who takes the initiative to end the contract. Where the Company takes the initiative, the senior manager is entitled to 18 months compensation, whereas if the manager ends the contract it would be 12 months.

4.9. Remuneration Report Financial Year 2019

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 Nomination and Remuneration Committee. The performance criteria are determined by the Board of Directors in consultation with the CEO.

The total remuneration package comprises three elements:

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

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

The variable component is based on corporate targets agreed between the Executive Team and the Nomination and Remuneration Committee then validated by the Board of Directors at the beginning of each year. This variable component is a yearly incentive linked to the achievement of annual corporate and annual individual performance criteria. Except for the CEO, no percentage of variable compensation based on corporate and personal targets exceeds 25%. The level of achievement of each of the targets defines the total percentage of the target incentive amount that is paid. As it is annual in nature, this component qualifies as 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, the eligibility for warrants is not linked to individual performance but distributed over time to ensure that managerial employees have a long-term commitment to maximize long-term shareholder value. For all plans, vesting is spread over more than one year. Paragraph 5.7.10 gives more detailed information on the warrant plans and outstanding warrants at the end of 2019.

Oxurion does not provide for any performance-related premiums in shares, options or other rights to acquire shares. The warrants granted to members of the Board of Directors (including the CEO), to employees and to consultants are not considered as (whether performance-related or otherwise) variable remuneration as defined by the Belgian Companies Code.

The extraordinary shareholders meeting of November 20, 2017 decided that Oxurion would expressly deviate from the specific provisions of art. 7:91 of Belgian Company Code (article 520ter of old Belgian Company Code) concerning the spread of variable remuneration over time. This decision is not being considered as exceptional in the Biotech and Pharma industry where such plans are common in order to ensure longevity.

The variable remuneration offered by Oxurion 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 their 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

The procedure for establishing the remuneration policy and setting remuneration for members of the Board of Directors is determined by the Board of Directors on the basis of proposals from the Nomination and Remuneration Committee, taking into account relevant benchmarks with appropriate peer companies and, for the members of the Executive Team, also the group's performance rating system.

The remuneration of the members of the Board and the grant of warrants to members of the Board are submitted by the Board for approval to the shareholders' meeting and are only implemented after such approval.

The fixed and variable remuneration of the CEO (who is a member of the Board) is established by the Board of Directors based upon an authorization from the shareholders' meeting. The fixed and variable remuneration of, and grant of warrants to, the other members of the Executive Team is established by the Board of Directors, upon recommendation of the Nomination and Remuneration Committee.

Non-executive Directors

In October 2018, the Nomination and Remuneration Committee benchmarked the Directors' compensation against peer companies (Euronext listed biotech companies) to ensure that it is competitive. Based on the benchmark exercise and the need to link remuneration to the time committed to the Board of Directors and its Committees, the Nomination and Remuneration Committee recommended to the Board to change the Directors' compensation and to offer stock-related incentive schemes to their non-executive Directors in order to attract or retain non-executive Directors with the most relevant skills, knowledge and expertise. On October 26, 2018 and based on this recommendation, the Board decided to propose that the Company's Annual Shareholders Meeting in May 2019 approves a new remuneration and compensation scheme and issues a warrant plan for non-executive Directors with the objective of avoiding disadvantages compared to competitors and peer companies.

The new remuneration and compensation scheme for the chairman, the independent Directors and non-executive Directors became applicable after its approval by the Company's shareholders' meeting which was held on May 7, 2019. The new remuneration package is made up of a fixed annual fee of 60,000 euro for the chairman and 30,000 euro for the other independent Directors. The fee is supplemented with a fixed annual fee of 6,000 euro for membership of the Audit Committee and 4,000 euro for membership of the Remuneration and Nomination Committee of the Board of Directors, which is increased by 6,000 euro in case the relevant Director chairs the Audit Committee and by 4,000 euro in case the relevant Director chairs the Nomination and Remuneration Committee. The chairman of the Board does not receive any fees for his/her membership or chairmanship of any of the Committees. If a Director attends less than at least 75% of the scheduled annual Board or Committee meetings of which he or she is a member either in person or by phone, the respective cash retainer shall be reduced on a pro rata basis. Where members attend Board Meetings, they are entitled to reimbursement of reasonable out-of-pocket expenses actually incurred as a result of participation in meetings of the Board of Directors. Apart from the above remuneration, the non-executive Directors will also be entitled to subscription rights for 7,500 shares in the Company or a cash equivalent, the implementation of which is pending.

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 grant of subscription rights to non-executive Directors is a commonly used method in the sector in which Oxurion operates and is required to attract and retain top quality board 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 other than their fixed Directors' remuneration and their subscription rights or cash equivalent after this is put in place, except for David Guyer who provides additional ad hoc consultancy services.

The remuneration of the non-executive Directors does not contain a variable component; hence no performance criteria apply to the remuneration of the non-executive Directors. The Directors' mandate may be terminated "ad nutum" (at any time) without any form of compensation.

The 2019 remuneration of the executive Directors and the Chairman of the Board of Directors is mentioned below.

On an individual basis following amounts have been paid over the book year ended December 31, 2019:

David Guyer	34 k euro
Investea SRL, represented by Emmanuèle Attout	42 k euro
Philippe Vlerick	36 k euro
Adrienne Graves	34 k euro

For the non-executive Directors, no severance pay is foreseen. As of 31 December 2019, there are no loans outstanding from the Company to any member of the Board of Directors. David Guyer received, besides his Director's remuneration, compensation of 35 k euro for consultancy services in 2019.

Executive Directors

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

Chairman Board of Directors

Given the Chairman's important and active role in the operational and strategic guidance of the Company, Oxurion paid the Chairman the following amounts in fiscal year 2019:

Thomas Clay	60 k euro

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

CEO

In the financial year 2019, Oxurion paid 557 k euro of remuneration to the CEO, ViBio BV with Patrik De Haes as permanent representative. This includes:

- a fixed remuneration comprising a base fee of 469 k euro;
- a variable component of 88 k euro. This variable component is based on key yearly corporate targets agreed between the Executive Team and the Nomination and Remuneration Committee then validated by the Board of Directors at the beginning of the year. For the CEO this variable compensation is dependent solely on the achievement of the corporate objectives, any personal component is excluded. The variable compensation of the CEO in 2019 represents 18.8% of the fixed remuneration.

The CEO participates in the different warrant plans that Oxurion 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 6.9236 euro/share to be vested over a period of 3 years. These warrants forfeited in December 2019
- Under the Warrant Plan "2017": 300,000 warrants at an exercise price of 4.593 euro/share, of which 300,000 were granted and accepted, 1/2 to be vested after 2 years and 1/2 after 3 years

We refer to section 4.9.1 for an explanation of the Shareholders decision to deviate from article 7:91 of Belgian Company Code (art. 520ter of old Belgian Company law).

At December 31, 2019, the CEO holds 100,000 shares of Oxurion NV.

Severance pay is foreseen for the CEO. If dismissed, the CEO would receive severance pay of 12 months, except in the case of change of control. In the latter case, the severance pay would be 12 months if the CEO would leave the Group on his own initiative or 18 months if the CEO 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 (FOR THE YEAR ENDED 31 DECEMBER)	NOTE	2019	2018
Income		3,946	5,320
Sales	5.6.1	3,820	5,221
Income from royalties	5.6.1	126	99
Cost of sales	5.6.2	-2,259	-3,355
Gross profit		1,687	1,965
Research and development expenses	5.6.3	-25,709	-29,523
General and administrative expenses	5.6.4	-6,324	-6,349
Selling expenses	5.6.5	-6,955	-6,217
Other operating income	5.6.6	2,022	883
Other operating expense		-4	0
Impairment losses		-16,891	0
Operating result		-52,174	-39,241
Finance income	5.6.7	495	796
Finance expense	5.6.8	-407	-324
Result before income tax		-52,086	-38,769
Taxes	5.6.10	-17	-10
Result of the year		-52,103	-38,779
Attributable to:			
Equity holders of the company		-51,827	-38,474
Non-controlling interest		-276	-305
Result per share			
Basic earnings / loss (-) per share (euro)	5.6.11	-1.36	-1.01
Diluted earnings / loss (-) per share (euro)	5.6.11	-1.36	-1.01

IN '000 EURO (AS AT 31 DECEMBER)	NOTE	2019	2018
Result of the year		-52,103	-38,779
Exchange differences on translation of foreign operations		-342	62
Other comprehensive income, net of income tax		-342	62
Other comprehensive income that will not be reclassified to profit or loss		-342	62
Total comprehensive loss (-) / income for the year		-52,445	-38,717
Attributable to:			
Equity holders of the company		-52,169	-38,412
Non-controlling interest		-276	-305

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

5.2. Consolidated statement of financial position

IN '000 EURO (AS AT 31 DECEMBER)	NOTE	2019	2018
ASSETS			
Property, plant and equipment	5.7.1	340	614
Right-of-use assets	5.7.2	2,212	0
Intangible assets	5.7.3	1,982	20,450
Other non-current assets		96	127
Non-current tax credit	5.7.4	3,385	2,584
Non-current assets		8,015	23,775
Inventories	5.7.5	20	1,036
Trade and other receivables	5.7.4	3,592	4,219
Current tax receivables	5.7.4	467	707
Investments	5.7.6	10,444	20,475
Cash and cash equivalents		42,492	64,652
Current assets		57,015	91,089
Total assets		65,030	114,864
EQUITY AND LIABILITIES			
Share capital	5.7.9	100,644	137,564
Share premium	5.7.9	0	13
Cumulative translation differences		-615	-273
Other reserves	5.7.10	-12,122	-12,563
Retained earnings		-34,747	-19,853
Equity attributable to equity holders of the company		53,160	104,888
Non-controlling interest		146	422
Total equity		53,306	105,310
Lease liabilities	5.7.2	1,335	0
Non-current liabilities		1,335	0
Trade payables		4,725	5,054
Lease liabilities	5.7.2	898	0
Other short-term liabilities	5.7.7	4,766	4,500
Current liabilities		10,389	9,554
Total equity and liabilities		65,030	114,864

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 (FOR THE YEAR ENDED 31 DECEMBER)	NOTE	2019	2018
Cash flows from operating activities			
Loss for the period		-52,103	-38,779
Finance expense	5.6.8	407	324
Finance income	5.6.7	-495	-796
Depreciation of property, plant and equipment	5.7.1/2	1,194	474
Amortization and impairment of intangible assets	5.7.3	18,468	3,153
Equity settled share-based payment transactions	5.6.9	440	592
Decrease in trade and other receivables including tax receivables and inventories		1,082	1,441
Increase / decrease (-) in short-term liabilities		-63	2,474
Net cash flows generated / used (-) in operating activities		-31,070	-31,116
Cash flows from investing activities			
Disposal of property, plant and equipment (following a sale)	5.7.1	77	98
Decrease / Increase (-) in investments	5.7.6	10,033	29,066
Interest received and similar income	5.6.7/8	4	141
Purchase of property, plant and equipment	5.7.1	-133	-195
Purchase / divestment (-) of other non-current assets		31	-1
Net cash flows generated / used (-) in investing activities		10,012	29,109
Cash flows from financing activities			
Principal paid on lease liabilities	5.7.2	-843	0
Interest paid on lease liabilities	5.7.2	-24	0
Proceeds from capital and share premium increases from exercise of warrants	5.7.9	0	92
Paid interests	5.6.8	-10	-8
Net cash flows used (-) / generated in financing activities		-877	84
Net change in cash and cash equivalents		-21,935	-1,924
Net cash and cash equivalents at the beginning of the period		64,652	66,175
Effect of exchange rate fluctuations		-225	401
Net cash and cash equivalents at the end of the period		42,492	64,652

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-controlling interest	Total
Balance as at 1 January 2018	151,991	157,661	-335	-13,141	-163,546	132,630	727	133,357
Result of the year 2018	0	0	0	0	-38,474	-38,474	-305	-38,779
Change to foreign currency translation difference and revaluation reserve	0	0	62	0	0	62	0	62
Net change in fair value of investments	0	0	0	-14	0	-14	0	-14
Issue of ordinary shares	9,875	217	0	0	0	10,092	0	10,092
Capital decrease	-24,302	-157,865	0	0	182,167	0	0	0
Share-based payment transactions	0	0	0	592	0	592	0	592
Balance as at 31 December 2018	137,564	13	-273	-12,563	-19,853	104,888	422	105,310
Balance as at 1 January 2019	137,564	13	-273	-12,563	-19,853	104,888	422	105,310
Result of the year 2019	0	0	0	0	-51,827	-51,827	-276	-52,103
Change to foreign currency translation difference and revaluation reserve	0	0	-342	0	0	-342	0	-342
Net change in fair value of investments	0	0	0	1	0	1	0	1
Issue of ordinary shares	0	0	0	0	0	0	0	0
Capital decrease	-36,920	-13	0	0	36,933	0.0356	0	0.0356
Share-based payment transactions	0	0	0	440	0	440	0	440
Balance as at 31 December 2019	100,644	0	-615	-12,122	-34,747	53,160	146	53,306

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

Oxurion NV is a Naamloze Vennootschap (limited company) established under Belgian law with its registered office at Gaston Geenslaan 1, B-3001 Leuven, with an Irish Branch and two subsidiaries - ThromboGenics, Inc. and Oncurious NV. The Oxurion NV Group (the 'Group') are biopharmaceutical companies focusing on the development of new drugs for the treatment of eye diseases and cancer. 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 Oxurion NV for the year ending December 31, 2019 include Oxurion NV and its subsidiaries ThromboGenics, Inc. and Oncurious NV.

These Consolidated Financial Statements were approved by the Board of Directors on March 12, 2020. Possible changes to this financial report can be carried out until the General Meeting of May 5, 2020.

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 period, 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, 2019. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2019.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effective for the financial period:

- Annual Improvements to IFRSs 2015-2017 Cycle (December 2017)
- IFRS 9 Financial Instruments – Amendments regarding prepayment features with negative compensation (October 2017)
- IFRS 16 Leases (Original issue January 2016)
- IAS 19 Employee Benefits – Amendments relating to Plan Amendment, Curtailment or Settlement (February 2018)

For further details on impact on the company's financial statements resulting from the first-time adoption of these new standards have been included in section 5.5.3.K.

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, 2019 and/or not yet adopted by the European Union as per December 31, 2019 and for which the impact might be relevant:

- Amendments to References to the Conceptual Framework in IFRS Standards (March 2018)
- IFRS 3 Business Combinations – Amendments to clarify the definition of a business (October 2018)
- IFRS 17 Insurance Contracts (Original issue May 2017)
- IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material (October 2018)
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (January 2020)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (October 2018)

None of the other new standards, interpretations and amendments, which are effective for periods beginning after January 1, 2019 which have been issued by the IASB and the IFRIC but are not yet effective as per December 31, 2019 and/or not yet adopted by the European Union as per December 31, 2019, 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 thousands of 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 OCI are measured at fair value;
- the expense recognized for equity-settled share-based; payment plans is based on the grant date fair value of the warrants granted;
- defined benefit pension plans, for which the assets are measured at fair value and the defined benefit obligation is measured according to the projected unit credit method.

(C) GOING CONCERN

The Consolidated Financial Statements were prepared on a going concern basis.

At December 31, 2019 there is a solid cash and cash equivalents position (including investments) of 52.9 million euro in comparison to 85.1 million euro (including investments) at December 31, 2018. Additionally, at December 31, 2019 the Company has share capital of 100.6 million euro in comparison to 137.6 million euro at December 31, 2018. In 2019, there was an incorporation of losses for an amount of 36.9 million euro. Taking into account the current available cash position, the budgets for 2020 and 2021 and funding activities, the Board of Directors 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 under the assumption of going concern.

(D) BASIS OF CONSOLIDATION

Subsidiaries

The Consolidated Financial Statements include all the entities that are controlled by the Group. Control exists when Oxurion 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 Oxurion 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. Applying this standard, Oxurion NV subsidiaries ThromboGenics, Inc. and Oncurious NV have been consolidated.

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 accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred as measured at fair value on the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. The cost is attributed to the identifiable assets, liabilities and contingent liabilities of the acquiree. These acquired identifiable assets and (contingent) liabilities are initially measured at their fair value on the date of acquisition.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the profit or loss.

(F) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Consolidated Financial Statements are presented in thousands of euro, which is the functional currency of Oxurion 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 date, 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 are translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency by the Company's entities are translated using the exchange rates at the dates of the initial transactions. 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

Revenue recognition for Oxurion consists of JETREA® vial sales to distributors, royalties for JETREA® vial sales from licensees, occasional upfront and milestone payments agreed through license or collaboration contracts which could include recharging of incurred services of cost, and royalties.

JETREA® SALES

Performance obligations

Oxurion has identified one performance obligation within its customer contracts for the sale of JETREA® product, i.e. the delivery of goods to its customers.

Timing of revenue recognition

Oxurion recognizes revenue upon delivery of the goods to the customers as that is the moment the customer obtains control over the goods.

Transaction price – variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Sales prices are fixed in the contract. However, some contracts provide customers with a right of return and rebates.

Oxurion accepts returns in certain limited cases, and they need to be approved by Oxurion in order to be processed by the distributors. The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration (incl. expected returns). The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is estimated on the basis of historical experience and the specific terms in the individual agreements. A liability is recognized for expected sales returns, rebates, trade and cash discounts, charge-backs or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period. Oxurion applies the 'expected value method' in order to estimate such return accruals, and related asset.

Oxurion does not offer warranties, customer loyalty point programs or any material financing component to its customers. Oxurion has not received any non-cash considerations. There are no costs to acquire customer contracts, or costs to fulfill the customer contracts. Therefore, contract balances are only recognized to the extent of accounts receivable, and refund liability (return accrual).

ROYALTY REVENUE ON JETREA® SALES

In case of one distributor, royalties are generated under license agreements based on licensee's sales of JETREA® products to the end-customers. As explained above, revenue from the sale of goods is recognized at the moment of delivery to the distributor. However, the agreement stipulates that the royalty is earned once the distributor subsequently sells the product to the end-customer. Therefore, the royalty revenue is recognized once the product is sold to the end-customer, based on quarterly invoicing data. There is no specific performance obligation for Oxurion to satisfy in order to be entitled to this royalty.

OCCASIONAL UPFRONT, MILESTONE AND OTHER PAYMENTS

Revenue is only recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the satisfied performance obligation. A performance obligation is satisfied when the control of goods or services is transferred to a customer. Any upfront payments or license fees for which there are subsequent performance obligations, are initially reported as deferred revenue and are recognized as revenue when performance obligations are satisfied over the period of the development, collaboration or manufacturing obligation.

(H) RESEARCH GRANTS

On certain specific research projects, the research costs incurred are partially reimbursed by VLAIO (Flanders Innovation & Entrepreneurship - Vlaams Instituut Innoveren en Ondernemen), formerly known as IWT (Agency for Innovation by Science and Technology in Flanders – Agentschap voor Innovatie door Wetenschap en Technologie in Vlaanderen). In line with IAS 20 "Government grants", these grants are recognized as government grant income over the term of the project for which the grant was given when there is reasonable assurance that 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.

Oxurion has a track record of more than 10 years with these types of projects for which it receives grants from VLAIO. Grants are provided to Oxurion in order to support certain R&D activities. Activities, related budget and types of costs that will be paid is defined in the grant agreement. Over the course of the project, Oxurion reports on the status of activities and incurred expenditure to VLAIO on a regular (quarterly) basis in order to receive grant advances. The final assessment is performed by VLAIO at the end of the project in order to determine the final grant amount. Projects can take on average between 2 to 5 years.

Over the course of funded projects, Oxurion is confident that all activities performed will not deviate from the agreed scope, and that the final grant amount will not deviate from the initially agreed amount (except in limited number of cases when Oxurion had finalized the project earlier and did not spend the whole budget but has still received the grant based on actual expenditure). Overall, Oxurion is confident that the reasonable assurance as defined in the standard is reached over the course of the project for the amounts spent up to that moment, as the only condition attached to the grant is to perform R&D activities in line with the agreed-upon scope and in line with the set budget. There are no other conditions attached to the grants and the outcome of R&D activities does not impact the decision of VLAIO whether the final grant will be received or not.

(I) INTANGIBLE ASSETS

Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 5.7.3) 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 and financial resources to complete the development;
- Availability to reliably measure the attributed expenses for the intangible asset during development.

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

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

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 of the patent were amortized over the life of the patent as of the moment that it would generate revenue.

Software licenses are amortized over 3 years.

Externally acquired intangible assets and outsourced R&D costs

Payments made to third parties for subcontracted R&D, where there is no transfer of intellectual property to Oxurion, are expensed as internal R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, as indicated above.

Oxurion has entered into various contracts for the acquisition of licenses to intellectual property or third-party know-how, as disclosed further in note 5.8 under the key arrangements section. These assets are typically acquired for consideration including upfront, milestone and royalty payments.

Upfront payments made to third parties to in-license or acquire intellectual property rights, patents, compounds, products and know-how technologies to be used in R&D activities, are capitalized as costs paid for a separately acquired intangible asset under IAS 38. The related milestone payments can only be capitalized if they meet the criteria for recognition of an internally generated intangible asset.

Royalties paid/payable for acquired intellectual property are accrued for in line with the underlying sales and recognized under the cost of sales.

(J) 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 replaced 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.

(K) LEASED ASSETS

IFRS 16 – FIRST TIME ADOPTION

The group has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

In applying IFRS 16 for the first time, the group has used the following practical means permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group leases various offices, copiers and cars. Rental contracts are typically made for fixed periods of 3 to 4 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of these asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are exclusively composed of fixed payments less any lease incentives receivable.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases comprise of some car leases and are leases with a lease term of 12 months or less. Low-value assets only comprise of one copier.

We refer to note 5.7.2 for more information.

(L) 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 the costs to sell the asset and its value in use. These values are generally determined based on discounted cash flow calculations. 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 to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill cannot be 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.

(M) 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 on 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. 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.

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.

(N) EMPLOYEE BENEFIT PLAN

Short term employee benefits

Liabilities for wages and salaries that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pension benefits

Starting July 1, 2009, the Group has changed the defined benefit pension plan into a new defined contribution pension plan. All acquired rights up to June 30, 2009 are retained. Therefore, the Group

has two pension plans: (i) the initial defined benefit plan and (ii) the pension plan, which is a defined contribution plan in structure.

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

According to the Belgian legislation applicable to the second pillar pension plans (the minimum guaranteed return under the so-called "Law Vandenbroucke"), all Belgian pension plans that are structured as defined contribution plans are considered defined benefit plans under IFRS and therefore are accounted for as such.

Because of this minimum guaranteed return, the employer is exposed to a financial risk since further contributions could be required if the return on the assets is not sufficient to reach the minimum benefits to be paid.

The Group's commitments under defined benefit plans, and the related costs, are measured 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 the service 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 other long- or short-term benefits are granted to employees.

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 at the date on which the warrants are 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.

(O) FINANCIAL INSTRUMENTS

(A) FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured, at either amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component are measured initially at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the following categories of financial assets are relevant to the company:

- Financial assets at amortized costs (trade receivables, term deposits); and
- Financial assets at fair value through OCI (investments in debt instruments (bonds)).

Financial assets at amortized cost

This category is the most relevant to the company. The company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The company's financial assets at amortized cost mainly includes trade receivables and term deposits.

Financial assets through OCI (debt instruments)

The company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The company's debt instruments at fair value through OCI includes investments in quoted debt instruments (bonds).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and term deposits, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Upon impairment, 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 impairment account. If a trade receivable is considered uncollectible, it is written off in the impairment account. Subsequent collection of amounts that had previously been written off is credited in the impairment account. Modifications in the carrying amount of the impairment account are recognized 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.

(B) FINANCIAL LIABILITIES

Distinction between 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.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities mainly include trade and other payables. The company does not have any derivative financial instruments.

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

(P) EQUITY INSTRUMENTS

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

(Q) FINANCIAL INCOME AND EXPENSES

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

(R) SEGMENT REPORTING

An operational segment is a component of an entity:

- which exercises operating activities with which profits are gained and costs can be made (including profits and costs from transactions with other components of the entity);
- where the operational results are judged regularly by the highest managerial function of the entity who can take important operational decisions in order to make decisions regarding the granting of resources and to evaluate the financial results of the segment (chief operating decision maker); and
- for which separate financial information is available and 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), and which is subject to risks and rewards that are different from those of other segments.

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 Oxurion.

(S) INVENTORIES

Raw and ancillary materials and commodities are stated at the lower of cost or net realizable value. The inventory costing system is based on the FIFO-method.

Goods in process and finished goods are stated at the standard manufacturing cost or net realizable value. The inventory costing system is based on the FIFO-method.

The net realizable value test is performed for each reporting period. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The standard manufacturing price of the goods in process and of the finished goods, includes (i) the acquisition value of the raw materials, (ii) consumables and ancillary materials, (iii) the production costs that are directly attributable to the product, and (iv) the proportioned part of the production costs that are only indirectly attributable to the product, in so far that these costs cover the normal production period.

The standard manufacturing price is compared to the actual manufacturing price on annual basis, and adjustments are made to the value of the inventory.

Impairment losses are calculated on the goods in process, if their manufacturing cost, 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 analyzed on a case-by-case basis if the net realizable value is lower than the cost. The calculation of the net realizable value takes into account the specific characteristics of the inventories, including 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 requires management to rely on estimates and assumptions that impact 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 regarding estimates on the balance sheet dates are set out below.

The financial statements are prepared under the assumption of going concern

We refer to note 5.5.3.C

Revenue from Contracts with Customers

Under the five-step model established by the IFRS 15 standard, the Group's main estimates and assessments relate to identifying the performance obligations under its contracts and allocating the transaction price according to the stand-alone price of each of the performance obligations.

The majority of the company's sources of revenue are derived from sales of JETREA® vials through our US affiliate and from a few ex-US distributors. The Group has determined that there is only one performance obligation for all contracts in place with customers, that is to deliver the JETREA® product to the customer. Therefore, the transaction price is equal to the stand-alone selling price of each vial.

Share-based payment plans

The Group defines the cost of share-based payment plans on the basis of the fair value of the equity instrument on the grant date. Determining the fair value involves choosing the most suitable valuation model for these equity instruments, and the characteristics of the equity instrument and its 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 5.7.10.

Capitalization and impairment of intangible assets

The Group accounts for as intangible assets only rights and intellectual property if acquired from third parties and costs of internal development only if the conditions for the recognition of 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 3 and the chances of future success are estimated as highly probable. Accounting estimates and assessments of future business evolution, growth, sales, likelihood of success and discount rate are factors used in valuing the intangible asset to execute the annual impairment test.

Taxes

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of Oxurion 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 only use the abovementioned patent deduction on the basis of a tax ruling, the expectation exists that the future tax gains will be rather limited. There is also the uncertainty regarding the future use of the tax losses with ThromboGenics, Inc.

STEP	REVENUE FROM SALE OF VIALS
1. Identification of the contract	Oxurion has contracts with distributors in place, as disclosed in Note 5.8 under Key Agreements: Eumedica, ICare, and US Sales (Besse, McKesson and Walgreens).
2. Identification of performance obligations	In all distribution contracts, there is only one performance obligation: supply of goods to a third party.
3. Identification of the transaction price	Stand-alone price per vial is defined in each agreement with the customer.
4. Allocation of the transaction price	As there is only one performance obligation, there is no allocation of the price, and therefore stand-alone price per vial is recognized.
5. Revenue recognition	Revenue is recognized upon delivery to the customer (to a distributor where the distributor is the principal in the arrangement, or to the end-customer where the distributor acts as an agent). Returns are credited strictly at discretion of Oxurion, and a provision for US returns is made based on historical data. Provisions for EU + rest of the world rebates are made based on contractual agreements and/or local regulations.

5.5.5. Segment information

Segment information is represented in a consistent manner regarding the internal reporting to the chief operating decision maker of the entity, i.e. the person or persons that 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 Oxurion.

5.5.5.1 Product sales information

Product sales relate only to JETREA® and are reported in note 5.6.1.

5.5.5.2 Geographic information

The Global Selling, the R&D and the General and Administrative functions are located in Leuven, Belgium. These operations represent approximately 95% of the operating result. In the context of the company's business, these activities do not lead to the need for geographic information.

100% of intangible assets and almost all non-current assets, (85%), are located in Belgium.

5.5.5.3 Business unit reporting

Oxurion is an integrated biotechnology company with focus on diseases related to the retina.

Our molecules, Ocriplasmin on the market with brand name JETREA®, the anti-PIGF in clinical phase 2, the Plasma-Kallikrein inhibitor in clinical phase 1/2a, the Integrin antagonist also in phase 1/2a as well as our preclinical compounds all target diseases of the retina. These molecules represent more than 95% of the income and expenses of the company. As a consequence, the consolidated statement of profit and loss and of financial position are a valid representation of its business unit as a whole.

5.5.5.4 Information about major customers

Oxurion has one customer that individually accounts for more than 66% of the total income at the end of 2019 (2018: 56%) and one customer that individually accounts for more than 20% of the total income at the end of 2019 (2018: 20%). In 2018, there was one customer which individually accounted for more than 14% of the total income.

5.5.6. Financial instruments

The only financial instruments the Company currently holds are the so-called loans and receivables amounting to 3.6 million euro compared to 4.2 million euro in 2018, and cash, cash equivalents and investments amounting to 52.9 million euro compared to 85.1 million euro cash, cash equivalents, restricted cash and investments in 2018.

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..

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 carrying amounts of receivables and payables, which are all subject to normal trade credit terms, are equivalent to their fair values.

Investments in bonds are measured at fair value based on quoted market prices. The fair value movements are recorded in OCI.

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. The financial risks related to the operating activities of the group 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. 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, cash equivalents and restricted cash, and equity attributable to the equity holders of the Company, including capital, reserves and results carried over, as indicated in notes 5.7.9 and 5.7.10 respectively.

The Group manages its capital structure and makes the necessary adjustments in 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. Any cash inflows from possible cooperation agreements or other cash generating activities are not taken into account. 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) amounting to 52.9 million euro (2018: 85.1 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 to financial risks arising from exchange rate fluctuations because a substantial proportion of the research expenditure is invoiced in USD and GBP. The Group tries to compensate the inflows and outflows in foreign currency.

Analysis of sensitivity to exchange rates

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

The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and GBP denominated financial instruments.

	IMPACT ON POST TAX PROFIT	
IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
USD/euro exchange rate increase 10%	71	-619
USD/euro exchange rate decrease 10%	-87	756
GBP/euro exchange rate increase 10%	-3	-10
GBP/euro exchange rate decrease 10%	4	12

(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 Oxurion NV by means of individual follow-up of credit per counterparty.

The Group has a limited number of customers, among which three were predominantly wholesalers of JETREA®, as disclosed in note 5.7.4. Credit risk is considered as remote due to a history of no issues with payment collection. Eumedica collects the payments on behalf of Oxurion from its end-customers and ultimately Oxurion bears the credit risk. So far, the collection of payments happened without any delay and with limited credit risk.

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 were constituted in 2019 of:

- ViBio BV, represented by Patrik De Haes – CEO

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

Remuneration of key management personnel was as follows:

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Consultancy fees and reimbursement of expenses, short term	557	549
# of warrants and shares obtained during the period (in thousands)	100	100
Fees in the long term in case of dismissal		
Minimum fee	471	461
Maximum fee	706	692

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)	2019	2018
Sales	3,820	5,221
Income from royalties	126	99
Total income	3,946	5,320

In 2019, Oxurion JETREA® sales amounted to 3.8 million euro compared to 5.2 million euro in 2018.

Oxurion entered in 2018 into commercial agreements with 2 distributors, Eumedica and Icare.

For further details we refer to the Key Agreements' section as disclosed in note 5.8.

5.6.2. Cost of sales

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
License rights on sales	-115	-153
Cost of goods	-2,144	-3,202
Total cost of sales	-2,259	-3,355

The license rights on sales include the royalties that Oxurion owes to RCT and LSRP on the basis of JETREA® sales. For more information regarding these royalty agreements, see also note 5.8.

In the cost of vials, an amount of 2.0 million euro has been accounted for in 2019 for write-off of inventories of drug substance (0.3 million euro), drug product (1.3 million euro) and excipients (0.4 million euro). In 2018, 2.9 million euro is due to write-off of inventories of drug product and excipients.

5.6.3. Research and development expenses

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Employee benefits	-5,823	-6,387
Subcontracted R&D activities	-13,131	-12,883
Reagents and materials	-881	-730
Patent expenses	-262	-406
Consultancy fees	-2,938	-3,386
Depreciation and amortization	-2,575	-3,600
Government grants	604	73
Income from recharge of costs	482	180
Other	-1,185	-2,384
Total research and development expenses	-25,709	-29,523

Employee benefits were reduced in 2019 compared to 2018 due to replacement of expatriate staff by an increase in local staff.

The subcontracted R&D activities increase relate to the outsourced services to develop Oxurion's projects in the preclinical and clinical phase. In 2019, these costs increased by 0.2 million euro from 12.9 million euro to 13.1 million euro, which is mainly due to the concurrent running of THR-317, THR-687 and THR-149 clinical studies as well as TB-403.

In 2019, other expenses decreased to 1.2 million euro compared to 2.4 euro in 2018. The decrease is due to the fact that a 1.0 million euro milestone payment was made to Bicycle Therapeutics in 2018.

Since the launch of JETREA® (beginning January 2013), Oxurion has amortized phase 3 costs related to the development of ocriplasmin. Ocriplasmin was fully impaired at June 30, 2019 as a result the amortization cost related to Ocriplasmin was reduced to half in 2019. We refer to note 5.7.3 for more information. On the other hand, there is an increase of the amortization related to IFRS 16. We refer to note 5.7.2 for more information.

The government grants are grants received from the VLAIO, formerly known as IWT. Oxurion currently has two contracts with VLAIO. We refer to the accounting policy in note 5.5.3 for more details.

The income from recharge of costs relates to research and development expenses recharged to BioInvent. We refer to key arrangements in note 5.8 for more details on these arrangements and the accounting policy applied.

Government grants and income from the 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)	2019	2018
Employee benefits	-1,648	-1,564
Consultancy fees	-3,246	-3,248
Insurance	-321	-321
Depreciation and amortization	-141	-7
Other	-968	-1,209
Total general and administrative expenses	-6,324	-6,349

The general and administrative expenses remain flat compared to last year. Most important part of these expenses are ICT contractors, management, audit fees, Board fees, IR contractors, legal fees and HR services.

5.6.5. Selling expenses

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Employee benefits	-3,250	-1,917
Distribution costs	-490	-843
Contractor and consultancy fees	-1,871	-2,461
Depreciation and amortization	-57	-20
Other	-1,287	-976
Total selling expenses	-6,955	-6,217

In 2019, the selling expenses of Oxurion were 7.0 million euro compared to 6.2 million euro in 2018. The increase of these expenses reflects the finalization of the transfer of market authorizations and regulatory duties from Alcon/Novartis as well as reorganization costs of the US commercial team.

5.6.6. Other operating income

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Other operating income	2,022	883
Total other operating income	2,022	883

In 2019, Oxurion obtained other operating income of 2.022 million euro compared to 0.883 million euro in 2018. In 2019, this relates mainly to (i) an amount of 1.105 million euro obtained by Oxurion NV from Alcon/Novartis as the closing balance of profit transfer from JETREA® sales made by Alcon/Novartis and (ii) accrued tax credit for an amount of 0.802 million euro. The accrued tax credit in 2018 amounted 0.826 million euro.

5.6.7. Finance income

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Interest	28	165
Exchange rate gain (on USD and GBP)	467	631
Total finance income	495	796

As a result of USD revaluations, the unrealized exchange gain in 2019 amounted to 0.415 million euro (2018: 0.255 million euro) whereas 0.050 million euro exchange gains were realized (2018: 0.376 million euro).

5.6.8. Finance expense

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Bank costs	-24	-24
Impairment on short-term financial investments	4	-10
Other	-31	-8
Exchange rate loss (on USD and GBP)	-356	-282
Total finance expense	-407	-324

As a result of USD revaluations, the unrealized exchange losses in 2019 amounted to 0.325 million euro (2018: 0.175 million euro) whereas 0.032 million euro exchange losses were realized (2018: 0.108 million euro).

5.6.9. Employee benefits

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Wages, salaries and bonuses	-9,839	-8,906
Share-based compensation expenses	-440	-592
Pension costs	-442	-370
Total	-10,721	-9,868

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

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Research and development	58	52
General and administration	8	9
Selling	11	9
Total	77	70

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

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Research and development expenses	192	203
General and administrative expenses	182	208
Selling expenses	66	181
Total	440	592

We refer to note 5.7.10, for further information regarding the share-based payment plans.

5.6.10. Taxes

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Current tax expense	-17	-10
Deferred tax expense	0	0
Tax expenses in income statement	-17	-10
Effective tax Rate	0.0%	0.0%

The tax expense as shown above has been calculated in conformity with local and international tax laws. The tax on the Company's loss / profit (-) before tax differs from the theoretical amount that would arise using the domestic rate in Belgium on loss (-) / profit of the year and is as follows:

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Loss (-) / profit before tax	-52,086	-38,769
Expected tax based on tax rate of the parent company (2019 and 2018: 29.58%) (theoretical)	15,407	11,468
Disallowed expenses	-106	-83
Notional interest deduction	0	-1,764
Tax deductions and non-taxable income	414	453
Change in unrecognized deferred taxes	-13,106	-8,052
Adjustments for current tax of prior periods	0	0
Impact of tax law changes	-2,475	-1,977
Difference in tax rates from other jurisdictions	1	1
Other	-118	-36
Tax expense of the year (effective)	-17	-10

The main difference between the theoretical tax and the effective tax for the year 2018 and 2019 can be primarily explained by the unrecognized deferred taxes for which the Company conservatively assesses that it is not likely that these will be utilized in the foreseeable future.

The carried forward notional interest deduction expired end of 2018 since it can no longer be used in 2019 onwards.

5.6.11. Result per share

Basic earnings per share

The calculation of basic earnings/loss per share on December 31, 2019 is based on the holders of ordinary shares attributable loss (-) / profit from 2019 (52.103) million euro (2018: (38.779) million euro) and a weighted average number of ordinary shares outstanding during 2019 of 38,291,950 (2018: 38,250,729), calculated as follows:

	2019	2018
Issued ordinary shares per 1 January	38,291,950	36,094,349
Effect of capital increase through issue of shares	0	2,153,366
Effect of exercised share options	0	3,014
Average number of ordinary shares per 31 December	38,291,950	38,250,729

IN '000 EURO, EXCEPT FOR RESULT PER SHARE	2019	2018
Result of the year	-52,103	-38,779
Basic result per share	-1.36	-1.01

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.

	2019	2018
Issued ordinary shares (diluted) per 1 January	39,466,700	36,993,224
Effect of capital increase through issue of shares	0	2,153,366
Effect of exercised share options	0	3,014
Effect of potential ordinary shares	-54,303	-8,837
Average number of ordinary shares (diluted) per 31 December	39,412,397	39,140,767

IN '000 EURO, EXCEPT FOR RESULT PER SHARE	2019	2018
Result of the year	-52,103	-38,779
Diluted result per share (*)	-1.36	-1.01

(*) As there was a loss in 2019 and 2018 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 5.7.10 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 2018			
Cost	6,372	4,167	10,539
Accumulated depreciation and disposals	-5,838	-3,702	-9,540
Exchange differences	-24	16	-8
Net carrying amount	510	481	991
Year ended on 31 December 2018			
Additions	128	67	195
Depreciation expenses	-253	-221	-474
Disposals	-100	0	-100
Exchange differences	0	2	2
Net carrying amount	285	329	614
As at 31 December 2018			
Cost	6,500	4,234	10,734
Accumulated depreciation and disposals	-6,191	-3,923	-10,114
Exchange differences	-24	18	-6
Net carrying amount	285	329	614
Year ended on 31 December 2019			
Additions	77	54	131
Depreciation expenses	-122	-208	-330
Disposals	-69	-8	-77
Exchange differences	2	0	2
Net carrying amount	173	167	340
As at 31 December 2019			
Cost	6,577	4,288	10,865
Accumulated depreciation and disposals	-6,382	-4,139	-10,521
Exchange differences	-22	18	-4
Net carrying amount	173	167	340

As at December 31, 2019, property, plant and equipment worth 6.4 million euro (2018: 6.1 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. Leases

On January 1, 2019, we adopted IFRS 16 in accordance with its transitional provisions, using the cumulative catch up approach (IFRS 16 Paragraph C8 (b) (ii)). The Company has applied the IFRS 16 standard to its leases with the cumulative impact recognized on the date of initial application (January 1, 2019). Accordingly, previous period information has not been restated. As a result of the adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17.

Under the cumulative catch up approach, the Company has recorded lease liability at the present value of the remaining lease payments, discounted at its incremental borrowing rate, and the right-of-use asset at an amount equal to the lease liability.

The impact of these changes on January 1, 2019 amounted to 2.8 million euro right-of-use assets and corresponding lease liabilities of 2.8 million euro. Compared to December 31, 2018, the increase of 2.3 million euro in right of use assets and liabilities relates to the renewal of the lease agreement of our office building for a 3-year period, which was concluded in the course of HY 2019, but still uncertain as at December 31, 2018. We accounted operating leases with a remaining lease term of less than 12 months and low value lease expenses at January 1, 2019 as short-term leases.

IN '000 EURO	INCREASE/(DECREASE)
Operating lease commitments disclosed as at December 31, 2018	482
Lease for offices renewed in 2019	2,312
Less: discounting effect using the lessee's incremental borrowing rate at the date of initial application	-43
Lease liability recognized as at January 1, 2019	2,751

At December 31, 2019, the adoption of IFRS 16 has resulted in recognizing right-of-use assets of 2.2 million euro and corresponding lease liabilities of 2.2 million euro.

IN '000 EURO	LAND AND BUILDINGS	PROPERTY, PLANT AND EQUIPMENT	TOTAL
Right-of-use assets			
As at January 1, 2019	2,575	175	2,750
Additions	0	326	326
Amortization	-749	-115	-864
As at December 31, 2019	**1,826**	**386**	**2,212**
Lease liabilities			
As at January 1, 2019	2,575	175	2,750
Additions	0	326	326
Interest expense	22	2	24
Lease payments	-751	-116	-867
As at December 31, 2019	**1,846**	**387**	**2,233**
Of which are:			
current lease liabilities	741	157	898
non-current lease liabilities	1,088	228	1,316
unwinding effect between nominal and discounted value	18	2	19
Total	1,846	387	2,233

Impact on the statement of profit or loss for 2019:

IN '000 EURO (FOR THE PERIOD ENDED ON DECEMBER 31)	INCREASE/(DECREASE)
Depreciation expense	864
Operating lease expenses	-867
OPERATING RESULT	-3
Finance expense	24
Income tax expense	0
Result for the period	21

On December 31, 2019, we had outstanding lease obligations, which become due as follows:

IN '000 EURO	UP TO 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 2 YEAR(S)	BETWEEN 2 AND 5 YEARS
Lease obligations	228	669	801	515

5.7.3. Intangible assets

IN '000 EURO	INTERNALLY GENERATED MICROPLASMIN PHASE 3	LICENSE NUVUE	LICENSE GRIFOLS	LICENSE GALAPAGOS	LICENSE VIB	LICENSES OTHER	TOTAL
As at 1 January 2018							
Cost	53,597	12,019	9,935	1,000	982	168	77,701
Accumulated amortization expenses	-20,762	-5,050	-4,118	0	0	-168	-30,098
Accumulated impairment losses	-24,000	0	0	0	0	0	-24,000
Net carrying amount	8,835	6,969	5,817	1,000	982	0	23,603
Year ended December 31, 2018							
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortization expenses	-1,292	-1,019	-842	0	0	0	-3,153
Impairment losses	0	0	0	0	0	0	0
Net carrying amount	7,543	5,950	4,975	1,000	982	0	20,450
As at December 31, 2018							
Cost	53,597	12,019	9,935	1,000	982	168	77,701
Accumulated amortization expenses	-22,054	-6,069	-4,960	0	0	-168	-33,251
Accumulated impairment losses	-24,000	0	0	0	0	0	-24,000
Net carrying amount	7,543	5,950	4,975	1,000	982	0	20,450
For the period ended on December 31, 2019							
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortization expenses	-646	-509	-421	0	0	0	-1,576
Impairment losses	-6,897	-5,441	-4,554	0	0	0	-16,892
Net carrying amount	0	0	0	1,000	982	0	1,982
As at December 31, 2019							
Cost	53,597	12,019	9,935	1,000	982	168	77,701
Accumulated amortization expenses	-22,700	-6,578	-5,381	0	0	-168	-34,827
Accumulated impairment losses	-30,897	-5,441	-4,554	0	0	0	-40,892
Net carrying amount	0	0	0	1,000	982	0	1,982

In the development of JETREA®, Oxurion has capitalized ocriplasmin clinical study costs (Internally generated Microplasmin phase 3), and two externally acquired licenses that were used for development of JETREA®: NuVue and Grifols. The capitalized costs were amortized from the date of commercialization of JETREA® in 2013, over the life of the patent which was determined to be 11.8 years. We refer to the accounting policy section for more details on ocriplasmin, and to the note 5.8 on key arrangements for more details on NuVue and Grifols agreements.

The Galapagos license relates to an externally acquired license by Oxurion in relation to program THR-687, for the development and commercialization of integrin antagonists for the treatment of diabetic eye disease. The license is not yet amortized as the development is currently in progress. Annual impairment reviews are performed, and there is no need for impairment of this license. For more details on the agreement and accounting policy treatment, we refer to note 5.8 under key arrangements section.

VIB license relates to an externally acquired license by Oncurious for a portfolio of five unique next generation Immuno-Oncology assets which are being used in further development. This asset was given as a contribution in kind by VIB and was capitalized based on fair value determined by an independent valuator. The license is not yet amortized as the development is currently in progress. For more details on the agreement and accounting policy treatment, refer to note 5.8 under key arrangements section.

Impairment test at half year 2019

At December 31, 2018, in executing the impairment test for JETREA® intangible asset, the recoverable amount of JETREA® Commercial operations CGU was determined based on the fair value less cost of disposal.

At December 31, 2018, the model included growth rates which are consistent with forecasts included in reports specific to the industry in which the CGU operates. At June 30, 2019, declining sales of the asset signaled the need for impairment revision.

At June 30, 2019, in line with method used at December 31, 2018, the fair value calculation for the JETREA® CGU was performed based on a level 3 calculation in accordance with IFRS 13. New sales forecasts were produced using actual sales as a base and projecting these based on reachable promotion targets and adapted growth rates. Using these revised sales projections, cash flow projections were performed based on industry ratios related to the product and covering a five-year period, which corresponds to the remaining patent life for JETREA®. These cash flows included discounted residual values beyond the five-year period assuming slowly declining sales of the last patent protected year. A discount rate (WACC) of 25% was used, taking into consideration the main assumptions such as growth rate used in the model. The fair value model comprises an estimated rate of 3% to cover any potential cost for disposal. A sensitivity analysis was performed using different scenarios affected by the key assumptions such as WACC and growth rate. The cash flows obtained through these calculations do not justify value of this asset in the statement of financial position and as a consequence the remainder of all JETREA® intangibles (comprised of internally generated assets, as well as the Nuvue and Grifols acquired IP) were written off on June 30, 2019 for a total amount of 16.9 million euro. In accordance, JETREA® related inventories were impaired to expected net realizable value.

The 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.

Impairment test at December 31, 2019

For the Galapagos IP due to indefinite lifetime, the carrying value was tested against its probable value in use. A DCF model was used. Revenues are based on patient-based algorithm for estimating the number of patients treated over time with the considered asset, resulting in sales volume and value using sources such as Datamonitor Healthcare, Biomedtracker for population, Ponath 2018 and clinicaltrials.gov for market potential. Investments and expenses were defined for pre-launch and post-launch operating expenses, using when possible, biopharmaceutical industry benchmarking (Globaldata). Two discount approaches were taken: one using WACC of 25% across the board and another applying first, industry standard probabilities to bring the molecule to the market (Bio Org 2016), then applying further discounting on the obtained result with a WACC of 12%. Both approaches resulted in no indication of impairment. Figures used for calculation run up to end of data exclusivity and no terminal value was taken into account.

For the VIB IP, due to indefinite lifetime, probable value in use due to its preclinical status is based on assumed out-license potential of Immuno-Oncology assets. Based on history of deals for Immuno-Oncology molecules, as published in Nature Biotechnology and Nature Reviews Drug Discovery and applying a discount rate (WACC) of 25% over potential near term upfront payments (assumed within next 3 years) obtainable for drugs in discovery stage in this field, resulted in no indication of impairment.

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

5.7.4.1 Trade and other receivables

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Trade receivables	1,803	2,012
Other receivables	1,238	1,341
Prepaid expenses and other current assets	551	866
Total	3,592	4,219

Other receivables relate mainly to prepayments: 1.215 million euro in 2019, compared to 1.321 million euro in 2018. These advances were paid upfront to various CRO partners mainly in relation to direct costs and pass through costs.

Allowance for bad debt is booked on the basis of an estimate of lifetime ECLs at each reporting, taking into account the payment history of the other party. As per 31 December 2019 and 2018, there are no material aged trade receivables.

The table below shows the evolution of key trade receivable amounts on the balance sheet date:

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
BioInvent	481	62
Alcon/Novartis	0	623
Accredo Health Group, Inc.	0	3
Besse Medical	335	314
Eumedica	779	805
Quintiles Outcome Sciences	0	37
Mc Kesson Financial Center	71	90
Walgreens Specialty	11	72
Accutome Inc.	8	0
I-Care	118	0
Other trade receivables	1	5
Total	1,803	2,012

Management has sufficient confidence in the creditworthiness of the counterparty that the trade receivable amounts are considered collectable in full.

Aging balance of receivables that are due, but that are still considered collectable based on contractual payment terms:

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
0 - 60 days	840	1,783
60 - 90 days	275	104
90 - 120 days	158	89
more than 120 days	529	36
Total	1,803	2,012

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.

The Group has no securities linked to these receivables.

5.7.4.2 Taxes

Non-current tax receivables

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Tax credit	3,385	2,584
Total	3,385	2,584

The tax credit applies to the relevant acquired intangible assets if capitalized. If the Company does not use this tax credit within the next 5 years, it will be recoverable from the government.

Current tax receivables

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Recoverable VAT	381	496
Recoverable withholding tax	55	55
Other taxes	31	30
Tax credit	0	126
Total	467	707

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

5.7.5. Inventories

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Raw and ancillary materials, goods in process and finished goods	20	1,036
Total	20	1,036

The inventories of raw and ancillary materials, goods in process and finished goods are based on the net value, after impairment losses. The impairment losses on the inventories recognized in cost of goods amount to 2.011 million euro in 2019, compared to 2.862 million euro in 2018.

5.7.6. Investments

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Other investments	444	475
Term investments	10,000	20,000
Total investments	10,444	20,475

FINANCE ASSETS ACCORDING TO CATEGORIES DEFINED IN IFRS 9	INVESTMENTS AT AMORTIZED COST	INVESTMENTS AT FVOCI
Balance at 1 January 2018	48,921	634
Exchange rate differences	0	5
Additions	0	0
Repayments	-28,921	-142
Impairments	0	-8
Appreciation at market value	0	-14
Balance at 31 December 2018	20,000	475
-/- of which taken in fixed assets	-	-
Taken in current assets	20,000	475
Composition		
- Other bonds	0	475
- Term investments	20,000	0
Breakdown per currency		
- in EUR	20,000	330
- in other currency	0	145
Total	20,000	475
Balance at 1 January 2019	20,000	475
Exchange rate differences	0	4
Additions	0	0
Repayments	-10,000	-40
Impairments	0	5
Appreciation at market value	0	1
Balance at 31 December 2019	10,000	445
-/- of which taken in fixed assets	-	-
Taken in current assets	10,000	445
Composition		
- Other bonds	0	445
- Term investments	10,000	0
Breakdown per currency		
- in EUR	10,000	290
- in other currency	0	155
Total	10,000	445

The Group decided to invest mainly in saving accounts and term deposits. As of December 31, 2019, 10 million euro was invested in euro term accounts with BNP Paribas Fortis. The interest rate amounts to 0.06%. BNP Paribas Fortis holds an A credit rating with S&P.

The remaining bonds are held by UBP (Union Bancaire Privée) and are distributed in 9 bonds of private and public institutions. The credit rating varies from A, A+, BBB to BBB+. Bonds are measured at fair value at level 1 hierarchy based on quoted market prices.

5.7.7. Other short-term liabilities

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Employee benefits	2,806	2,257
Other current liabilities	1,960	2,243
Total other short-term liabilities	4,766	4,500

Employee benefits include holiday pay, bonus and outstanding employee taxes. In addition, in 2019, the reorganization costs of the US commercial team in view of moving to a distribution model has led to establishment of a provision to cover for announced, identified and quantified reorganization costs to be exposed in 2020.

The other current liabilities consist of commitments that expire before year-end and for a not yet received invoice.

5.7.8. Deferred taxes

Deferred tax assets have not been recognized in respect of the items below because it is not probable that future taxable profits will be available against which the Group can utilize the loss carryforwards or deductible temporary differences. The losses available for offsetting future taxable income are mainly related to Belgium and can be carried-forward indefinitely.

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
Losses available for offsetting against future taxable income	306,274	254,025
Deductible temporary differences	24,651	23,793
Total unused tax losses and other deductible temporary differences not recognized	330,925	277,818

No deferred tax liability is recognized on the unremitted earnings of subsidiaries since no tax is expected to be payable on them in the foreseeable future.

5.7.9. Share capital

ThromboGenics NV was founded on May 30, 2006, with a capital of 62,000 euro represented by 11,124 shares.

On December 31, 2019, the capital of the Company amounted to 100,643,932 euro represented by 38,291,950 ordinary bearer shares without indication of nominal value. All the shares are fully paid up and all have the same rights.

The Board of Directors' powers with respect to the authorized share capital were renewed at the extraordinary shareholders' meeting on May 24, 2019 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 (June 13, 2019). Accordingly, the Board is authorized to increase the share capital of the Company on one or more occasions up to an amount of 111.056.932,00 euro in cash or in kind or by conversion of the reserves.

NUMBER OF SHARES	
31 December 2017	36,094,349
Capital increase by contribution in cash	2,177,226
Capital increase - exercising warrants	20,375
31 December 2018	36,094,349
Capital increase by contribution in cash	0
31 December 2019	38,291,950

A capital increase by Novartis Pharma AG of 9.8 million euro, assorted with an issue premium of 0.2 million euro took place on January 5, 2018 with 2,177,226 new shares being delivered on January 22, 2018. Funds were received on December 22, 2017.

On June 1, 2018, by decision of the extraordinary general shareholders' meeting, accumulated losses of Oxurion NV were absorbed by reduction of share premium for an amount of 157,864,957.06 euro and a capital decrease in an amount of 24,302,544.14 euro.

On November 8, 2018, 20,375 warrants were converted by warrant holders, with 20,375 new shares being delivered, increasing the capital with 78,739.97 euro, and bringing the total number of shares to 38,291,950 and the capital to 137,563,946.87 euro.

On December 30, 2019, by decision of the extraordinary general shareholders', meeting, accumulated losses of Oxurion NV were absorbed by reduction of the share premium for an amount of 12,949.53 euro and a capital decrease in an amount of 36,920,014.87 euro.

IN '000 EURO	CAPITAL	ISSUE PREMIUM
31 December 2017	151,991	157,661
Capital increase by contribution in cash	9,796	204
Capital decrease	-24,302	-157,865
Capital increase - exercising warrants	79	13
31 December 2018	137,564	13
Capital decrease	-36,920	-13
31 December 2019	100,644	0

5.7.10. Other reserves

IN '000 EURO	
31 December 2017	-13,141
Share-based payment	592
Fair value adjustment	-14
31 December 2018	-12,563
Share-based payment	440
Fair value adjustment	1
31 December 2019	-12,122

Share-based payment plans

The Group has created various warrant plans that can be granted to employees, Directors, consultants and research institutions.

Since the public listing, all warrant plans have been created in respect of Oxurion NV.

At December 31, 2019, there is one outstanding warrant plan, as follows:

CREATION DATE OF PLAN	DATE GRANTED	EXERCISE PRICE (IN EURO)	BENEFICIARY
Warrant plan Belgium 2017	2017-2019	Between 2.64 and 6.55	Employees, key consultants and Directors of the Group

Brief overview of all outstanding warrants granted between 2017 and December 31, 2019

Oxurion 2017 Warrant Plan

On November 20, 2017, the Extraordinary General Meeting of Oxurion NV decided to issue the Oxurion 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 Oxurion NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for Directors. Authority to grant options to Directors 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 have a contractual term of ten years and 3 years graded vesting (50% after 2 years and 50% after 3 years) with no performance conditions. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee.

The grant date fair values of the warrants granted under the 2017 Warrant Plan have been determined by using the Black & Scholes model, taking into account the following assumptions:

2017 WARRANT PLAN	**ASSUMPTIONS**							
Grant date	Dec-17	Dec-17	Jun-18	Dec-18	Dec-18	Jul-19	Dec-19	Dec-19
Number of warrants granted	251,000	150,000	33,500	356,500	150,000	44,300	267,000	150,000
Current share price on date of acceptance (in euro)	3.38	3.38	7.07	3.52	3.52	4.65	2.875	2.875
Exercise price	3.38	4.593	6.549	3.4	4.593	3.822	2.64	4.593
Expected dividend yield	-	-	-	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%	60%	60%	60%
Risk-free interest rate	-0.51%	-0.51%	-0.46%	-0.38%	-0.38%	-0.67%	-0.58%	-0.58%
Expected duration	10	10	9	9	9	8.5	8	8
Fair value	1.56	1.29	3.33	1.58	1.3	2.23	1.26	0.82

For 2017 Warrant Plan, the assumptions used in determining the fair value of the warrants granted are based on the following data:

- Current share price on date of acceptance - the closing price on the stock market of Euronext Brussels;
- Expected stock price volatility - the historical volatility of Oxurion's share price;
- Expected duration – calculated as the estimated duration until exercise, taking into account the specific features of the plans.

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, Oxurion NV has determined the fair value of the services received from these parties by reference to the warrants granted.

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

	2019		2018	
	AVERAGE EXERCISE PRICE IN EUR	WARRANTS	AVERAGE EXERCISE PRICE IN EUR	WARRANTS
As at 1 January	4.63	1,174,750	5.10	848,875
Granted, accepted	3.82	44,300	6.55	391,500
Granted, not yet accepted	3.25	417,000	3.75	0
Forfeited (395,250 warrants due to expired 2014 Warrant Plan)	5.67	-521,250	5.09	-45,250
Exercised	0.00	0	4.50	-20,375
As at 31 December	3.76	1,114,800	4.63	1,174,750

Outstanding vested warrants as at December 31, 2019, have the following earliest exercise date, maturities and exercise prices:

Earliest exercise date	EXPIRY DATE	EXERCISE PRICE (IN EURO)	VESTED NUMBER (IN THOUSANDS)
2020	2027	3.97	153
Total weighted average		3.97	153

5.7.11. Employee Benefit Obligations

Oxurion 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 pay 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 defined benefit plan was changed into a pension plan that is structured as a defined contribution plan, but that should be accounted for as a defined benefit plan in accordance with IFRS, since the company offers a minimum guaranteed return to the plan participants.

The amounts recognized in the balance sheet can be broken down as follows:

	2019	2018
Defined benefit obligation	4,684	3,933
Fair value of plan assets	-3,883	-3,501
Net defined benefit liability	801	432

The amounts recognized in the balance sheet and the movements in the net defined benefit obligations are as follows:

IN '000 EURO	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL
As at 1 January 2019	3,933	-3,501	432
Current service cost	361	0	361
Past service cost	0	0	0
Interest expense/(income)	90	-84	6
Total amount recognized in profit or loss	*451*	*-84*	*367*
Remeasurements	364	0	364
Total amount recognized in other comprehensive income	*364*	*0*	*364*
Employer contributions	0	-362	-362
Employee contributions	83	-83	0
Benefit payments	-30	30	0
Taxes on contributions	-46	46	0
Insurance premiums related to risk coverages	-72	72	0
As at 31 December 2019	4,685	-3,884	801

The significant actuarial assumptions used to calculate the net defined benefit liability were as follows:

	2019	2018
Discount rate	1.3%	2.3%
Inflation rate	2.0%	2.0%
Salary increase rate on top of inflation rate	1.5%	1.5%
Mortality tables	MR/FR with age correction of 3 years	MR/FR with age correction of 3 years

The expected future benefits to be paid are as follows:

IN '000 EURO	
2020	16
2021	222
2022	168
2023	82
2024-2028	840

5.8. Other clarification notes to the statement of financial position

Subsidiaries and branches

NAME OF THE SUBSIDIARY	PLACE OF INCORPORATION AND OPERATION	2019	2018	PRINCIPAL ACTIVITY
ThromboGenics, Inc.	US	100%	100%	Distributor
Oncurious NV	BE	81.67%	81.67%	Research (oncology)
NAME OF THE BRANCH	**PLACE OF INCORPORATION AND OPERATION**	**2019**	**2018**	**PRINCIPAL ACTIVITY**
Irish Branch	IE	100%	100%	No current activity

At year-end 2019, out of a new total of 5,358 Oncurious NV shares, Oxurion NV owns 4,376 shares or 81.67%.

Key Agreements, Commitments and Contingent Liabilities

The Group has a number of material agreements with third 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 overview of Oxurion's material agreements. An agreement is considered as "material" when the contractual commitments reach over 1 million euro, or in case of a new agreement, when such an impact is expected in the 12 month period after the reporting date.

Note that certain agreements include sharing of R&D costs and/or sharing of revenue. Although these agreements include the establishment of a joint committee which monitors the joint activities, these arrangements are out of the scope of IFRS 11 "Joint Arrangements", as the company has concluded that no joint control exists.

Research and Development Agreements

BioInvent

In September 2004, Oxurion and BioInvent International AB entered into a collaboration and research and license agreement to cooperate on research and to jointly develop drugs based on antibodies for vascular disorders ("2004 Agreement"). TB-403, a humanized monoclonal antibody directed against placental growth factor (PlGf), is the only antibody that was developed under the 2004 Agreement. In 2017, the parties replaced the 2004 Agreement by two new agreements: the TB-403 collaboration research and license agreement ("TB-403 Agreement") and the THR-317 license and release agreement ("THR-317 Agreement").

Under the TB-403 Agreement (which was assigned by Oxurion to its subsidiary Oncurious NV in line with the corporate strategy to focus all oncological R&D activities in Oncurious), Oncurious and BioInvent have jointly developed 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"). All costs and possible revenues under this program are equally shared between the parties.

Under the THR-317 Agreement, Oxurion has an exclusive right and license to exploit THR-317 (= TB-403) in all possible uses and indications whatsoever, with the sole exception of oncological indications. Oxurion bears all costs for the development of THR-317 in non-oncology indications and BioInvent is entitled a 5% royalty from any net sales or revenues generated with THR-317 in non-oncological indications.

For TB-403, 0.076 million euro in 2019 and 0.262 million euro in 2018 was paid to BioInvent and recorded as R&D expense in the income statement to account for BioInvent's R&D expenses under the agreed cost split. Thus far, there have been no development expenditures that meet the definition of an intangible asset under IAS 38, and there are no revenues generated, and consequently no royalty is yet to be paid to BioInvent.

For THR-317, Oxurion incurred a cost of 3.6 million euro in 2019, and 4.8 million euro in 2018. These costs were solely borne by Oxurion and booked as R&D cost. Thus far, there have been no development expenditures that meet the definition of an intangible asset under IAS 38, and there are no revenues generated, and consequently no royalty has been paid to BioInvent. Oxurion decided in 2019 to stop making further investments in THR-317.

Bicycle Therapeutics

In August 2013, Oxurion entered into a research collaboration and license agreement with Bicycle Therapeutics ("Bicycle Collaboration Agreement"). Under this agreement, Bicycle is responsible for identifying Bicycle-peptides related to the collaboration target, human plasma kallikrein, for use in various indications. Oxurion is responsible for further development and product commercialization after the defined research screening is performed by Bicycle.

The collaboration includes two stages. During Stage 1, which has been completed, Bicycle was obligated to perform specific research activities in accordance with the research plan focused on screening the target using the Bicycle platform to identify compounds that meet the criteria set by the parties. During Stage 2, which is ongoing, Oxurion has continued research activities on selected Bicycle-peptides with the goal of identifying compounds for further development and commercialization. THR-149 has been selected as a development compound under the Bicycle Collaboration Agreement.

Bicycle granted certain worldwide intellectual property rights to Oxurion for the development, manufacture and commercialization of licensed compounds associated with plasma kallikrein.

The Bicycle Collaboration Agreement provided an upfront payment of 1.0 million euro and potential additional research and development funding, at an agreed upon FTE rate, should the research effort require more than one FTE, or the research plan be amended or extended by Oxurion. In addition, Oxurion is required to make certain milestone payments to Bicycle upon the achievement of specified research, development, regulatory and commercial milestones. In addition, to the extent any of the collaboration products covered by the licenses granted to Oxurion are commercialized, Bicycle would be entitled to receive tiered royalty payments of mid-single digits based on a percentage of net sales. Royalty payments are subject to certain reductions. Also, if Oxurion grants a sublicense to a third party for rights to the program for non-ophthalmic use, Bicycle would be entitled to receive tiered payments of mid-single digits to low-double digits (no higher than first quartile) based on a percentage of non-royalty sublicensing income.

In November 2017, the parties entered into an amendment to the Bicycle collaboration agreement. This amendment provides for additional research services to be performed by Bicycle related to the identification of additional Bicycle-peptides binding to the target for Oxurion, in its discretion, to select as development compounds. Bicycle was obligated to perform the work in accordance with an amended research plan under Stage 1 of the collaboration and was funded at a specified FTE rate, plus any direct out of pocket expenses, and Oxurion will be responsible for Stage 2 research and any development after the selection of a development compound. Bicycle has completed Stage 1 of the research plan. Additional milestones were added for the potential additional licensed compounds, consistent with those of the initial Bicycle Collaboration Agreement.

In 2018, Oxurion has paid 0.4 million euro to Bicycle for research costs and recorded it under R&D expenses. Based on IAS 38 "Intangible assets", Oxurion has not acquired a separate intangible asset that meets the definition of IAS 38, and therefore these expenses are recorded under R&D expenses. So far, the following upfront and milestone payments were made to Bicycle: 1.0 million euro in 2013, 0.750 million euro in 2017, and 1.0 million euro in 2018. These were all expensed as R&D costs.

Parexel

Parexel provides clinical research services for the development of Ocriplasmin in diabetic retinopathy. Services are billed on a project basis via Statements of Work based on an Agreement for Services dated as of September 1, 2015. Services relate to the study in order to evaluate the effect of ocriplasmin. Oxurion makes advance payments to Parexel for any payments that Parexel needs to make to third parties involved in the study.

Based on IAS 38 "Intangible assets", the costs paid to Parexel are not made in order to acquire an asset, or to increase economic benefits already embodied into an asset. Therefore, such costs are expensed to the income statement as R&D expenses, as incurred. In case of prepayments, an asset is recognized for such prepayment, and prepayment is released to income statement as costs are incurred. In 2019 and 2018, 1.1 million euro and 1.4 million euro was paid respectively to Parexel and recognized as R&D expenses.

INC Research (Syneos Health)

INC Research provides clinical research services for the development of THR-317 and THR-687. 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. Based on IAS 38 "Intangible assets", the costs paid to INC Research are not made in order to acquire an asset, or to increase economic benefits already embodied into an asset. Rather, they are an outsourced R&D cost. Therefore, such costs are ex-

pensed to the income statement as R&D expenses, as incurred. In case of prepayments, an asset is recognized for such prepayment, and prepayment is released to income statement as costs are incurred. In 2019 and 2018, 2.6 million euro and 2.8 million euro were paid respectively to INC Research and recognized as R&D expenses. At year-end 2019, a prepayment in the amount of 1.0 million euro is recorded on the balance sheet.

Galapagos

Oxurion signed a global and exclusive in-licensing agreement with Galapagos to develop and commercialize integrin antagonists for the treatment of diabetic eye disease ("Galapagos License Agreement"). The company's THR-687 program is a result of this agreement.

The license agreement gives Oxurion access to a collection of integrin antagonists developed by Galapagos that Oxurion is using in its R&D activities. Oxurion believes that by gaining access to these molecules, including THR-687, the most advanced drug candidate, it has the potential to develop a novel small molecule integrin antagonist that could be used to treat a broad range of patients with diabetic retinopathy, with or without diabetic macular edema. Oxurion has obtained the exclusive rights for the clinical development, manufacturing and commercialization under this agreement, while Galapagos is entitled to a non-refundable upfront fee for technology access, development milestone payments and stepwise sales milestone payments as well as market conforming royalties on sales over the period of 10 years from the first sale.

In September 2017, the parties entered into an amendment to the Galapagos License Agreement. According to this amendment, Oxurion has taken over the prosecution and maintenance of the licensed patents and consequently has acquired all rights in the licensed patents with effective date as of September 25, 2017. Oxurion will be entitled to deduct its documented and reasonable costs for prosecution and maintenance for the licensed patents from the royalty due and payable to Galapagos under the Galapagos License Agreement.

Oxurion has paid to Galapagos an upfront fee of 1.0 million euro in April 2016, upon Galapagos supplying to Oxurion the Licensed Compound, and all data and manufacturing know-how related to the Licensed Compounds, which was capitalized as an intangible asset as it meets the conditions of a separately acquired intangible asset under IAS 38, par. 25. Galapagos has no further performance obligations for development services. Since no commercialization was achieved and no profit was generated, no amortization was recorded so far. Until now, no other advance payments have been paid to Galapagos.

The future milestones must be assessed to determine if they meet the capitalization criteria under IAS 38, once they are paid. We refer to the accounting policy section on intangible assets for more details.

Intellectual Property and Royalty Agreements

Grifols, Inc.

In February 2012, Oxurion and Grifols entered into a license agreement. Through this agreement, Oxurion strengthens its exclusive worldwide rights regarding the use of plasmin and derivate products for the treatment of ophthalmological diseases. Consideration to be paid to Grifols consists of settlement payments of USD 3-4 million, milestone payments payable upon regulatory approvals in Europe and the US of 10.0 million USD in total, and a royalty of 2% of net sales. Royalty is payable until either the payment cap is reached, or the license rights expire. Settlement and milestone payments are to be credited against the payment cap, and offset with any royalties.

Until now, Oxurion has paid in total 13.0 million USD to Grifols in period 2012-2013. At the moment of signing the agreement, Oxurion and Grifols determined the price of the license to be obtained and that the consideration would be paid via upfront and milestone payments, all of which occurred within a period of approximately one year. The upfront and the milestone payments are made for the acquisition of a license, which is a separately acquired intangible asset, which is capitalized under paragraph 25 of IAS 38. Grifols has no further performance obligations for development services. The intangible asset is recognized based on the amounts paid to acquire the asset: upfront and milestone payments.

The milestone payments can only be capitalized if they meet the criteria for recognition of an internally generated intangible asset. This is a judgmental area as there is no direct IFRS guidance available. It requires careful considerations of facts and circumstances. Therefore, for each payment made to a third party in relation to the development of a potential drug candidate, Oxurion has evaluated the capitalization criteria set by IAS 38.

With respect to the Grifols license, a determination was made that both upfront and milestone payments should be capitalized for the obtained license.

The asset was amortized at 8.47% or for a period of 11.8 years. This period was determined based on the period of validity of the patent that protects JETREA® in the US, a region for which this product is envisaged, which is until October 30, 2024. Amortization began when JETREA® was launched on the market.

At year-end 2018, the net carrying amount of the Grifols IP license technologies amounted to 5.0 million euro.

An impairment test determined that the value of these assets was no longer justified and as a consequence these assets were written off on June 30, 2019.

NuVue

In 2004, Oxurion and NuVue entered into a license and collaboration agreement for development of plasmin-based products. In 2012, Oxurion entered into a settlement agreement with NuVue, based on which Oxurion has taken over the full intellectual property portfolio from NuVue in this area for consideration of 16.0 million USD (12.0 million euro). Based on this agreement, any future financial liabilities from the initial contract have expired. This IP license was used for the development of JETREA®.

The payment was made for the acquisition of an IP license, which is a separately acquired intangible asset, that is capitalized under paragraph 25 of IAS 38. NuVue has no further performance obligations for development services. The asset is amortized at 8.47% or for a period of 11.8 years, under the same rationale as the Grifols license.

At year-end 2018, the net carrying amount of the NuVue IP license amounted to 6.0 million euro.

An impairment test determined that the value of these assets was no longer justified and as a consequence these assets were written off on June 30, 2019.

Life Sciences Research Partners VZW (LSRP)

Following a contract between the former Thromb-X NV and former DCRF VZW, dated June 1, 2000, and amended on March 27, 2012, Oxurion NV has the obligation to pay royalties on JETREA® net sales to LSRP, due to licensed patent rights that LSRP owns. In 2019 and 2018, Oxurion has recognized 0.041 million euro and 0.054 million euro respectively for royalty payments to LSRP, which are recognized in the JETREA® cost of sales.

The payment of these royalties is not for any asset to be acquired under IAS 38, and as such, they should be expensed. The industry practice is to classify such payments in cost of sales, as they are in function of generated sales.

Research Corporation Technologies, Inc. (RCT)

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

In 2019 and 2018, Oxurion has recognized 0.074 million euro and 0.099 million euro respectively for royalty payments to RCT, which are recognized in the JETREA® cost of sales.

The payment of the RCT royalties is not for any asset to be acquired under IAS 38, and as such, they should be expensed. The industry practice is to classify such payments in cost of sales, as they are in function of generated sales.

Beta Therapeutics

On November 5, 2018, Oxurion entered into a strategic research collaboration with Beta Therapeutics Pty Ltd. (Canberra, Australia) to develop new heparanase inhibitors for the treatment of retinal disorders with large unmet medical needs such as dry-age-related macular degeneration. Under the terms of the agreement, Oxurion had an exclusive option to license in the heparanase inhibitor program.

In December 2018, Beta Therapeutics received an upfront payment of 0.250 million euro from Oxurion which was recorded as R&D expense.

This agreement was terminated in 2019 with no further investments.

Commercial Agreements

Fujifilm Diosynth Biotechnologies UK, Limited

In September 2010, Oxurion 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 Oxurion and in 2015 the manufacturing and supply agreement was amended by a Site Letter Agreement clarifying some of the contractual terms.

Oxurion places a binding order once per year to Fujifilm, and Fujifilm produces the drug substance in batches, and delivers them on EXW terms, where the risks passes to Oxurion on delivery to Patheon. Oxurion has a manufacturing agreement with Patheon, who produces the final drug product for JETREA®, based on the drug substance produced and delivered by Fujifilm.

Inventory produced by Fujifilm is recorded as work-in-progress and valued at standard cost determined once per year by Oxurion. Actual invoiced costs are recorded directly to the cost of sales. Any difference between standard and actual cost is allocated to work-in-progress at each reporting date, as part of the standard inventory costing procedure. The net realizable test is carried out each reporting date as well. Any prepayments made to Fujifilm for which the production has not yet been completed are recorded in inventory as prepayments.

Patheon

Under a Manufacturing and Supply Agreement, Patheon serves as the final drug product manufacturer for JETREA® for commercial purposes, based on the drug substance produced by Fujifilm, as described above. Patheon manufactures and delivers the JETREA® final drug product in glass vials to the distributors engaged by Oxurion (Alcon/Novartis, Eumedica, ICare, etc.). 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 from 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. The new agreement stipulates the same terms as the previous agreement with only one difference which relates to the annual minimum order level.

Inventory produced by Patheon is recorded as finished goods and valued at standard cost determined once per year by Oxurion. Actual invoiced costs are recorded directly to the cost of sales. Any difference between standard and actual cost is allocated to the finished goods at each reporting date, as part of the standard inventory costing procedure. The net realizable test is carried out each reporting date as well.

License, Development and Commercial Agreement

Alcon/Novartis

INITIAL AGREEMENT (2012 – SEPTEMBER 2017)

In March 2012, Oxurion signed a 375 million euro strategic license agreement with Alcon/Novartis, the global leader in eye care, under which Alcon/Novartis was entitled and obligated to register, develop and commercialize JETREA® outside the US. Upon execution of the license agreement, Oxurion received an upfront payment of 75.0 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/Novartis amounting to 90.0 million euro in aggregate. The agreement also stipulated additional sales milestones, and royalties on net sales. Under IAS 18 "Revenue", the following revenue recognition policy was applied:

- The upfront payment was recognized at the point in time as license income, as it relates to delivery of a right to use an asset to Alcon/Novartis. The license was completed in full with the transfer of the license to Alcon/Novartis in March 2012. From that moment on, Alcon/Novartis controlled and had the risks and rewards from operating the license. There were no additional obligations for Oxurion in connection with the transfer of the license or other services after the receipt of the payment.
- The milestones relating to regulatory approval were not probable until approval was obtained. The milestone was recognized as revenue when regulatory approval was received. There were no pending obligations for Oxurion in connection with the transfer of the license or other services after the receipt of these milestone payments.
- The sales milestone was not recognized as revenue as the sales targets were not reached.
- Revenue from the sale of commercialized product was recognized as revenue upon delivery to Alcon/Novartis, as this was when Oxurion transferred the significant risks and rewards to Alcon/Novartis.
- Any royalty income was recognized as revenue when the underlying sales were made by Alcon/Novartis, since the probable inflow and reliable measurement recognition criteria were unlikely to be met before the sales were made.

In 2017, Oxurion did not sell any vials to Alcon/Novartis under this initial agreement, until the settlement date. Subsequent sales were made under the new profit transfer agreement, the terms of which are explained further below.

SETTLEMENT AGREEMENT (SEPTEMBER 2017)

Since January 2015, the Company was involved in a nascent dispute with Alcon/Novartis, concerning costs to be paid by Alcon/Novartis 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 Oxurion regained full global rights to JETREA®. Under the terms of the settlement agreement, Alcon/Novartis was required to work closely with Oxurion to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years. As a settlement, Oxurion received a cash amount of 53.7 million euro and an equity investment of 10.0 million euro in Oxurion capital from Novartis Pharma AG. Equity increase was made at the market price of the shares. The cash settlement of 53.7 million euro relates to:

- 3.2 million euro of compensation for historical purchase price adjustments and was recorded in revenue in 2017.
- 4.5 million euro for obsolescent drug materials was recorded in other income, as this was a compensation for historical obsolete inventory. The sharing of these costs was agreed in the settlement negotiations.
- 45.0 million euro in compensation for ending the JETREA® ex-US commercialization agreement and this was recorded under other income.

All these payments are non-refundable payments, related to a compensation for past events, and there are no performance obligations for Oxurion in relation to these payments. This settlement agreement supersedes the initial license and distribution agreement signed in March 2012. As from the date of the settlement agreement in September 2017, there are no performance obligations for any party under the terms of the initial license and distribution agreement. Therefore, this settlement agreement is to be considered as a legal extinguishment, and income was fully recognized in 2017.

PHASE-OUT PERIOD 1 (SEPTEMBER 2017 – MARCH 2019)

The phase 1 period was defined in the settlement agreement as a period from September 15, 2017 to March 15, 2019, or earlier, in which Alcon/Novartis would continue to distribute JETREA® in twelve European countries, as well as in Australia/New Zealand, Switzerland and Canada but under the terms of the settlement agreement. Alcon/Novartis would earn a 9% handling fee, and a supply price of 129,88 euro/vial, contractually defined as a profit transfer mechanism. At the end of the new term, Alcon/Novartis would transfer back the marketing and distribution rights to Oxurion, as well as the remaining inventory at the purchase price minus any given discounts. Upon delivery of the products to Alcon/Novartis, Alcon/Novartis bears the inventory risk. No royalties would be charged, as they were replaced by the profit transfer mechanism.

Based on IFRS 15, there is only one performance obligation for Oxurion which is to deliver the product to Alcon/Novartis for further distribution to end-customers. Revenue is recognized once the performance obligation is satisfied - upon delivery to Alcon/Novartis, which is when Alcon/Novartis obtains the control over the asset. A right of return is not a separate performance obligation, but it affects the estimated transaction price for transferred goods. Revenue is only recognized for those goods that are not expected to be returned. In order to achieve that, Oxurion needs to assess, based on its historical information and other relevant evidence, if there is a minimum level of sales for which it is highly probable that there will be no significant reversal of cumulative revenue, as revenue needs to be recorded for those sales. No countries remain in phase 1.

PHASE-OUT PERIOD 2 (MARCH 2019 – SEPTEMBER 2019)

phase 2 period is defined as a short transition period from March 15, 2019 (or earlier) to September 15, 2019, or earlier. Amended terms will apply during this period according to which Oxurion will ship JETREA® to Alcon/Novartis, but ownership in JETREA® will remain with Oxurion, and Alcon/Novartis will provide packaging and distribution services on behalf of Oxurion. Alcon/Novartis will only earn the packaging fee.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to end-customer (through Alcon/Novartis). Revenue will be recognized at the point in time, upon delivery to the end-customer, which is when the end-customer obtains the control over the asset.

At year-end 2019 no countries remain in phase 2.

POST-ALCON/NOVARTIS PERIOD

After phase 2 is completed, Oxurion will distribute the products to end-customers outside of US by engaging new distributors, such as Eumedica, ICare and others. At year-end 2019, this is the case for Germany, Austria, United Kingdom, Ireland, Belgium, Luxemburg, Portugal, Italy, Spain, Switzerland, Greece, Canada and Australia. Refer to more information below on arrangements with these distributors.

EUMEDICA

In June 2018, Oxurion and Eumedica have signed a Commercial Agreement, where Eumedica will provide distribution services for JETREA®. Eumedica will act as an agent of Oxurion, as Oxurion has a primary responsibility for the product quality, inventory risk, and discretion in establishing the sales price. The arrangement has the characteristics of a consignment arrangement where Eumedica does not have a control of the product, and Oxurion can direct its use and ask for the return. Eumedica will collect the payments from end-customers for Oxurion. Eumedica will charge a monthly distribution fee that covers the services: provided including customer service, shipment preparation fees, packaging, storage, labeling/repackaging, administration, destruction & waste handling, etc.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to the end-customer. This performance obligation is satisfied when Eumedica transfers (delivers) the product to the end-customer, as this is the moment when the customer obtains the control over the product. Therefore, revenue is recognized for the price of the product at the point in time when it is delivered by Eumedica to the end-customer. While inventory is located at Eumedica, it is recognized as inventory of Oxurion due to consignment terms. Eumedica fees are recognized partly under distribution costs and partly under selling expenses, as they are charged on a monthly basis.

For 2019, Oxurion paid 0.112 million euro (2018:0.032 million euro) for distribution costs, 0.330 million euro (2018: 0.211 million euro) for selling expenses and received 2.723 million euro (2018: 0.805 million euro) revenue for the select number of markets served by Eumedica.

ICARE PHARMA DISTRIBUTORS PTY LTD (ICARE)

In June 2018, Oxurion and ICare entered into an agreement, whereby ICare obtains a license from Oxurion to market, promote, and sell JETREA® in New Zealand and Australia. ICare will bear all costs of commercialization. JETREA® is not yet registered in New Zealand and all costs of registration will be borne by ICare. The contract became effective on July 1, 2018, when existing marketing approval was transferred from Alcon/Novartis to ICare for Australia.

Oxurion will deliver the product to ICare on DDP incoterms, and ICare will bear the inventory risk from the moment of receiving the product. ICare will purchase the product at an agreed purchase price, and also pay royalties to Oxurion based on a fixed price per vial sold by Oxurion to ICare. ICare will invoice the end-customer, and deal with any governmental discounts/rebates, and returns. ICare is acting as a principal in this arrangement.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to the distributor, ICare. This performance obligation is satisfied when Oxurion transfers (delivers) the product to ICare, as this is the moment when ICare obtains the control over the product. Therefore, revenue is recognized at the point in time when the product is delivered to ICare for the price of the product. Royalty revenue is recognized on a quarterly basis upon ICare reports on the sales to end-customers.

ICare's distribution fees are recognized under selling expenses, as they are charged on a monthly basis.

US SALES – LOGISTICS AND DISTRIBUTION AGREEMENTS WITH ICS, BESSE, MCKESSON, AND WALGREENS

Oxurion has engaged ICS as a logistic provider for the US market, in order to perform warehousing, marketing, and contract administration services. JETREA® product is shipped from manufacturing site of Patheon to ICS in the US, where it is held on a consignment. ICS receives monthly compensation for these services. Oxurion has engaged three distributors for the US market: Besse, McKesson and Walgreens, who distribute the product to end-customer. These distributors earn a distribution fee and are acting as an agent of Oxurion. Oxurion has only one performance obligation – to deliver the product to the end-customer. Therefore, revenue is recognized at the point in time when delivery is made to end-customers. Return accrual is established at each reporting date based on the expected value method.

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 Oxurion 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 Immuno-Oncology assets, based on seminal work originating from the VIB-KULeuven labs of Massimiliano Mazzone and Gabriele Bergers, and from the VIB-VUB lab of Jo Van Ginderachter.

On December 12, 2017, VIB made a contribution in kind into the share capital of Oncurious by contributing an IP license as an asset. To further account for this equity-settled share-based transaction under IFRS 2, Oncurious had to measure the received asset (license) and the corresponding increase in equity, directly, at the fair value of the goods received, unless that fair value could not be estimated reliably. The fair value of the contribution in kind was determined at 0.857 million euro (which represented 857 shares), which represents the fair value of the IP license transferred, as determined by an independent valuation report and which is capitalized according to paragraph 25 of IAS 38. An increase in equity has been recognized accordingly. VIB already had 125 shares in Oncurious, and after this contribution, the number was increased to 982 shares, representing 18.33% of ownership of Oncurious. The remaining 4,376 shares are owned by Oxurion, which has 81.67% of ownership.

If a proof of concept is reached, VIB has the option to increase its participation in Oncurious to a maximum of 30%. The contract also provides for royalties once sales are achieved.

At year-end 2019 and year-end 2018, the net carrying amount of the VIB IP license amounted 0.982 million euro, as no amortization has been recorded yet. During 2019 and 2018, Oxurion has paid 0.448 million euro and 0.398 million euro of R&D costs respectively to VIB in relation to this research program.

Other Commitments

Research and development commitments

As at December 31, 2019, the Group had commitments outstanding in the context of research and development agreements amounting to 4.325 million euro compared to 7.730 million euro in 2018, 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 VLAIO, formerly known as IWT, as a government grant. Contracts with VLAIO 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, VLAIO has the right to reclaim the funds previously granted. Oxurion NV Group considers this as a remote possibility. Please refer to the accounting policy described in section 5.5.3.H and the rationale used in order to recognize grant income over the course of the project. Total amounts received in 2019 with respect to government grants from VLAIO amount to 0.512 million euro, compared to 0.081 million euro in 2018.

On December 12, 2017 Oxurion NV has granted a loan facility to Oncurious to further develop and commercialize TB-403 for an amount of 2.103 million euro. At year-end 2019, the total amount of 2.103 million euro was facilitated.

Related parties

Other than the key management personnel (see note 4.7.3), no other related parties have been identified.

Subsequent events

On March 12, the Company has signed an exclusive worldwide commercialization license for JETREA® to Inceptua SA. As a result, the only obligation of Oxurion in relation to JETREA® will be to supply product to Inceptua until 2023 as well as the compliance with regulatory obligations linked to production.

Done on March 12, 2020,

On behalf of the Board of Directors

6. Statutory auditor's report to the general shareholders' meeting of the company as at 31 December 2019

In the context of the statutory audit of the consolidated financial statements of Oxurion NV ('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 and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 7 May 2019, following the proposal formulated by the board of directors issued upon recommendation of the Audit Committee. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the financial statements closed on 31 December 2021. We have performed the statutory audit of the consolidated financial statements of the company Oxurion NV for ten consecutive years.

REPORT ON 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 2019, 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, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of 65.030 (000) EUR and for which consolidated income statement and other comprehensive income shows a loss for the year of 52.103 (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 2019, 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 administrative body 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTING TREATMENT OF REVENUE STREAMS SUBSEQUENT TO REGAINING THE GLOBAL RIGHTS TO ITS PRODUCT JETREA® (OCRIPLASMIN)

Discussion of the matter

Subsequent to an agreement made in 2017 with Alcon/Novartis to regain the global rights to its product JETREA® (ocriplasmin), Oxurion has entered into commercial, services and distribution agreements to provide support to Oxurion regarding the sale and distribution of products outside the US.

These agreements and the accounting treatment was significant to our audit procedures, because these are significant revenue streams for the company.

Procedures performed

Our audit procedures included, amongst others:

- We have analyzed the agreements, assisted by experts in IFRS at our firm, to create an understanding of the impact on the financial statements and its disclosures.
- We have 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 of the Consolidated Financial Statements.

IMPAIRMENT OF ASSETS

Discussion of the matter

The intangible fixed assets include capitalized development costs relating to JETREA®. These fixed assets are amortized over their estimated economical lifetime, and an additional impairment was recorded in 2016. The company tested these assets for impairment, in accordance with IAS 36. This impairment test resulted in the need for a full impairment, since the carrying value did materially deviate from the fair value, as described in Note 5.7.3 of the Consolidated Financial Statements.

The valuation of these intangible assets is significant to our audit because of the potential impact on the financial statements and the fact that the impairment test contains key judgmental areas that are 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 5.7.3 and checked whether an adequate valuation model was applied.
- We have assessed whether the cash generating unit was defined in accordance with IFRS.
- We consulted with 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 5.7.3 of the Company's Financial Statements.

FINANCIAL FUNDING

Discussion of the matter

As described in the management report section 3.6.3 and 3.6.5, the Company has disclosed that based on its current scope of activities, the Company estimates that its treasury position as of December, 31 2019 is sufficient to cover its cash requirements until mid-2021, so that there is no going concern issue as of today, even taking into account the possible effects of Covid-19.

Given the high cash burn ratio that is inherent to the sector the Company is operating in, we consider financial funding a key audit matter requiring high auditors' attention.

Procedures performed

Our audit procedures included, among others, the following:

- We obtained the business plan and the cash forecast for the year 2020 and 2021 and reviewed it for reasonableness;
- We challenged the assumptions underlying this budget and cash forecast, especially with respect to the expected level of operating expenses;
- We challenged management assessment of going concern with regards to Covid-19 effects on the Company business.

Responsibilities of the administrative body for the drafting of the consolidated financial statements

The administrative body 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 administrative body 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 administrative body 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 administrative body 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 statements.

When executing our audit, we respect the legal, regulatory and normative framework applicable for the audit of the consolidated financial statements in Belgium. However, a statutory audit does not guarantee the future viability of the Group, neither the efficiency and effectiveness of the management of the Group by the administrative body.

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 administrative body;
- Conclude on the appropriateness of the administrative body's 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

From the matters communicated 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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the administrative body

The administrative body 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 (version revised in 2020) which is complementary 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 management report on the consolidated financial statements, as well as to report on this element these elements.

Aspects relating 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, this report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 3:32 of the Code of companies and associations.

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 contains any material misstatements, i.e. any 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.

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 Oxurion
- 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.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 3:65 of the Code of companies and associations 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, 3 April 2020

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

7. Abbreviated statutory Financial Statements

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

The Annual Report, the Annual Accounts and the opinion of the statutory auditor are deposited at the National Bank of Belgium in accordance with art. 98 and 100 of the Company code.

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

Oxurion NV
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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 Oxurion's website (www.oxurion.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 Oxurion NV

IN '000 EURO (AS AT 31 DECEMBER)	2019	2018
ASSETS		
Fixed Assets	10,062	27,693
Intangible fixed assets	2,384	20,852
Tangible fixed assets	326	577
Financial fixed assets	7,352	6,264
Current assets	59,270	92,339
Amounts receivable after more than one year	3,123	2,404
Inventories and work in progress	97	1,099
Amounts receivable within one year	3,205	3,289
Current investments	10,432	20,465
Cash and banks	42,226	64,451
Deferred charges and accrued income	186	630
TOTAL ASSETS	69,332	120,032
LIABILITIES		
Equity	60,859	111,057
Capital	111,057	147,977
Share premium account	0	13
Accumulated profits (losses)	-50,198	-36,933
Amounts payable	8,474	8,975
Amounts payable after more than one year	0	0
Amounts payable within one year	6,647	6,974
Accrued charges and deferred income	1,827	2,001
TOTAL LIABILITIES	69,332	120,032

7.2. Income statement of Oxurion NV

IN '000 EURO (FOR THE YEAR ENDED 31 DECEMBER)	2019	2018
Operating income and charges		
Gross margin	-3,858	-5,592
Remuneration, social security costs and pensions	-8,417	-7,471
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	-19,909	-22,550
Amounts written down stock, contracts in progress and trade debtors - Appropriations (write-backs)	-577	-2,005
Other operating charges	-1,443	-861
Non-recurring operating charges / operating income	-16,886	5
Operating profit (loss)	-51,089	-38,474
Financial income	544	1,072
Financial charges	-373	-287
Profit (loss) for the period before taxes	-50,917	-37,689
Income taxes	719	756
Profit (loss) for the period	-50,198	-36,933
Profit (loss) for the period available for appropriation	-50,198	-36,933

7.3. Appropriation account of Oxurion NV

IN '000 EURO (FOR THE YEAR ENDED AT 31 DECEMBER)	2019	2018
Profit (loss) to be appropriated	-87,131	-219,100
Gain (loss) to be appropriated	-50,198	-36,933
Profit (loss) to be carried forward	-36,933	-182,167
Transfers from capital and reserves	36,933	182,167
From capital and share premium account	36,933	182,167
From reserves	0	0
Profit (loss) to be carried forward	-50,198	-36,933

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 5.7.3) 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.

Patent costs for protecting 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.

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

Oxurion has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in phase 3 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 3.

An impairment test determined that the value of these assets was no longer justified and as a consequence these assets were written off on June 30, 2019.

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 typically 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 stated at the lower of cost or net realizable value. Inventory costing system is based on the FIFO-method.

Goods in process and finished goods are stated at the standard manufacturing cost or net realizable value. Inventory costing system is based on the FIFO-method.

Net realizable value test is performed each reporting period. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The standard manufacturing price of the goods in process and of the finished goods, includes (i) the acquisition value of the raw materials, consumables and ancillary materials, (ii) the production costs which are directly attributable to the product, and (iii) 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 is compared to the actual manufacturing price on annual basis. The difference results in an adjustment of the value of the inventory.

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. Allowance for bad debts are booked on the basis of an estimate of lifetime ECLs at each reporting, taking into account the payment history of the other party. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Impairment losses are generally recorded on receivables in the event of insolvency or similar proceedings being launched, financial restructuring at business partners, or the initiation of enforcement measures. Payment history and past-due receivables are also analyzed, with customer specific facts assessed in each case.

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.

TAX CREDIT RECEIVABLES AFTER MORE THAN ONE YEAR

In the past, the tax credit to be received was recorded under accrued income (#491).

As from 2018, based on the CBN opinion 2018/02, published on March 21, 2018, the tax credit to be received within one year will be recorded under taxes and withholding taxes to be recovered (#412). To the extent that the repayment is estimated to occur only after more than one year, this receivable will be recorded as other receivables after more than one year (#291).

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 Macular Edema (DME)	A complication of diabetic retinopathy and characterized by an accumulation of fluid in the macula. It can occur at any stage of the disease. The macula is responsible for the sharp vision and therefore swelling results into debilitating progressive vision loss that greatly affects patients' quality of life (such as reading and driving).
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.
ECL	Expected credit losses on financial assets
EMA	European Agency of Medicinal Products
FDA	US 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
OCI	'Other comprehensive income' is a commonly used term within IFRS which represents the certain gains and losses of the company not recognized in the statement of profit and loss and are often the result of changes in the value of assets or liabilities.
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.
VLAIO	Flanders Innovation & Entrepreneurship
VMA	Vitreomacular adhesion
VMT	Vitreomacular traction

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