

## Annual Report of the Board of Directors on the Statutory Annual Accounts

Dear Shareholder,

We are pleased to present the annual accounts as at December 31, 2019.

### Discussion of 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<sup>®</sup>.

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 & laboratory equipment and office modeling, compared to 0.15 million euro in 2018.

### Capital raises and issue of new shares

Oxurion NV was incorporated as ThromboGenics NV on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. As of December 31, 2019, the capital of the Company amounted to 111,056,932.00 euro represented by 38,291,950 shares.

## 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 if 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<sup>®</sup>), 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 cash-flow.

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.

## 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 147.976.946,87 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 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.

### 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<sup>®</sup> with Inceptua SA. After a transition period, Oxurion’s obligations under the agreement will be limited to supply of the JETREA<sup>®</sup> product to Inceptua until 2023 or potentially longer if Inceptua obtains a shelf life extension. All other activities related to JETREA<sup>®</sup> 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.

### Continuation Assessment

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,

### Corporate governance

#### *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](http://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

### **Compliance with the Corporate Governance code**

The Company notes that under Article 7.6 of the Belgian Corporate Governance Code (2020 Edition) non-executive board members should receive part of their remuneration in the form of shares in the company. The Company does not comply with this provision of the Code because the Company has no distributable reserves and therefore it cannot acquire own shares to be granted to directors.

### **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 and risk mitigation;
- information and communication; and
- supervision and risk mitigation.

#### **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.

## 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.

## Control and risk mitigation

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) which permits financial data reporting on a regular basis (quarter, year). The reporting tool also permits development of KPIs and regular assessments thereof.

## 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.

## 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 mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of Oxurion NV and its subsidiaries.

In 2019, a total of 79,000.00 euro as remuneration for the audit mandate of Oxurion NV was paid.

#### **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:

#### **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 pre-clinical 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 Nominations & Remunerations 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.

#### **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](http://www.oxurion.com)).

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

#### **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.

### **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.

### **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.

### **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.

#### ***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

#### ***Remuneration Report Financial Year 2019***

##### **Remuneration policy in general**

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

The total remuneration package at the Group comprises of three elements:

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

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

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

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

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

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

The variable remuneration offered by 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 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.

### 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 to approve a new remuneration and compensation scheme and to issue 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 2018
- 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

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.

#### **Financial instruments**

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

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.

#### **Branches and subsidiaries**

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%.

## 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.

Finally, we ask you to approve the annual accounts, as drawn up, and to grant discharge to the directors and the auditor for executing their mandate during the closed financial year.

Done on March 12, 2020,  
On behalf of the Board of Directors

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ViBio BV,  
represented by its permanent representative  
Mr Patrik De Haes  
Managing Director

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Investea SRL,  
represented by its permanent representative  
Ms Emmanuèle Attout  
Director