THROMBOGENICS NV
Naamloze vennootschap die een openbaar beroep op het spaarwezen doet
Gaston Geenslaan 1
B-3001 Leuven (Heverlee)

Ondernemingsnummer 0881.620.924
RPR Leuven

(de **Vennootschap**)

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, 2013.

Discussion of Statutory Accounts

The 2013 financial year closed with a profit of 14,017,101 euro compared to a profit of 20,778,877 euro for the 2012 financial year.

The operating income for the 2013 financial year amounted to 109,592,239 euro and consists of 90,034,001 euro in turnover from licensing agreements, 1,022,546 euro from royalties, 8,854,649 euro from product sales, 61,833 euro from grants, and the balance relates to costs carried forward and other operational revenue. The tax credit this year amounts to 125,910 euro. This turnover was mainly due to an exclusive commercial agreement entered into by ThromboGenics and Alcon, subsidiary of Novartis. This commercial partner will be responsible for the commercialization of JETREA® worldwide except for the United States. In 2013, ThromboGenics received in total 90,000,000 euro of milestone payments compared to a first milestone payment of 75,000,000 euro in 2012. The Company is entitled to a further 210,000,000 euro in potential milestones. In 2013, the company realized a total of 8,854,649 euro from product sales mainly from the sales of JETREA®. The company also received a royalty payment of 1,022,546 euro also mainly from the sales of JETREA®.

The operating expenses for the financial year 2013 amounted to 93,570,871 euro compared to 82,062,714 euro for the financial year 2012. These operating expenses break down as 9,310,940 euro in purchases, 51,674,463 euro in services and various goods, 10,533,958 euro in salaries and social security, 22,045,185 euro in depreciations, 12,745,816 euro of which relates to the write down of the goodwill of our former Irish subsidiary ThromboGenics Ltd which was converted to an Irish branch through an international merger and of which 6,437,467 euro is a first depreciation on the capitalized cost of the research and development of ocriplasmin and is depreciated as from the first sales in the US, and 6,323 euro in other operating expenses. Therefore, the operating profit amounts to 16,021,369 euro, compared to a profit of 19,505,716 euro a year earlier.

The financial results were negative on balance: 1,684,782 euro in financial revenue, compared to 3,706,542 euro in financial expenses.

In addition for the financial year 2013, an extra amount of 2,117,095 euro was invested, mostly in laboratory equipment and office design.

Capital raises and issue of new shares

ThromboGenics NV was founded on May 30, 2006, with a capital of 62,000 euro represented by 11,124 shares. As of December 31, 2012, the capital of the company amounted to 161,351,017.74 euro represented by 35,860,224 shares. During 2013 there was one capital increase:

- On April 25, 2013, 234,125 warrants were exercised which resulted in a capital raise of 1,053,431.99 euro and a capital premium of 1,907,560.51 euro. With this capital increase 234,125 new shares were issued.

On December 31, 2013, the capital of the company thus amounted to 162,404,449.73 euro represented by 36,094,349 shares.

Risks

In adherence to the Belgian company law, ThromboGenics has decided to inform the shareholders of the risks associated with the company. In 2013, ThromboGenics was potentially subject to the following risks:

- It takes a long time before a candidate drug is on the market. The preclinical and clinical studies are expensive and require a lot of time. Moreover, the outcome of each phase is always uncertain.
- The government guidelines and rules are very strict and limited predictable.
- ThromboGenics is largely dependent on partners to generate revenue in the short or medium term, and to ensure expertise on production, sales, marketing, technology and license and property rights in the longer term.
- The inclusion of patients in clinical trials is complex and can have a negative impact on the timing and results of clinical trials.
- It is possible that ThromboGenics is unable to obtain a license for new candidate drugs.
- It is possible that the market is not ready for the candidate drugs of ThromboGenics.
- The pharmaceutical market is highly competitive.
- ThromboGenics may be exposed to violations of patents or other intellectual property rights.
- ThromboGenics may face difficulties in attracting good qualified staff.
- ThromboGenics has no background of operational profitability due to the substantial spending on research and development.
- It is possible that ThromboGenics will need additional financial investments to provide for its future activities.
- ThromboGenics has currently only one commercial product
- Refund of drugs will be even more important in the future

In 2013, financial risk management focused on:

- Credit risks: Since ThromboGenics does not have commercial activities yet, there is no credit risk at present.
- Interest risks: The Group does not have any financial debts and as such does not have important interest risks.
- Currency risks: To a limited extent, ThromboGenics is subject to exchange rate risks and will systematically match incoming foreign currencies (USD and GBP) with outgoing foreign

currencies. In 2012, ThromboGenics has not used financial instruments to cover such risks.

Conflicts of Interest of a patrimonial nature of Directors (article 523 Belgian Company Code)

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 2013, two such conflicts of interests happened: during the Board of Directors of June 27, 2013 and of September 11, 2013.

- Board of Directors of June 27, 2013

  "The Board of Directors approves the enclosed "Warrant Plan 2013".

  Before the deliberation on the Warrant Plan 2013, Patcobel NV, Sofia BVBA and ViBio BVBA, represented respectively by Messrs. Collen, Buyse and De Haes informed the other members that they have a conflict of interest as in article 523 and/or 524 of the Belgian Company Code. They leave the meeting before the deliberation starts."
- Board of Directors of September 11, 2013

  "Patcobel NV (represented by its permanent representative, Désiré Collen), Sofia BVBA (represented by its permanent representative, Chris Buyse) and ViBio BVBA (represented by its permanent representative, Patrik De Haes) declared that they have an interest, as defined in article 523 of the Belgian Company code, that possible conflicted with the decision to be taken, as Patcobel NV, Sofia BVBA and ViBio BVBA are potential beneficiaries under Warrant Plan 2013. The warrants issued under the Warrant Plan 2013 are to be issued with the cancellation of the preferential subscription rights in favor of certain persons, including Patcobel NV, Sofia BVBA and ViBio BVBA and any vesting and performance conditions may have an impact on the value of these warrants."

The conflicts of interests have no consequences of patrimonial nature as the concerned warrant plans have not been approved by the extraordinary shareholders' meeting.

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 May 27, 2010. The Board of Directors has already used its powers for a total amount of twenty-seven million eight hundred forty-seven thousand nine hundred forty and eighty-four cent (27,847,940.84 euro).

"The Board of Directors is authorized, for a period of five (5) years from the publication in the Annexes to the Belgian Official Gazette of the deed of amendment to the articles of association dated May 27, 2010, to increase the share capital once or several times provided the cumulative amount of the increases does not exceed one hundred and thirty one million one hundred and eighty-six thousand seven hundred and ninety-nine euro and eighty-five cent (131,186,799.85 euro). This authorization to the Board of Directors may be renewed.

If the capital is increased within the limits of the authorized capital, the Board of Directors will be authorized to request payment of an issue premium. If the Board of Directors so resolves, this issue premium will be booked as a distinct fund, which may only be limited or removed by a resolution taken at a shareholders' meeting in accordance with the provisions on amendments to the articles of association.

The Board of Directors is authorized to amend the Company's articles of association to record any capital increase decided on within the limits of the authorized capital.

This Board of Directors' authorization will be valid for capital increases subscribed for in cash or in kind through the capitalization of reserve funds, with or without issuing new shares. The Board of Directors is authorized to issue convertible bonds or warrants within the limits of the authorized capital.

The Board of Directors is authorized, within the limits of the authorized capital, to limit or declare inapplicable the preferential subscription rights granted by law to the holders of existing shares if in so doing it is acting in the best interests of the Company and in accordance with article 596 onwards of the Belgian Company Code. The Board of Directors is authorized to limit or declare inapplicable the preferential subscription rights to the benefit of one or more persons, even if the affected persons are not members of the personnel of the Company or its subsidiary.

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

On May 27, 2010, the Company's extraordinary shareholders' meeting decided to issue an additional 600,000 warrants under the Warrant Plan 2010, which have all been allotted on December 31, 2013. Under Warrant Plan 2010, 196,375 warrants were exercised and 115,250 have been forfeited. Consequently, at present, 288,375 warrants under the Warrant Plan 2010 are still exercisable.

The Warrant Plan 2010 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 fourteen calendar days following the formal notification to the Company of the public takeover bid by the Banking, Finance and Insurance Commission."

On May 24, 2011, the Company's extraordinary shareholders' meeting decided to issue an additional 516,000 warrants under the Warrant Plan 2011, of which 515,600 warrants have been allotted. Under this plan, 8,375 warrants have been exercised and 29,100 warrants have been forfeited. The remaining 400 warrants issued under Warrant plan 2011 remain to be offered by the Board of Directors.

The Warrant Plan 2011 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 fourteen calendar days following the formal notification to the Company of the public takeover bid by the Banking, Finance and Insurance

Commission."

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.

On February 24, 2014, the Board of Directors of ThromboGenics has retained Morgan Stanley, to assist the Company in exploring various strategic options to increase the Company's ability to realize the significant commercial potential of JETREA® in the US, and also to fully capitalize on the Company's proven product development capabilities.

On March 10, 2014, the Company has been awarded a 3 million euro grant from the Flemish agency for Innovation by Science and Technology (IWT). The grant funding will be used to support scientific research for the treatment of diabetic eye diseases.

Continuation Assessment

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

In the financial year 2013, a profit of 14,017,101 euro was realized. There is also a strong equity position of 262,033,658 euro at December 31, 2013 in comparison to 245,055,564 euro at December 31, 2012. Taking into account the current available cash position, the Board of Direction deems that all financial obligations will be honored and all research programs can be continued. Since the Company can honor all its financial obligations, the Board of Directors deems that the continuation of the Company will at no time be at risk.

Corporate governance

1. General provisions

This section summarizes the rules and principles by which the corporate governance of ThromboGenics is organized. It is based on the articles of association and on the corporate governance charter of the Company which was drawn up on October 19, 2006 and has been updated since on a regular basis. The last update was made on March 17, 2014.

The charter is available on the company's website (www.thrombogenics.com) under Investors Relations/Corporate Governance and can be obtained free of charge via the company's registered office. In this reference document, we present an abridged version of the charter.

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

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

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

- Board of Directors including the role of Chairman
- Audit Committee
- Nomination and Remuneration Committee
- CEO

1.1 Composition of the Board of Directors

Our 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 records 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 enterprising 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 meticulously describes its responsibilities, duties, composition and management within the limitations of the Company's articles of association. 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.

By taking the appropriate measures, the Board of Directors encourages an effective dialogue with shareholders and potential shareholders based upon a mutual understanding of goals and expectations.

The Board of Directors makes sure that its obligations towards all shareholders are clear and that these obligations are met with, and accounts for the execution of its responsibilities.

On December 5, 2013, Patcobel NV, represented by Mr. Désiré Collen, resigned as Chairman and Director of the Board of Directors. Viziphar Biosciences BVBA, represented by Mr. Staf Van Reet, has been appointed as new Chairman.

On December 20, 2013, the Board of Directors appointed Dr. David Guyer as new Director.

The Board of Directors currently consists of eight members:

- Chris Buyse (Sofia BVBA), Executive Director
- Patrik De Haes (ViBio BVBA), Executive Director
- Thomas Clay, Non-Executive Director
- Jean-Luc Dehaene, Non-Executive, Independent Director
- Luc Philips (Lugost BVBA), Non-Executive, Independent Director

- Staf Van Reet (Viziphar Biosciences BVBA), Non-Executive, Independent Director
- Patricia Ceysens (Innov'Activ BVBA), Non-Executive, Independent Director
- Dr David Guyer, Non-Executive, Independent Director

1.2 Board of Directors' Meetings in the Financial Year 2013

The Board of Directors met 10 times in 2013. 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 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.
- 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 achievements, and is responsible for the supervision of the internal auditor, 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;
- follow-up of subsidiaries;
- matters of a strategic nature, new and current investments, the study and analysis of acquisition files;
- preparations for the General Meeting, draw-up of the Annual Reports and press releases.

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 should appoint a company secretary to advise the board on all company matters.

In view of the close communication channels among the directors, the Company decided to appoint Chris Buyse, executive director and CFO, as secretary to the Board of Directors. The chairman and delegate director monitor the circulation of information.

2 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 2013 was as follows:

Audit Committee: Lugost BVBA (represented by Luc Philips), chairman, Viziphar Biosciences BVBA (represented by Staf Van Reet), Thomas Clay and Jean-Luc Dehaene.

The Audit Committee held 4 meetings during the financial year.

Nomination and Remuneration Committee: Viziphar Biosciences BVBA (represented by Staf Van Reet), chairman, Innov'Activ BVBA (represented by Patricia Ceysens) and Jean-Luc Dehaene.

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

The powers of these committees are described in the Corporate Governance Charter of ThromboGenics (sections 3 and 4), which is available on the ThromboGenics' website (www.thrombogenics.com).

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

3.1 Conflicts of Interest of Directors and members of the executive team

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

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

In 2013, two such conflicts of interests happened: during the Board of Directors of June 27, 2013 and of September 11, 2013.

3.2 Transactions with Affiliated Companies

Article 524 of the Belgian Company Code provides for a special procedure which must be followed for transactions with ThromboGenics' affiliated companies or subsidiaries. Such a procedure does not apply to decisions or transactions that are entered into 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.

4 *Market abuse regulations*

On March 17, 2014, the Board of Directors of ThromboGenics NV updated the protocol 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 protocol is composed of a certain number of prohibitory rules. These rules and the supervision of compliance with them are aimed primarily at protecting the market. Insider trading damages the nature of the market. If insiders are allowed to have the opportunity to make profits using insider knowledge (or even if the impression of this is created), investors will turn their backs on the market. A reduced interest can damage the liquidity of listed shares and prevent the Company from obtaining optimum financing.

Following the European regulations, the legal framework concerning the fight against market abuse was thoroughly modified. One of the most remarkable modifications is a bigger emphasis on the prevention of insider trading, where an active contribution of companies quoted on the stock exchange is expected.

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 article 25bis of the law of August 2, 2002 on the supervision of the financial sector and financial services. The stipulations of these obligations were stated by the Royal Decree of March 5, 2006 on insider trading and the Royal Decree of March 5, 2006 on the right representation of investment recommendations and the announcement of conflicts of interest.

In accordance with article 25bis, §1 of the law, ThromboGenics NV has drawn up a list of persons in the company who are employed or consulted by the company and who have regular or occasional access to inside information directly or indirectly concerning ThromboGenics NV.

These lists have to be updated frequently and have to remain at the disposal of the FSMA for 5 years.

In accordance with article 25bis, §2 of the law, the members of the Board of Directors and the management were obliged to report ThromboGenics' stock transactions to the FSMA.

5 *Executive team*

(i) General Provisions

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. The CEO together with the CFO, Global Head of Product Development, Global Head of Business Development, Global Head of Clinical Development, Global Head of Human Resources, Global Head of Market Access and Global Head of Medical Affairs, constitute the executive team of ThromboGenics. The executive team does not constitute a management committee as understood in article 524bis of the Belgian Company Code.

(ii) The executive team is composed of:

- ViBio BVBA, represented by Patrik De Haes – Chief Executive Officer
- Sofia BVBA, represented by Chris Buyse – Chief Financial Officer
- Andy De Deene – Global Head of Product Development
- David Pearson – Global Head of Business Development
- Aniz Girach – Global Head of Clinical Development
- Laurence Raemdonck – Global Head of Human Resources
- VC&MA BVBA, represented by Paul de Nijs – Global Head of Market Access
- Keith Steward – Global Head of Medical Affairs

6 Description of the Principal Characteristics of the Company's Internal Audit and Risk Analysis

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

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

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

6.1 Audit environment

The audit environment constitutes the basis of all the internal audit components. It is determined by a composition of formal and informal rules on which the functioning of the company relies. The audit environment encompasses the following elements:

- Integrity and ethics: it is the Group's 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 means with due diligence and to act with the necessary common sense. The informal rules are completed by formal rules where necessary.
- Authorities: ThromboGenics is supported by independent (external) directors.

Their expertise and experience contribute to the company's effective management. The day-to-day management is the responsibility of the delegate director who is supported by an executive team.

In addition, the group is able to attract, motivate and retain qualified employees, owing to a pleasant work environment and the possibilities for personal development.

Executive Team / Audit Committee: in accordance with the existing guidelines, the Group disposes of a management body (the Board of Directors) and the following operational committees:

- Audit Committee;
- Remuneration and Nomination Committee;
- Executive Team.

The functioning of these committees and their responsibilities have been explained in this Annual Report at an earlier stage.

- Company structure and delegating authorities: the group is divided into companies by operational activities and/or geographical area.

For the sake of effective management, there is a partly delegation of authorities to the subsidiaries and to the various departments within ThromboGenics NV. The delegation of authorities is impersonal, in other words it does not favour a certain person, but rather the occupant of a certain position. The executive team, whose domains of responsibility are situated at group level, holds a final audit competence over the authorized representatives. All persons concerned are informed of the extent of their competence (rules of approbation, limitations of authorities).

- Evaluation: the audit environment is evaluated at regular intervals.

6.2 Risk analysis

The Board of Directors decides on the Group's strategy, risk appetite and its main policy lines. It is the task of the Board of Directors to strive for long-term success by procuring 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 the risk analysis in all departments of the ThromboGenics Group, and it is to be considered in the development of our Group's strategy. The analysis comprises a set of means, codes of conduct, procedures and measures that fit our structure, its sole intention being to maintain the risks at an acceptable level.

ThromboGenics divides its objectives into four categories:

- strategic;
- operational;
- reliability of the internal and external information;
- compliance with the 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 (change in the group structure, staff, ERP system).
- External factors: they can be the result of changes in the economic climate, regulations or competition.

After analysis, the executive team of ThromboGenics has identified the following risks:

- It takes a long time before a candidate drug is on the market. The preclinical and clinical studies are expensive and require a lot of time. Moreover, the outcome of each phase is always uncertain.
- The government guidelines and rules are very strict and limited predictable.
- ThromboGenics is largely dependent on partners to generate revenue in the short or medium term, and to ensure expertise on production, sales, marketing, technology and license and property rights in the longer term.
- The inclusion of patients in clinical trials is complex and can have a negative impact on the

timing and results of clinical trials.
- It is possible that ThromboGenics is unable to obtain a license for new candidate drugs.
- It is possible that the market is not ready for the candidate drugs of ThromboGenics.
- The pharmaceutical market is highly competitive.
- ThromboGenics may be exposed to violations of patents or other intellectual property rights.
- ThromboGenics may face difficulties in attracting good qualified staff.
- ThromboGenics has no background of operational profitability due to the substantial spending on research and development.
- It is possible that ThromboGenics will need additional financial investments to provide for its future activities.
- ThromboGenics has currently only one commercial product
- Refund of drugs will be even more important in the future

6.3 Audit Activities

In order to properly manage identified risks, ThromboGenics took the following audit measures:
- access and security systems at the premises and offices;
- development of electronic approval system in the existing ERP system (SAP business one);
- implementation of extra controls in the existing ERP system;
- establishment of new procedures typical of the development within the group;
- modifications and updates of the existing procedures;
- implementation of a new reporting tool (reporting) which permits financial data reporting on a regular basis (quarter, year). The reporting tool also permits development of KPIs and regular assessments thereof;
- in order to carry out a uniform administration, ThromboGenics decided to implement the existing ERP system in all of its subsidiaries.

6.4 Information and Communication

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

It goes without saying that, where our information systems are concerned, these data are not available for everyone to see. Depending on the type of data, a specific policy is applied. Rights are granted per disk and folder to groups of persons or to specific persons only (user directory). Both in the regular data files as in the database, the user rights are determined by the Windows user/login. The rights are granted in such a way that only those files or data to which the user is entitled, can be read or modified. This way, the data remains confidential, and the chance of accidentally removing files is limited. Possible system crashes are countered by daily back-ups. A back-up policy is available.

6.5 Supervision and Modification

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

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

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

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

It is the opinion of ThromboGenics that periodic evaluations are necessary to assess the effectiveness of the internal audit and the implemented procedures. As of today, there is not yet a dedicated internal audit function. However, the Group does not exclude creating such a function in the future.

External Audit
External auditing within ThromboGenics is performed by BDO Bedrijfsrevioren, represented by Bert Kegels, Company Auditor. This mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of ThromboGenics NV, its subsidiary companies and its foreign subsidiaries.

The auditor's remuneration was 126,265 euro.

In accordance with the provisions of article 134 §2, §4 of the Code of Company Law, the Company hereby states that no tasks were performed by a company with which BDO Bedrijfsrevisoren has any professional cooperation agreements. The tasks performed by BDO Bedrijfsrevisoren, with the exception of internal auditing and the audit of the annual accounts, mainly included activities and advice relating tax. The auditor's remuneration for this was 15,570 euro.

7 Remuneration Report Financial Year 2013

7.1 Remuneration policy in general

The remuneration policy of the Company aims to attract reputed profiles with the necessary experience to ensure continuing sustainable and profitable growth. The policy should support the retention of this kind of profiles and keep them motivated. The remuneration policy is determined by the Board of Directors upon proposal of the Remuneration Committee and in determining the performance criteria upon counsel with the CEO.

In principle every year the CEO presents the Remuneration Committee with proposals regarding the remuneration policy. The Remuneration Committee provides its advice and the Board of Directors takes the ultimate decision.

The total remuneration package for the members of the Executive Team is composed of three elements:

- a fixed monthly compensation;
- a variable component, partly based on corporate targets, partly based on individual performance indicators;
- equity based compensation under the form of warrants.

Each of these components is explained in more detail below. 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. An important part of the individual remuneration package depends heavily on the realized performance indicators and will vary in time. There can be significant differences in the allocation between the individual members of the Executive Team. No reclamation right is foreseen for the variable component of the remuneration package.

No shares are granted to the members of the executive team.

Some members of the executive team have the right to a contractual notice, which cannot, however, exceed 12 months.

If, nevertheless, one has to formulate a rule of thumb for the whole remuneration package, it could be said that the fixed remuneration counts for about 80 percent of the total remuneration. No shares have been granted to the members of the executive team in 2013.

For the remuneration of the members of the Board of Directors, the Board of Directors makes a proposal to the General Meeting.
The remuneration of the non-executive directors is composed of a fixed annual remuneration and attendance fees. The attendance fees count for about 70 percent of the total remuneration. The non-executive directors have no right to a severance pay.

7.2 Directors' remuneration

Non-executive directors
Non-executive directors at ThromboGenics are entitled to a fixed, annual remuneration and attendance fees:

- There is a fixed annual remuneration for the respective 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.

On December 5, 2013, a new Chairman has been appointed to the Board of Directors. A new remuneration will be proposed to the General Meeting.

This remuneration structure aims for 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, 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.

On an individual basis following amounts have been paid over the book year ended December 31, 2013:

- Lugost BVBA, represented by Luc Philips: 30 k euro
- Viziphar BVBA, represented by Staf Van Reet: 38 k euro
- Jean-Luc Dehaene: 38 k euro
- Thomas Clay: 37 k euro (of which 5 k euro correction on the year 2012)
- Innov'activ BVBA represented by Patricia Ceysens 32 k euro

In their capacity of Chairman (until December 5, 2013) respectively executive director Patcobel NV, represented by Désiré Collen, ViBio BVBA, represented by Patrik De Haes, and Sofia BVBA represented by Chris Buyse, do not receive any compensation for their board mandate. Their compensation in respect of their management achievementsis outlined below.

For the directors, no severance pay is foreseen, except for the executive Directors. If dismissed, the executive Directors would get a severance pay of 6 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 is the consultant would be asked to leave the Group.

Chairman Board of Directors (until December 5, 2013)
Given the important and active role in the operational and strategic guidance of the company, ThromboGenics paid over the fiscal year 2013 675 k euro to Patcobel NV with Désiré Collen as permanent representative. This amount includes:

- a fixed remuneration of 75 k euro and 2 k euro as expenses;
- a termination fee of 40 k euro. No other variable compensation has been awarded.

In addition, the chairman was granted an amount of 558 k euro related to the achievement of important milestones as part of a 3 year incentive scheme.

The former chairman (Patcobel NV with Désiré Collen as permanent representative) participates in the different warrant plans that ThromboGenics has in place. In total, the chairman is entitled to the following outstanding warrants:

- Under the warrant Plan "2010": 15,000 warrants at an exercise price of 15.49 euro/share to be vested over a period of 3 years.
- Under the Warrant Plan "2011": 72,000 warrants at an exercise price of 20.59 euro/share to be vested over the next 3 years at a rate of 2,000 warrants/month, starting in May 2011.

The company did not enter into any insurance scheme for the chairman.

CEO
In the financial year 2013, ThromboGenics paid 1,026 k euro of remuneration in respect of the CEO, ViBio BVBA with Patrik De Haes as permanent representative. This includes:

- a fixed remuneration of 416 k euro and expenses for an amount of 20 k euro;
- a variable component of 32 k euro; this amount was agreed upon in December 2013. This variable compensation is based on 5 key corporate performance targets agreed between the CEO and the Remuneration Committee and validated by the Board of Directors. The criteria are related to the progress on the different (pre)clinical research programs as well as the turnover of JETREA® to be achieved and the financial results. The turnover of JETREA® was the most important criterion in 2013. The realization of these targets is evaluated at the end of the year by the Board of Directors. The total variable bonus is 25% at most of the fixed remuneration. Over the year 2013, only 30% of the variable bonus or an ample 8% of the fixed remuneration has been granted.

In addition, the CEO was granted an amount of 558 k euro related to achievement of important milestones as part of a 3 year incentive scheme, approved by the Board of Directors in 2011 with corporate objectives related to regulatory and commercial milestones.

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

- Under the warrant Plan "2010": 60,000 warrants at an exercise price of 15.49 euro/share to be vested over a period of 3 years.

- Under the Warrant Plan "2011": 72,000 warrants at an exercise price of 20.59 euro/share to be vested over the next 3 years at a rate of 2,000 warrants/month, starting in May 2011.

The company did not enter into any insurance scheme for the CEO.

At December 31, 2013, the CEO holds 100,000 shares of ThromboGenics NV.

7.3 Remuneration of the executive team

In addition to the CEO the composition of the executive team as of December 31, 2013, is as follows:

- Sofia BVBA, represented by Chris Buyse, CFO
- Andy De Deene, Global Head of Product Development
- David Pearson, Global Head of Business Development
- Aniz Girach, Global Head of Clinical Development
- Laurence Raemdonck, Global Head of Human Resources
- VC&MA BVBA, represented by Paul de Nijs, Global Head of Market Access
- Keith Steward, Global Head of Medical Affairs

In the financial year 2013, ThromboGenics NV paid 2,098 k euro in gross salaries and management. This amount includes:

- A joint fixed remuneration of 1,439 k euro and annual fixed group insurance premiums of 80 k euro.
  For the members of the executive team, except for the CFO and Global Head of Market Access, for whom no extra-legal pension plan exists, a policy with Allianz has been concluded for an extra legal pension plan. This is a "defined contribution" plan, under which an amount of 44 k euro has been paid in 2013 for the members of the executive team.
- A total variable component of 659 k euro

The total financial value of fringe benefits for members of the executive team amounts to 74 k euro.

In total, as per December 31, 2013, the executive team has 235,500 warrants outstanding. The exercise prices vary from 15.49 euro/share to 36.72 euro/share. The vesting schemes are over 3 years.

In numbers	Situation at 31-12-2012	Granted	Exercised	Forfeited	Situation at 31-12-2013
Sofia BVBA	187,000	0	55,000	0	132,000
Andy De Deene	30,000	0	0	0	30,000
David Pearson	26,000	0	3,500	0	22,500
Aniz Girach	13,500	0	0	0	13,500
Laurence Raemdonck	17,500	0	0	0	17,500
VC&MA BVBA	5,000	0	0	0	5,000
Keith Steward	8,000	0	0	0	8,000
Total	**287,000**	**0**	**58,500**	**0**	**228,500**

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. In 2013, a first depreciation on the capitalized costs related to the development in the context of Phase III of ocriplasmin for the treatment of vitreomacular adhesion was booked. In 2013 an amount of 3.8 million euro of the cost related to the development of ocriplasmin was capitalized. This in comparison to 37.2 million euro in 2012.

Furthermore, we need to mention that ThromboGenics nv has a full American subsidiary, ThromboGenics Inc, which is established in Iselin, New Jersey, and that it has one Irish Branch in Dublin.

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

Done on March 17, 2014,
On behalf of the Board of Directors