

## 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, 2016.

### 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 16, 2017.

#### Profit- and Loss Account

In 2016, the total revenue of ThromboGenics was 7.1 million euro compared to 11.2 million euro in 2015. The main sources of revenue in 2016 were the sales of JETREA<sup>®</sup> in the US and royalties from Alcon as part of the strategic agreement to commercialize JETREA<sup>®</sup> outside the US. Vial sales in the US reached 4.4 million euro. Royalties paid by Alcon in relation to the license agreement amounted to 2.2 million euro compared to 3.3 million euro in 2015. 0.3 million euro was received from Hoffmann-La Roche.

Gross profit in 2016 was 0.2 million euro impacted by stock write-offs. In 2015, ThromboGenics reported a gross profit of 8.0 million euro.

R&D expenses in 2016 were 24.7 million euro compared to 21.4 million euro in 2015. The amortization of the capitalized costs related to the development of Phase III of the clinical studies for the treatment of eye diseases with ocriplasmin continued at the same rate as in 2015. The government grants and income from recharge of costs are deducted from the research and development expenses as in 2015.

In 2016, the selling expenses of ThromboGenics were further reduced to 4.3 million euro compared to 17.6 million euro in 2015 as a result of the cost reduction measures taken.

In 2016 as result of impairment testing, the Company booked impairment losses of 2.6 million euro in Goodwill and 24.0 million euro in Intangible assets.

In 2016, ThromboGenics made an operating loss of 60.8 million euro. Excluding the impairment losses, the 2016 operating result shows a loss of 34.2 million euro compared to a loss of 38.9 million euro in 2015

ThromboGenics had net financial income of 0.5 million euro in 2016. In 2015, the Company reported a net financial income of 1.5 million euro.

In 2016, ThromboGenics made a net loss of 60.3 million euro resulting in negative diluted earnings per share of 1.67 euro versus 1.05 euro negative diluted earnings per share in 2015.

#### Cash Flow

As of December 31, 2016, ThromboGenics had 80.1 million euro in cash, cash equivalents and investments, in comparison with 101.4 million euro in cash, cash equivalents and investments as of December 31, 2015.

The total balance sheet per December 31, 2016 amounted to 121,6 million euro with cash, cash equivalents and investments representing 66%. The Group has no external financial debts.

### 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, 2016, the capital of the Company 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 shareholders of the risks associated with the Company.

In 2016 and beyond, ThromboGenics was and will continue to be subject to the following risks:

- To reach market a drug candidate has to go through expensive preclinical and clinical studies which require a lot of time and outcomes of each phase are always uncertain.
- The guidelines and rules issued by various authorities are very strict and impact is difficult to predict.
- Obtaining reimbursement of drugs will be even more important and difficult to obtain in the future.
- ThromboGenics is largely dependent on partners to generate revenue in the short and medium term, as well as to provide expertise on production, sales, marketing, technology and license and property rights in the longer term.
- ThromboGenics is dependent on partnerships in its R&D operations.
- 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, with players having much stronger financial resources than our Company.
- ThromboGenics may be exposed to violations of patents or other intellectual property rights.
- ThromboGenics may face difficulties in attracting well qualified staff.
- ThromboGenics has no background of operational profitability due to the substantial spending on research and development.
- It is possible that ThromboGenics will need additional financial investments to provide for additional future activities.
- ThromboGenics has currently only one commercial product.

In 2016, 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.
- Interest risks: The Group does not have any financial debts and as such does not have material interest risks.
- Currency risks: ThromboGenics is moderately subject to exchange rate risks and will use incoming foreign currencies (USD and GBP) to cover outgoing foreign currencies. Uncovered outgoing foreign currencies will be honored by exchanging euro. In 2016 ThromboGenics 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 24 May 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 Warrant Plan 2011 8,375 warrants were exercised and 507,225 have been forfeited.

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."

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

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

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

#### **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 2016 year-end are being evaluated as having an impact on the 2016 financial statements.

#### **Continuation Assessment**

At December 31, 2016 there is still a strong equity position of 109,859 k euro in comparison to 170,015 k euro at December 31, 2015. Taking into account the current available cash position, the Board of Direction deems that all financial obligations will be honored and all research programs can be continued. Since the Company can honor all its financial obligations, the Board of Directors deems that the Company can continue as a going concern.

#### **Corporate governance**

##### ***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.thrombogenerics.com](http://www.thrombogenerics.com)) under Investors Information / Corporate Governance and can be obtained free of charge via the Company’s registered office.

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

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- CEO

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

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

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

### **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 corporate goals. The internal audit system is based on five pillars:

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

### **Audit environment**

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

The audit environment encompasses the following elements:

- **Company staff:** The Group has defined Accountability, Empowerment, Optimism Trustworthiness, Respect, Information and Consultation as being the values driving the ThromboGenics' team with the aim to create an open corporate culture, in which communication and respect for the customers, suppliers and staff play a central role. All of the employees are required to manage the Company's means with due diligence and to act with the necessary common sense. The informal rules are completed by formal rules where necessary. With this, the group wants to attract, motivate and retain qualified employees, in a pleasant work environment and with possibilities for personal development. Their expertise and experience will contribute to the Company's effective management.
- **The CEO and executive team:** The day-to-day management is the responsibility of the CEO who is supported by an executive team. For the sake of effective management, there is a partial delegation of authority to the subsidiary and to the various departments within ThromboGenics NV. The delegation of authorities is not linked to a person, but to the position. The executive team, whose domains of responsibility are situated at group level, holds a final audit competence over the authorized representatives. All persons concerned are informed of the extent of their authority (rules on approbation, limitations of authorities).
- **The Board consists of a majority of non-executive Directors.** To achieve its duties, the Board of Directors relies of the following operational committees:
  - Audit Committee which evaluates the strength of controls at regular intervals
  - Remuneration and Nomination Committee which evaluates the remuneration policy
  - Executive Team which controls the operations and activities of all their staff

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

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

The Code seeks to deter wrongdoing and to promote:

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

## Risk analysis

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

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

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

ThromboGenics divides its objectives into four categories:

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

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

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

## Audit Activities

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

- access and security systems at the premises and offices;
- in order to carry out 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;
- implementation of a new 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, ThromboGenics makes use of a standardized reporting of accounts and a global application of IFRS recognition criteria.

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

## 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 external auditors and internal and external controllers.

It is the opinion of ThromboGenics that periodic evaluations are necessary to assess the effectiveness of the internal 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 Bedrijfsrevisoren, represented by Gert Claes, Company Auditor. This mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of ThromboGenics NV and its subsidiaries.

The auditor's remuneration was 79,000 euro.

### 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 December 5, 2013, Viziphar Biosciences BVBA, represented by Mr. Staf Van Reet, acts as Chairman and Director of the Board of Directors.

On December 11, 2014, the Board of Directors decided, based on the advice of the Remuneration and Nomination Committee, to nominate Investea BVBA, represented by Ms Emmanuèle Attout, for the appointment as Independent Non-executive Director by the Company's shareholder assembly on 05 May 2015. On May 05, 2015 she was officially appointed by the Company's shareholders' meeting.

Based on the advice of the Remuneration and Nomination Committee, the Board of Directors also nominated Baron Philippe Vlerick as Non-Executive Director and he was appointed as Non-Executive Director of the Board by an extraordinary shareholders' meeting on 20 August 2015.

The Board of Directors currently consists of nine members:

- Staf Van Reet (Viziphar Biosciences BVBA), Non-Executive, Independent Director, Chairman
- Patrik De Haes (ViBio BVBA), Executive Director
- Thomas Clay, Non-Executive Director
- Luc Philips (Lugo BVBA), Non-Executive Director
- Patricia Ceysens (Innov'Activ BVBA), Non-Executive, Independent Director
- Dr David Guyer MD, Non-Executive Director
- Paul G. Howes, Executive Director
- Emmanuèle Attout (Investea BVBA), Non-Executive, Independent Director
- Baron Philippe Vlerick, Non-Executive Director

As such the Board is composed of 2 female and 7 male members. The Board has initiated a search for an additional female member.

## **Board of Directors' Meetings in the Financial Year 2016**

The Board of Directors met 6 times in 2016. 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, the compliance with the Corporate Governance stipulations, the Company's risk management and internal controls.

### **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 should appoint a company secretary to advise the board on all company matters. On July 01, 2014, the Board of Directors appointed Claude Sander, the Company's Chief Legal Officer, as its Secretary.

### ***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 2016 was as follows:

Audit Committee: Lugo BVBA (represented by Luc Philips), chairman; Innov'Activ BVBA (represented by Patricia Ceysens); Investea BVBA (represented by Emmanuèle Attout).

The Audit Committee held four meetings during the financial year 2016.

Nomination and Remuneration Committee: Viziphar Biosciences BVBA (represented by Staf Van Reet), chairman; Innov'Activ BVBA (represented by Patricia Ceysens); Dr. David Guyer (since June 23, 2014).

The Nomination and Remuneration Committee held three meetings during the financial year 2016.

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](http://www.thrombogenics.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 2016, one conflict of interest occurred:

**Board of Directors of March 17, 2016**

**“4.1 Conflict of interests with respect to the long-term incentive plan for the CEO**

**(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 20, i.e., the long-term incentive for the CEO.

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.

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

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

The proposed resolution relates to a long-term incentive to be granted by the Company to the CEO. It is market standard in the Biotech and pharmaceutical industry that senior executives are incentivized via a long-term award enabling the respective individuals to benefit from the long-term growth and future value generation of the respective company.

**(c) Financial consequences**

Based upon the long-term incentive the Company grants 90,000 warrants at an exercise price of EUR 6.92. The warrants will vest over a period of three years.”

**Transactions with related parties**

Article 524 of the Belgian Company Code provides for a special procedure which must be followed for transactions with ThromboGenics' related parties 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**

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

The precautionary measures against insider trading concern amongst others the obligation to compose lists of insiders, the requirements concerning investment recommendations, the obligation to report insider transactions and the obligation for the intermediary to report suspicious transactions. The measures are stipulated in 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.

### **Executive team**

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

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

The Executive Team is composed of:

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

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:

- D&V Consult BVBA, represented by Dominique Vanfleteren - CFO
- Andy De Deene – Global Head of Clinical and Product Development
- Claude Sander – Chief Legal Officer & Corporate Compliance Officer
- Panéga BVBA, represented by Jean Feyen – Head of Preclinical Research
- Paul Howes – Executive Chairman of ThromboGenics, Inc.

## **Remuneration Report Financial Year 2016**

### **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 and in determining the performance criteria in consultation with the CEO.

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

- a fixed monthly compensation;
- a variable component, partly based on corporate targets, partly based on individual performance indicators;
- equity based compensation in 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. A part of the individual remuneration package depends on the realized performance indicators and will vary over time. There can be some 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.

For the remuneration of the members of the Board of Directors, the Board of Directors makes a proposal to the General Meeting. The remuneration of the non-executive directors is composed of a fixed annual remuneration and attendance fees. The attendance fees count for about 60 percent of the total remuneration. The non-executive directors have no right to a severance pay.

### **Directors' remuneration**

#### **Non-executive directors**

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

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

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

The non-executive directors receive no warrants.

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

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

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

On an individual basis following amounts have been paid over the book year ended December 31, 2016:

|   |           |
|---|-----------|
| David Guyer                                       | 23 k euro |
| Innov'Activ BVBA, represented by Patricia Ceysens | 23 k euro |
| Lugo BVBA, represented by Luc Philips             | 27 k euro |
| Thomas Clay                                       | 20 k euro |
| Investea sprl, represented by Emmanuèle Attout    | 27 k euro |
| Philippe Vlerick                                  | 19 k euro |

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

#### **Executive directors**

Paul Howes received a remuneration of 216 k euro inclusive of 20 k euro as a board member.

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

#### **Chairman Board of Directors**

Given the important and active role in the operational and strategic guidance of the Company, ThromboGenics paid over the fiscal year 2016 the following amounts to Viziphar BVBA with Staf Van Reet as permanent representative:

- a fixed remuneration of 20,000 euro;
- an attendance fee of 4,000 euro per meeting, for board meetings as well as committee meetings.

On an individual basis following amount has been paid over the book year ended December 31, 2016:

- Viziphar BVBA, represented by Staf Van Reet 52 k euro

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

#### **CEO**

In the financial year 2016, ThromboGenics paid 504 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 439 k euro;
- a variable component of 65 k euro; this amount was agreed upon in December 2016. This variable compensation is based on predefined 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<sup>®</sup> to be achieved and the financial results. The total variable pay of the CEO in 2016 represents 15% of the fixed remuneration.

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

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

At December 31, 2016, the CEO holds 100,000 shares of ThromboGenics NV.

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

### Financial instruments

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

The only financial instruments the Company currently holds are the so-called "loans and receivables" (including the cash and cash equivalents) and investments amounting to 80,068 k euro (2015: 101,385 k euro).

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

### Branches and subsidiaries

As of December 31, 2016 ThromboGenics NV has a full American subsidiary, ThromboGenics Inc, which is established in Iselin, New Jersey, one Irish Branch in Dublin and a subsidiary, Oncurious NV of which ThromboGenics holds 91,67%.

### 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 16, 2017,  
On behalf of the Board of Directors

