

## Annual Report of the Board of Directors on the Consolidated Financial Statements

Dear Shareholder,

We are pleased to present the consolidated financial statements as at December 31, 2018.

### Comments and approval of the 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 7, 2019.

#### Income statement

In 2018, Oxurion JETREA® Sales amounted to 5.2 million euro compared to 4.6 million euro in 2017.

As a result of regaining all rights in JETREA® ex-US in 2017, royalties obtained from Alcon/Novartis in 2018 decreased to 0.1 million euro compared to 1.3 million euro in 2017. Also, in 2018 no income equivalent to Alcon/Novartis' 2017 settlement payment for historical COGS of 3.2 million euro occurred and hence no corresponding booking in 2018.

Oxurion's gross profit in 2018 amounted to 2.0 million euro compared to 6.5 million euro in 2017. The decrease is mainly due to non-repetition of the 3.2 million euro one-of "2017 settlement of previous years COGS" and write-off of obsolete excipients.

R&D expenses in 2018 were 29.5 million euro compared to 23.2 million euro in 2017. R&D expenses increased due to the pre-clinical investments in THR-687, and THR-149 as well as in THR-317 clinical activities. The government grants and income from recharge of costs are deducted from the research and development expenses.

In 2018, the selling expenses of Oxurion were 6.2 million euro compared to 4.2 million euro in 2017. The increase of these expenses reflects investments in personnel for ex-US select number of markets as well as diverse activities related to the transfer of market authorizations and regulatory duties from Alcon/Novartis.

General & Admin expenses comprising expenses related to General, Human Resources, Finance, ICT, Legal, Corporate Communications management and Board stayed stable at 6.3 million euro compared to 6.2 million euro in 2017.

In 2018, Oxurion obtained other operating income of 0.9 million euro compared to 50.4 million euro in 2017. In 2017, 45.0 million euro and 4.5 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and for intervention in obsolescent drug materials.

In 2018, Oxurion made an operating loss of 39.2 million euro compared to an operating profit of 23.3 million euro in 2017 favorably impacted by the Alcon/Novartis settlement.

Oxurion's 2018 total financial income increased to 0.8 million euro compared to 0.4 million euro in 2017, while finance expenses decreased significantly to 0.3 million euro compared to 1.0 million euro in 2017. The movement is mainly explained by increased non-cash currency exchange gains on US dollar.

In 2018, Oxurion made a loss of the year of 38.8 million euro, compared to a profit of the year in 2017 of 22.6 million euro resulting in negative diluted earnings per share of 1.01 euro in 2018 versus 0.62 euro diluted earnings per share in 2017.

#### Cash Flow

Oxurion's cash position (including investments) at the end of 2018 amounted to 85.1 million euro, in comparison to 115.7 million euro (including investments and restricted cash) at the end of 2017.

#### Balance sheet

The total balance sheet per December 31, 2018 amounted to 114.9 million euro with cash, cash equivalents and investments representing 74% of the total balance sheet compared to 150.4 million euro with cash, cash equivalents, restricted cash and investments representing 77% of the total balance sheet per December 31, 2017. The Group has no external financial debts.

## 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. Per December 31, 2018, the capital of the Company amounted to 137,563,946.83 euro represented by 38,291,950 shares.

## Description of the Principal Characteristics of the Company's Risks

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

In 2018 and beyond, Oxurion was and will continue to be subject to the following risks:

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

In 2018, financial risk management focused on:

- Credit risks: Credit risk is limited to the US market where the Company has three main distributors which are creditworthy. Pursuant to the return of rights of JETREA® in the Ex-US market, 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 and GBP) to cover outgoing foreign currencies. Uncovered outgoing foreign currencies will be honored by exchanging euro. In 2018, 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 34 of the Royal Decree of 14 November 2007)

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

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



**b. “Change of Control” Provision with Respect to Warrants Issued by the Company**

On 4 December 2014, the Company’s extraordinary shareholders’ meeting decided to issue an additional 720,000 warrants under the Warrant Plan 2014, of which 692,500 warrants have been allotted. Under this plan, 20,375 warrants have been exercised and 276,875 warrants have been forfeited. The remaining 27,500 warrants issued under Warrant plan 2014 will not be allotted.

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

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

On 20 November 2017, the Company’s extraordinary shareholders’ meeting decided to issue an additional 1,440,000 warrants under the Warrant Plan 2017, of which 434,000 warrants have been allotted and accepted, and 506,500 have been allotted but not yet accepted. Under Warrant Plan 2017 no warrants were exercised and 13,000 have been forfeited.

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

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

**c. “Change of Control” Provision with Respect to certain Management Agreements**

On April 9, 2009, the Company’s extraordinary shareholders’ meeting approved, in accordance with article 556 BCC, the following “change of control” provision that was then included in the management agreement of the senior managers. If the Company becomes subject to a public takeover bid and the content of their respective management agreements would significantly change, a compensation has been approved. With a change of control, this compensation would be different depending on who takes the initiative to end the contract. In case the initiative is taken by the Company, 18 months is applicable, in the manager’s case it would be 12 months.

**Events after the end of the financial year.**

To date, no events occurring after the 2018 year-end are being evaluated as having an impact on the 2018 financial statements.

**Going concern**

The consolidated financial statements were prepared on a going concern basis.

At December 31, 2018 there is a strong cash and cash equivalents position (including investments) of 85.1 million euro in comparison to 115.7 million euro (including investments and restricted cash) at December 31, 2017. Additionally, at December 31, 2018 the Company still has a strong equity position of 105 million euro in comparison to 133.4 million euro at December 31, 2017. Taking into account the current available cash position, 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 by which the corporate governance of Oxurion is organized. It is based on the articles of association and on the corporate governance charter of the Company which was drawn up on October 19, 2006 and has been updated since on a regular basis. The last update was approved by the Board of Directors in 2017.

The charter is available on the Company’s website ([www.oxurion.com](http://www.oxurion.com)) under Investors Information / 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

#### ***Non-compliance with the Corporate Governance code***

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

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

#### ***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.

#### **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 domains 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 non-executive Directors.** To achieve its duties, the Board of Directors relies on the following operational committees:
  - Audit Committee which evaluates the strength of controls at regular intervals
  - Remuneration and Nomination Committee which evaluates the remuneration policy
  - Executive Team which controls the operations and activities of all their staff

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



- **Code of Business Conduct:** 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;
  - The prompt internal reporting of violations of the Code; and
  - Accountability for adherence to the Code.

## Risk analysis

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

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

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

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.

## 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 new procedures typical of the development within the group;
- modifications and updates of the existing procedures;
- use of a reporting tool (QlikView) which permits financial data reporting on a regular basis (quarter, year). The reporting tool also permits development of KPIs and regular assessments thereof.

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

### **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.

It is the opinion of Oxurion 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 2018, a total of 88,009.40 euro as remuneration for the audit mandates of Oxurion NV and Oncurious NV were paid.

The 2018 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.

### **Composition of the Board of Directors**

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

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

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

Since June 15, 2017, Thomas Clay acts as Chairman and Director of the Board of Directors.

On October 26, 2018, the Board of Directors acknowledged the resignation of Paul G. Howes as Director of the Board of Directors. The Board of Directors

co-opted Adrienne Graves as Director of the Board of Directors with effect as of October 26, 2018.

As of December 31, 2018, the Board of Directors consists of six members:

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

As such and subject to the pending shareholders' approval, the Board was composed of 2 female and 4 male members as of October 26, 2018.



## **Board of Directors' Meetings in the Financial Year 2018**

The Board of Directors met five times in 2018. With regard to its supervisory responsibilities, the following topics were discussed and assessed:

- The Board of Directors decides on the Company's strategy, its willingness to take risks, its values and major policies.
- The Board of Directors ensures that the necessary leadership and the necessary financial and human resources are available so that the Company is able to realize its goals.
- Upon determining the values and strategies in the major policy plan, the Board of Directors considers corporate social responsibility, gender diversity and diversity in general.
- The Board of Directors is responsible for the quality and comprehensiveness of the financial information published. At the same time, the Board of Directors is responsible for the integrity and timely publication of the annual results and other important financial and non-financial information that is communicated to shareholders and potential shareholders.
- The Board of Directors selects the auditor on the recommendation of the Audit Committee and supervises its activity and is responsible for the supervision of the internal control, taking into account the evaluation of the Audit Committee.
- The Board of Directors supervises the Company's obligations towards its shareholders and considers the interests at stake of those involved in the Company.
- The Board of Directors stimulates an effective dialogue with the shareholders and potential shareholders, on the basis of mutual understanding of goals and expectations.
- Following the recommendations of the Nomination and Remuneration Committee, the Board of Directors approves the contracts that appoint the CEO and the other members of the Executive Team. The contracts refer to the criteria adopted when determining the variable remuneration. The contract includes specific stipulations regarding a premature termination of the contract.
- The Board of Directors elects the structure of the Company's Executive Team, stipulates its powers and obligations and supervises and evaluates the performance thereof.
- The Board of Directors is responsible for the Corporate Governance structure of the Company and the compliance with the Corporate Governance stipulations.

### **Additional Agenda Items:**

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

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

Principle 2.9 of the Belgian Corporate Governance Code 2009 recommends that the Board of Directors appoints a company secretary to advise the board on all company matters. On July 1, 2014, the Board of Directors appointed Claude Sander, the Company's Chief Legal Officer, as its Secretary.

### ***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 2018 was as follows:

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

The Audit Committee held four meetings during the financial year 2018.

Nomination and Remuneration Committee: Thomas Clay, chairman; Investea SPRL (represented by Emmanuèle Attout); Dr. David Guyer.

The Nomination and Remuneration Committee held four meetings during the financial year 2018.

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

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

In 2018, one conflict of interest occurred:

**Board of Directors of December 6, 2018**

**Conflict of interests with respect to the achievement of the 2018 corporate objectives**

**(a) Declaration**

Patrik De Haes declared that he had a conflict of interests within the meaning of article 523 of the BCC with regard to agenda item 2, i.e., the achievement of the 2018 corporate objectives. This conflict of interest results from the following circumstances: Patrik De Haes is the permanent representative of ViBio BVBA which serves as CEO of the Company. As executive member of the BoD, he is entitled to receive an annual variable compensation. The amount of the variable compensation is dependent on the BoD's assessment of the achievement of the corporate objectives and its resolution about the pay-out ratio for the variable compensation.

**(b) Description of the resolution and justification**

The proposed resolution relates to the variable compensation to be granted to the managerial level of the Company, among others ViBio BVBA. 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 524 of the 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 to prevent privileged knowledge being used illegally or even the impression of such illegal use being created by directors, shareholders, members of the management and important employees (insiders).

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



In accordance with the EU Market Abuse Regulation, 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 inside 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 were obliged to report Oxurion's 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, amongst others, entrusted with the running of the Company. The Executive Team does not constitute a management committee in the meaning of article 524bis of the Belgian Company Code.

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

In 2018 the Executive Team is composed of:

- ViBio BVBA, 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 the corporate strategy.

Executive Committee meetings are attended by the CEO and the executive directors and the Executive Committee is composed of (December 31, 2018):

- Vibio BVBA, represented by Patrik De Haes – CEO and acting CMO
- D&V Consult BVBA, represented by Dominique Vanfleteren – CFO
- Vinciane Vangeersdaele – Chief Commercial Officer
- Andy De Deene – Global Head of Clinical and Product Development
- Claude Sander – Chief Legal Officer & Secretary of the Company
- Panéga BVBA, represented by Jean Feyen – Head of Preclinical Research
- Isabelle Decoster – Head of HR

## **Remuneration Report Financial Year 2018**

### **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**

Non-executive directors at Oxurion are entitled to fixed annual remuneration and attendance fees:

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

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

The non-executive directors receive no warrants.

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

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



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

On an individual basis following amounts have been paid over the book year ended December 31, 2018:

David Guyer	24 k euro
Investea SPRL, represented by Emmanuèle Attout	32 k euro
Philippe Vlerick	21 k euro
Adrienne Graves	7 k euro

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

David Guyer received, besides his director's remuneration, a compensation of 76 k euro (90 k USD) for consultancy services in 2018.

#### Executive directors

Paul Howes received a remuneration of 17 k euro as a board member.

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

#### Chairman Board of Directors

Given the important and active role in the operational and strategic guidance of the Company, Oxurion paid over the fiscal year 2018 the following amounts to

Thomas Clay:

- a fixed remuneration of 20 k euro;
- an attendance fee of 4 k euro per meeting, for board meetings as well as committee meetings.

On an individual basis, following amount has been paid over the financial year ended December 31, 2018:

Thomas Clay	46 k euro
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The Company did not enter into any insurance scheme for the Chairman.

#### CEO

In the financial year 2018, Oxurion paid 549 k euro of remuneration in respect of the CEO, ViBio BVBA with Patrik De Haes as permanent representative. This includes:

- a fixed remuneration comprising a base fee of 459 k euro;
- a variable component of 90 k euro. This 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. For the CEO this variable compensation is uniquely dependent on realization of corporate objectives, any personal component is excluded. The 2018 variable compensation of the CEO in 2018 represents 19.6% 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
- Under the Warrant Plan "2017": 200,000 warrants at an exercise price of 4.593 euro/share, of which 200,000 were granted and accepted, 1/2 to be vested after 2 years and 1/2 after 3 years

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

At December 31, 2018, the CEO holds 100,000 shares of Oxurion NV.

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

## Financial instruments

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

The only financial instruments the Company currently holds are the so-called loans and receivables amounting to 4.2 million euro compared to 4.3 million euro in 2017, and cash, cash equivalents and investments amounting to 85.1 million euro compared to 115.7 million euro cash, cash equivalents, restricted cash and investments in 2017.

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

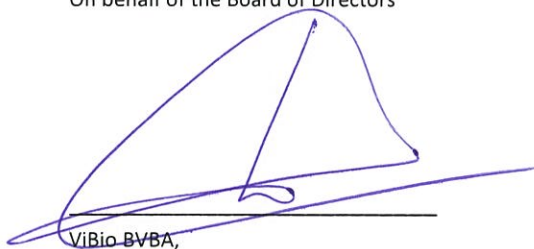
On December 31, 2018 Oxurion NV has a full American subsidiary, ThromboGenics Inc, which is established in Iselin, New Jersey, an Irish Branch in Dublin and a subsidiary, Oncurious NV of which Oxurion currently holds 81.67%.

## R&D

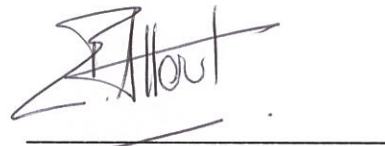
Given the activities of ThromboGenics, the cost of R&D is very important. These costs mainly consist of costs for clinical trials paid to third parties, personnel costs and depreciations.

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 7, 2019,  
On behalf of the Board of Directors



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



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