ThromboGenics®
Advancing Science. Enhancing Vision.™

16

Annual report

Financial information 2016

ANNUAL REPORT

FINANCIAL INFORMATION

2016

Content

1. GENERAL INFORMATION AND RESPONSIBILITY FOR THE ANNUAL REPORT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

1.1. Responsibility for the contents of this document

The Board of Directors of ThromboGenics is responsible for the contents of this document. The Board of ThromboGenics declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Year's Report is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect it materially.

Gustaaf Van Reet, Independent Director and Chairman, and Patrik De Haes, Executive Director and Chief Executive Officer of ThromboGenics NV, declare on behalf of the Company that to their knowledge:

- The consolidated financial statements prepared in accordance with 'International Financial Reporting Standard' (IFRS) as adopted by the EU, give a true and fair view of the Group's net worth, financial position and the results of ThromboGenics NV and the companies within the Group.
- The Annual Report regarding the consolidated financial statements give a true and fair view of the development and results of the Group, as well as the main risks and faced uncertainties.

This Annual Report was approved by the Board of Directors on March 16, 2017.

1.2. Responsibility for the audit of the financial statements

BDO Bedrijfsrevisoren, a company incorporated under Belgian law, having its registered office at Da Vincilaan 9, B-1935 Brussels, represented by Gert Claes and member of the "Instituut der Bedrijfsrevisoren (IBR)" has been appointed as statutory auditor of ThromboGenics for a term of three years ending immediately after the closing of the annual shareholders' meeting to be held in 2019 that will have deliberated and resolved on the financial statements for the financial year ending on December 31, 2018.

1.3. Availability of the Annual Report

ThromboGenics published its Annual Report in Dutch. ThromboGenics has also produced an English translation of this Annual Report. In the event of differences of interpretation between the English and the Dutch versions of the Report, the original Dutch version has priority.

The Annual Report is available free of charge for the public upon request to:

ThromboGenics NV
for the attention of Dominique VANFLETEREN
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 17
Fax: +32 16 75 13 11
e-mail: dominique.vanfleteren@thrombogenics.com

For information purposes only, there is also an electronic version of the Annual Report which can be obtained via the internet from the ThromboGenics' website (www.thrombogenics.com).

1.4. Forward looking information

This Annual Report includes forward-looking statements, expectations and assessments with regard to the expected future performances of ThromboGenics and the market in which it operates. Certain statements, expectations and assessments can be recognized by the use of words such as, but not limited to, "believe", "anticipate", "expect", "intend", "plan", "strive", "estimate", "could", "will" and "continue" and comparable expressions. These relate to all matters which are not historical fact. Such statements, expectations and assessments are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors which were deemed to be reasonable when they were made, but which may or may not prove to be correct. Actual events are difficult to predict and can depend on factors outside the Company's control. Consequently, it is possible that the actual results, financial condition, the results of the sector, will diverge substantially from any future results, performances or achievements expressed or implied by such statements, expectations and assessments. Factors which can cause such a divergence include, but are not limited to, the factors which are discussed in the Chapter "Risk Factors". Given these uncertainties, absolutely no statement is made with regard to the correctness or reasonableness of such forward-looking statements, expectations and assessments. Moreover, they apply only on the date of this Annual Report. The Company expressly declines any obligation to adapt any of the forward-looking statements, expectations and assessments in this Annual Report in order to reflect change in the expectations of the Company in that respect, or any change in the facts, conditions or circumstances on which such statements, expectations and assessments are based, except to the extent that this is required by Belgian law.

All statements and information relate to the period up to December 31, 2016, unless expressly stated otherwise.

2. MESSAGE FROM CEO AND CHAIRMAN OF THE BOARD

Dear reader,

In 2016, ThromboGenics unveiled a new and innovative drug development pipeline targeting novel treatments for tackling diabetic retinopathy, with or without diabetic macular edema.

Diabetic retinopathy is a serious eye condition. Associated with diabetes, it is the leading cause of blindness in adults worldwide. Diabetes represents a global and growing health threat and it is well known that one in three persons with diabetes will develop some form of diabetic retinopathy as a direct consequence of their diabetes condition. In one out of ten, the disease will progress to the severe form, with the risk of vision loss as a result.

Given this growing challenge of diabetes, it is clear that the unmet medical need is enormous. There is much work to be done. At ThromboGenics, we are committed to doing our part.

Of course, maintaining overall good health is of utmost importance for managing or avoiding diabetes and potential eye disease as a direct consequence. But when health management or preventive measures prove to be insufficient or too late, early treatment must be the preferred next plan of attack.

At this moment, there are few options available for early treatment. In most cases patients with diabetic retinopathy – in its less or more severe form – must wait until the indications become apparent, and even then treatment is usually if not always reduced to handling the symptoms. Depending on the treating physician or the patient's condition, this will mean laser therapy or repeated injections of anti-VEGF.

By then, often the eye has already been irreparably damaged. Moreover, the existing forms of treatment are fairly intensive and not every patient responds well to them.

It would, therefore, make a world of difference for patients if diabetic retinopathy could be treated at an earlier stage, before the disease causes irreparable damage to their eyes and leads to permanently deteriorating eyesight. That is the ambition and mission of ThromboGenics, an ambition and mission we began to implement last year.

Clinical research - Combatting vision loss in diabetes patients

Our mission as a research and development company is to combat vision loss in persons with diabetes.

In fulfilling this mission, we are currently recruiting patients in new clinical trials across the globe. Additional clinical studies are in the works for later this year and early next year. We are currently focusing our efforts on four highly promising molecules that could result in a new treatment for the various forms of diabetic retinopathy. Thanks to a dedicated and very experienced research and development team, and access to in-vitro and in-vivo preclinical evaluation models in-house, we have already made rapid progress.

Phase II clinical trials are well underway for our molecules THR-409 (ocriplasmin) and THR-317 (anti-PlGF). For THR-409 (ocriplasmin), we are researching its potential to induce a total release of the vitreous gel from the retina (posterior vitreous detachment) as a way to definitively halt any further disease progression. Imagine the peace of mind this would bring to diabetic retinopathy patients, knowing that their disease would no longer progress to the more severe and blinding form.

For THR-317 (anti-PlGF), we are researching the antibody's potential for combatting diabetic eye disease hallmarks such as inflammation and the development of scar tissue at the back of the eye, symptoms for which no other therapy has provided a solution.

For the execution of these studies, we are partnering with experts and the global ophthalmology and diabetes community. We are very excited to see the great and growing interest they have in what we are doing, and we expect to be able to share the preliminary results of the these studies by early next year.

Growing insight into the hallmarks of diabetic eye disease

In 2016, we also made significant progress with two other compounds in our R&D pipeline, and it is our intention to complete the preclinical phases in the course of the coming year. For these two new leads, we expect to be able to start 2 additional Phase I/II clinical trials later this year and early next year.

Of course, it will not stop here. One of the absolute strengths of our company is the ongoing deepening of our insight into the mechanisms of diabetic eye disease. The team is continually searching for new, undiscovered research opportunities, which we explore further through our discovery pipeline for diabetic eye disease. We believe that this rich expertise and experience in drug development for the back of the eye, together with our capacity to screen and evaluate new molecules in-house, puts us in a unique position.

Oncurious: Targeting novel treatments for battling pediatric cancer

As is sometimes the case, the diversity of the molecules being researched offer potential inroads for drug development in other new therapeutic domains. This is certainly the case for our anti-PlGF molecule.

In 2016, we began evaluating the potential of TB-403 as a novel treatment for medulloblastoma, a malignant brain tumor in small children. In order not to shift the focus of the organization away from ophthalmological clinical research, we decided to spin off this research and created a new company focused on oncology: Oncurious. We co-founded Oncurious together with VIB, the Flanders Institute for Biotechnology, a long-time research and collaboration partner of ThromboGenics.

Meanwhile, the Oncurious team is recruiting patients in a US-based Phase I/IIa clinical study evaluating TB-403 for the treatment of medulloblastoma. To that end, the team is collaborating with the NMTRC (Neuroblastoma and Medulloblastoma Translational Research Consortium), a network of US hospitals specialized in clinical trials in pediatric cancer. For this specific clinical trial evaluating TB-403, Swedish-based BioInvent International is working as the development partner of Oncurious.

Our aim is to create one more opportunity for young patients suffering from this very malignant disease.

More than 25,000 patients already treated with JETREA®

At ThromboGenics, we are also very proud of the fact that more than 25,000 patients worldwide have been treated with JETREA®, the first product we developed. Now approved in 54 countries, the medicine is used for the daily treatment of patients suffering from symptomatic sVMA/VMT.

Of course, we remain disappointed concerning the slow pace at which the retina community is embracing JETREA® as part of an extended toolkit for treating symptomatic sVMA/VMT. At the same time, we are delighted to see that certain retina specialists have changed their standard of care and are offering JETREA® as a preferred treatment for selected patients. These retina doctors have become real champions of and experts in the application of this novel product.

In 2016, we made our US Commercial operations cash neutral, adjusted the JETREA® sVMA/VMT asset value in our books to the evolution of its global Sales, and are continuing to investigate ways to broaden the current user base worldwide.

We remain committed to generating and distributing new real-world and clinical data to help the retina community better understand the JETREA® risk/benefit profile, and to identify eligible patients. In the past year, the results of a 2-year Phase IIIb study (OASIS) were published. This randomized clinical trial confirmed much of the real-world and clinical data collected since the launch. When selecting patients according to specific criteria, more patients can benefit from the treatment after one simple injection, thus avoiding major surgery.

What‘s more, the product will become even easier to administer in the near future. A new version of JETREA®, which comes already diluted and therefore ready to use, has been approved by the Federal Drug Administration in the USA and will come on the market this year.

Strategic, focused and prudent

In the past year, our business strategy of a single major focus on diabetic retinopathy and a “multiple shots on goal” approach gradually revealed itself. Our enthusiasm about the growing opportunities for offering better treatments to people with diabetes is truly shared by the medical world, scientists, shareholders and other stakeholders.

With this report, we not only wish to give you insight into our ongoing activities, we also hope to convey a bit of this enthusiasm that we experience daily.

Thank you for your interest in and support for our company and our mission to improve the life of all in the world who live with diabetes.

Yours truly,

Patrik De Haes, MD
CEO
ThromboGenics nv

Staf Van Reet, PhD
Chairman of the Board of Directors
ThromboGenics nv

3. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

3.1. Key Figures

3.1.1. Consolidated statement of financial position

In '000 (for the year ended 31 December)	2016	2015
Property, plant and equipment	1,743	2,088
Intangible assets	25,902	55,699
Goodwill	0	2,586
Other non-current assets	202	235
Non-current tax receivable	2,350	1,645
Inventories	2,614	6,498
Trade and other receivables	7,672	7,019
Current tax receivable	1,085	1,791
Investments	21,817	8,044
Cash and cash equivalents	58,251	93,341
Employee benefits	0	0
Total assets	**121,636**	**178,946**
Total equity	109,859	170,015
Current liabilities	11,777	8,931
Total equity and liabilities	**121,636**	**178,946**

3.1.2. Consolidated statement of income

In '000 (for the year ended 31 December)	2016	2015
Income	**7,104**	**11,198**
Operating result	**-60,834**	**-38,917**
Finance income	529	1,516
Finance expense	-65	-489
Result before income tax	**-60,370**	**-37,890**
Taxes	22	-42
Loss of the year	**-60,348**	**-37,932**
Result per share		
Basic earnings per share (euro)	-1.67	-1.05
Diluted earnings per share (euro)	-1.67	-1.05

3.2. Activities of ThromboGenics

3.2.1. General

ThromboGenics NV was incorporated on 30 May 2006 and is a limited liability company (in Dutch: Naamloze Vennootschap). The registered office is established at:
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 10
Fax: +32 16 75 13 11
The Company is registered in the Crossroads Databank for Enterprises under enterprise number 0881.620.924.

3.2.2. Mission

ThromboGenics is dedicated to developing and commercializing new pharmacologic treatments that address important unmet clinical needs.

In 2015, ThromboGenics took a strategic decision to focus its main resources on drug development. While still organized to secure the global commercial business opportunity with JETREA®, ThromboGenics' resources allocation is now focused on developing novel medicines for diabetic eye disease, with focus on back of the eye (DR and DME).

3.2.3. History

Thromb-X was the original Company of the Group. It was founded by Prof. Collen and the KULeuven in 1991 to develop new thrombolytics with better efficacy, less side effects and lower production costs by using the experience of Prof. Collen gained during the development of the successful thrombolytic drug tPA.

In 1992, Thromb-X moved to a state-of-the-art research center next to the Center for Molecular and Vascular Biology of the KULeuven. In 1995, the Center for Transgene Technology and Gene Therapy of the VIB moved into the same building. Through close cooperation with the KU Leuven and VIB, the Company was able to move certain promising research programs through development.

The initial R&D efforts of Thromb-X aimed at the development of staphylokinase, a promising thrombolytic for acute myocardial infarction. Due to strategic and commercial reasons, the Company decided to progress this development outside the Western market. In the meantime, Thromb-X successfully developed ocriplasmin, a recombinant derivative of the plasmin protein, in cooperation with the KULeuven and VIB. This became the main focus of the Company.

In 2001, ThromboGenics gained access to additional financing when the US venture capital firm East Hill Biopharmaceutical Partners became a shareholder. With this funding, ThromboGenics intensified the development of ocriplasmin and also began investigating it for ophthalmic indications. In 2003, the Company expanded its operations by setting up a subsidiary in the US, ThromboGenics, Inc. based in New York.

In May 2006, ThromboGenics NV, a Belgian company with headquarters in Leuven, was incorporated as holding company of ThromboGenics Ltd, Thromb-X NV, Producell Biotech NV and ThromboGenics, Inc.

In July 2006 ThromboGenics raised 35 million euro through a successful Initial Public Offering (IPO) and listed on the Eurolist of Euronext Brussels.

The Company was able to finance its development through both equity financing and shares from the proceeds of the license of tPA to Genentech. The yearly sales of tPA was higher than 500 million USD and generated total royalties of USD 144 million, of which the Company received USD 51 million. After some mergers, the Group's structure has been simplified.

Over the past 8 years, ThromboGenics pioneered the new drug category of pharmacological vitreolysis, developing and commercializing JETREA® (ocriplasmin) which is now approved for the treatment of vitreomacular adhesion/ vitreomacular traction in 54 countries worldwide.

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

As of December 31, 2016, the Group consists of ThromboGenics NV, including an Irish Branch, a fully owned subsidiary ThromboGenics, Inc and a 91.67 % owned subsidiary Oncurious NV.

3.2.4. Employees and headcount development

As of December 31, 2016, the Company employed 80 employees

- 72 for ThromboGenics NV: 68 in Leuven, Belgium; 2 home based employees in the UK, 1 in France and 1 in Germany.
- 8 in ThromboGenics, Inc. (New Jersey, US and home-based employees)

The personnel of the Company counts 22 employees holding a Doctoral degree and 32 employees holding a Master's degree.

3.2.5. Activities

Following up on its 2015 strategic decision to focus its main resources on drug development, 2016 was about executing on that decision, and about initiating clinical trials. While still organized to secure the global commercial business opportunity with JETREA®, ThromboGenics' resources allocation is now fully focused on developing novel medicines for diabetic eye disease: diabetic retinopathy (DR) with or without diabetic macular edema (DME). Diabetic retinopathy (DR) is the leading cause of visual disability and blindness among professionally active adults (Cunha-Vaz, 1998; Fong et al., 1999).

ThromboGenics' diabetic eye disease pipeline, which is one of the strongest in the industry, includes:

THR-409 – an ongoing Phase IIa (CIRCLE) clinical study is evaluating the efficacy and safety of multiple doses of ocriplasmin in inducing total posterior vitreous detachment (PVD) in patients with non-proliferative diabetic retinopathy (NPDR).
THR-317 – a PIGF neutralizing monoclonal antibody is being developed for DME and/or for use in combination therapy with current anti-VEGF treatments. The Company currently enrolls patients in a Phase II clinical study.
THR-687 – a small molecule integrin antagonist being developed to treat a broad range of patients with diabetic retinopathy, with or without DME. Company is preparing for the start of a Phase I/II clinical trial in Q4 2017
THR-149 – a plasma kallikrein inhibitor is being developed to treat edema associated with diabetic retinopathy. Company is preparing for a Phase I/II clinical trial to start in H1 2018

In addition, ThromboGenics, through its oncology subsidiary Oncurious NV, is conducting a Phase I/IIa clinical trial in children assessing TB-403 for the treatment of medullablastoma, a pediatric brain tumor.

Research & Development Activities

Diabetes, Diabetic Retinopathy and DME

According to the World Health Organization (WHO), in 2014, 9% of adults 18 years and older had diabetes (WHO, 2015)[1].

Worldwide, the prevalence rate of vision-threatening PDR or DME was estimated to be 11.72% of the diabetic population in 2010 (Yau et al., 2012).

DR progresses from mild, non-proliferative to more severe or even proliferative stages. As DR progresses, there is a gradual closure of retinal vessels leading to impaired perfusion and retinal ischemia. When this progresses beyond certain thresholds, severe non-proliferative diabetic retinopathy (NPDR) is diagnosed.

The more advanced stage, PDR, is characterized by the development of new blood vessels at the inner surface of the retina as a result of retinal ischemia. These new vessels are prone to bleed, resulting in vitreous hemorrhage.

PDR is considered high risk when the new vessels are accompanied by vitreous hemorrhage, or when they cover a significant area of the optic disc, even in the absence of vitreous hemorrhage, patients with high risk PDR are at high risk of severe vision loss.

The current treatment standard for PDR patients is laser photocoagulation (PRP) therapy. More recently, an increasing role for anti-VEGF treatments has also been demonstrated.

PDR patients may still progress to severe vision loss or even complete vision loss even when receiving recurrent pan-retinal photocoagulation (PRP). In addition, recurrent treatment with PRP may lead to complications such as visual field loss or worsening of macular edema.[2 3]

1 World Health Organization (WHO). (2015). Diabetes. Fact sheet N°312. http://www.who.int/mediacentre/factsheets/fs312/en/ 21 May 2015.
2 Bailey CC, Sparrow JM, Grey RH, Cheng H (1999). The National Diabetic Retinopathy Laser Treatment Audit. III. Clinical outcomes. Eye (Lond) 13 (Pt 2): 151-159.
3 Fong DS, Ferris FL 3rd, Davis MD, Chew EY (1999). Causes of severe visual loss in the early treatment diabetic retinopathy study: ETDRS report no. 24. Early Treatment Diabetic Retinopathy Study Research Group. Am J Ophthalmol. 127 (2): 137-141.

THR-409 for Non Proliferative Diabetic Retinopathy – CIRCLE Study

The CIRCLE study is evaluating the efficacy and safety of multiple doses of ocriplasmin (THR-409) in inducing total posterior vitreous detachment (PVD) in patients with non-proliferative diabetic retinopathy (NPDR).

ThromboGenics aims to reduce the risk of disease progression to proliferative diabetic retinopathy (PDR) by inducing a total PVD using ocriplasmin. PDR is the major cause of blindness in patients with diabetes. Patients who progress to PDR are at high risk of experiencing severe vision loss or complete blindness.

The CIRCLE study is a Phase II, randomized, double-masked, sham-controlled, multi-center study that will evaluate the efficacy and safety of up to 3 intravitreal injections of either 0.125mg or 0.0625mg of ocriplasmin in subjects with moderate to very severe NPDR, to induce total PVD in order to reduce the risk of the patient developing sight-threatening PDR.

In December the Phase II CIRCLE Trial Evaluating Multiple Doses of THR-409 to induce a Total Posterior Vitreous Detachment in Patients with Non-Proliferative Diabetic Retinopathy (NPDR), was amended to allow a broader patient pool to be recruited. Approximately 115 patients will be recruited into the CIRCLE trial. Patients will be accrued from sites across the US, Canada and EMEA.

The primary endpoint of the CIRCLE study is the percentage of patients with total PVD by the month 3 visit, confirmed by both B-scan ultrasound and SD-OCT.

Furthermore, as part of a 2 year follow-up of patients, the study might also provide explorative insights into ocriplasmin's potential in reducing the risk of progression of NPDR to PDR.

Research has suggested that total PVD, a complete separation of vitreous and retina, could prevent the progression of NPDR to PDR. This could be explained by total PVD leading to elimination of the scaffold needed for the development of new blood vessels and/or the improvement of oxygen supply to the retina, thereby reducing retinal ischemia, production of VEGF, vascular outgrowth and neovascularization.

Developing THR-317 – a potential attractive alternative or add-on to current anti-VEGF medicines when treating DME or DR

ThromboGenics enrolled the first patients in a Phase II, single-masked, multicenter exploratory study evaluating the safety and efficacy of 2 dose levels of THR-317 for the treatment of diabetic macular edema (DME) in January 2017.

THR-317 (anti-PlGF) is a recombinant human monoclonal antibody directed against the receptor-binding site of human placental growth factor (PlGF).

The Phase II study will evaluate the safety of 3 intravitreal injections of 2 dose levels of THR-317 (4 mg or 8 mg). The trial will also assess THR-317's ability to improve best-corrected visual acuity (BCVA) and to reduce central retinal thickness in subjects with DME.

The study plans to enroll a total of 50 patients (including 10 treatment resistant patients) over a period of about 12 months. The first results from the study are expected in Q1 2018.

ThromboGenics believes that THR-317 could be used as a stand-alone therapy or as an add-on treatment to anti-VEGF medicines, for the treatment of DME or DR.

Oncurious NV – orphan drug development in pediatric oncology

Oncurious NV is an oncology company focused on the development of innovative medicines for the treatment of pediatric cancers. Oncurious is a venture between ThromboGenics NV and VIB, a leading life science research institute in Flanders, Belgium.

Oncurious is developing TB-403 a humanized monoclonal antibody against placental growth factor (PlGF). PlGF is expressed in several types of cancer, including medulloblastoma. High expression of the PlGF receptor neuropilin 1 has been shown to correlate with poor overall survival. Medulloblastoma is the most common pediatric malignant brain tumor, accounting for 20% of all brain tumors in children. Treatment with TB-403 in relevant animal models for medulloblastoma has demonstrated beneficial effects on tumor growth and survival.

In May, a Phase I/IIa study was initiated with TB-403. The study, which is being conducted by NMTRC, aims to recruit 27 patients with Relapsed or Refractory Medulloblastoma.

The European Commission confirmed the orphan drug designation for TB-403 for medulloblastoma in January 2017. The confirmation by the EC followed an earlier in-depth review and positive opinion on the drug candidate by the EMA Committee for Orphan Medicinal Products (COMP).

BioInvent International is a co-development partner for this clinical program.

JETREA® US and Global Update

JETREA® Commercial

In 2016, ThromboGenics generated JETREA® sales of €4.4 million in the US and received €2.2 million in royalties´ income from its ex-US sales.

ThromboGenics reduced the size of its US commercial organization, becoming cash-neutral in 2016 as a result of lower costs.

In the rest of the world, Alcon is in charge of the development and commercialization of JETREA®.

Ocriplasmin Research Findings Presented at EURETINA, EVER and AAO

Ocriplasmin research findings were presented at the European Society of Retina Specialists (EURETINA) in Copenhagen in September and in October at the European Association for Vision and Eye Research (EVER) 2016 in Nice and at the American Academy of Ophthalmology (AAO) meeting in Chicago.

The data update confirmed the product's safety profile as described in the approved product label, with no new safety signals. Moreover, these new clinical studies and real-world data continued to confirm that appropriate patient selection leads to improved treatment outcomes in patients with sVMA/VMT.

New 'Already-Diluted' Formulation of JETREA®

In June, ThromboGenics announced that the Office of Biotechnology Products of the U.S. Food and Drug Administration (FDA) has approved a new already-diluted formulation of JETREA® (ocriplasmin).

This new formulation of JETREA® offers the additional benefit of eliminating the current preparatory dilution steps prior to injection.

ThromboGenics Inc., which is commercializing JETREA® in the US, plans to launch the already-diluted formulation of JETREA® in the first half of 2017.

3.2.6. Intellectual property

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

The licenses awarded to ThromboGenics NV are exclusive licenses with the right to sublicense. ThromboGenics NV has the rights to all in-house intellectual property. The Company employs an in-house IP counsel who works in collaboration with several leading international patent law firms.

3.2.7. Group structure

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%.

3.2.8. Facilities

Since January 2009, all of the Company's labs have been located at the "Bio-Incubator" building at the Gaston Geenslaan 1 at 3001 Leuven.

Currently the Company occupies a number of state-of-the-art research laboratories, including cell culture rooms, a molecular biology laboratory, an analytical laboratory, a prokaryotic fermentation suite, a purification suite, and all the necessary support and storage rooms. The Company has access to 2,000 square meter state-of-the-art laboratories and offices.

The Company produces research-grade products and reagents in production laboratories of approximately 1,000 square meters.

ThromboGenics has implemented the ISO 17025 standard. The Company adheres to GLP-GMP for stability testing and has obtained GLP status for drug formulation analysis and toxicological studies.

3.2.9. Investment policy

Apart from investments in lab materials, hardware and software, ThromboGenics has not made any other large investments, nor

made commitments to make major investments in the near future.

With regard to the move of the Company's labs in early 2009, these labs were modernized and the Company made some new improvements.

R&D expenses will be directly financed and as such are not considered as investments to be capitalized on the balance sheet according to accounting rules and IFRS. Only development costs made in Phase III and abiding to our accounting policy will be capitalized.

3.2.10. Health, safety and environmental regulations

As a biotech Company, ThromboGenics has to deal with biological waste on a daily basis. The health and safety of personnel and visitors and environmental protection constitute a priority for the Company. The environmental, health and safety policy is a key element of the Company's business strategy and is included in the objectives of each employee. This implies a continuous process through which constant improvements and innovations are being implemented.

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

3.3. Comments to Consolidated Financial Statements

The consolidated financial statements were prepared in accordance with IFRS as adopted by the EU and were approved by the Board of Directors on March 16, 2017.

Income Statement

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® in the US and royalties from Alcon as part of the strategic agreement to commercialize JETREA® 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.

Balance sheet

ThromboGenics NV was incorporated on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. Per December 31, 2016, the capital of the Company amounted to 162,404,449.73 euro represented by 36,094,349 shares.

3.4. Comments to Statutory Accounts

The operating income for the 2016 financial year amounted to 19,987 k euro and consists of 2,508 k euro from royalties, 1,223 k euro from product sales, 11,428 k euro capitalized R&D expenses and the balance relates to costs carried forward and other operational revenue.

The operating expenses for the financial year 2016 amounted to 88,127 k euro compared to 50,814 k euro for the financial year 2015. These operating expenses break down as 9,159 k euro in purchases, 12,789 k euro in services and various goods, 7,646 k euro in salaries and social security, 57,740 k euro in depreciations and amortization of which 52,833 k euro is a depreciation (including impairment loss) on the capitalized cost of the research and development of ocriplasmin, and 793 k euro in other operating expenses. Therefore, the operating loss amounts to 68,140 k euro, compared to a loss of 32,317 k euro a year earlier.

The financial results were positive on balance: 880 k euro in financial revenue and 50.9 k euro in financial expenses.

As a result, the 2016 financial year closed with a loss of 67,313 k euro compared to a loss of 29,415 k euro for the 2015 financial year.

In addition for the financial year 2016, an amount of 441 k euro was invested, mostly in laboratory equipment and office modeling.

Going concern

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: at December 31, 2016 there is still a strong equity position of 114,074 k euro in comparison to 181,387 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.

3.5. Description of the Principal Characteristics of the Company's 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 although it has started establishing detailed net present value (NPV) models for all of its R&D pipeline compounds.
- 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.

This section will further specify components of each risk listed:

Development of a new drug takes a long time before it reaches the market

The Group must conduct extensive pre-clinical and clinical trials of its drug candidates in order to demonstrate their safety and efficacy in humans before it can receive the necessary approvals from the regulatory authorities to market these drug candidates. Clinical trials are expensive and time-consuming, and their results are highly uncertain and difficult to predict.

Government regulation & guidelines

The drug candidates of ThromboGenics must receive marketing approval from the European Medicines Agency (EMA), from the US Food and Drug Administration (FDA) and from regulatory authorities in other jurisdictions before they may be marketed and commercialized. Each regulatory authority can impose its own requirements and can refuse to give the approval or can ask for additional data before giving the marketing approval for the respective drug candidate, even if such approval was already given by other authorities. Changes in the policy of the regulatory authorities for granting approval or the introduction of additional requirements by a regulatory authority for granting approval can mean that drug candidates do not get marketing approval at all, or that such approval may be delayed. Moreover, the process for obtaining approval from the regulatory authorities is expensive and highly time-consuming, and the period necessary for obtaining the marketing approval is difficult to predict.

Reimbursement of drugs will be even more important in the future

Even though the Group has launched JETREA® directly in the US and via its licensee Alcon in the most important markets where JETREA® has received either reimbursement or a positive recommendation from the concerned national authorities, it cannot guarantee that the reimbursement climate in these countries will not change in the future.

Reliance on collaborative partners

The Company is dependent on current and future collaborative arrangements with experienced partners to complete the development of certain of its existing and future drug candidates and to commercialize them successfully. These collaborative and commercial arrangements may place the development and commercialization of its drug candidates outside of the Group's control and may require the Company to relinquish important rights. If the Group fails to enter into collaborations on favorable terms or none at all, its ability to develop and commercialize existing or future drug candidates could be delayed and its costs of development and commercialization could increase.

The Group's dependence on collaborative arrangements with experienced partners subjects it to a number of risks, including the following:

- the Company may not be able to control the amount or timing of resources that its collaborative partners devote to its drug candidates;
- the Company may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- the Company may not receive any future milestone payments or royalties if a partner fails to develop or commercialize one of its drug candidates successfully;
- a partner may develop a competing drug candidate either by itself or in collaboration with others;
- the willingness or ability of a partner of the Company to fulfill its obligations under the collaboration arrangements may be adversely affected by changes in the partner's business strategy.

If any of these risks were to materialize, the Company's ability to develop and commercialize one or more of its drug candidates could be impaired.

More specifically, the results of the Group depend in part on how successful its partner Alcon, who has obtained the exclusive commercial rights on JETREA® except for the US, will be in selling the product. Future possible milestone payments are solely based on and depend on the sales figures of Alcon and, therefore, ThromboGenics has no control over them.

Currently, the Group has a dispute with Alcon regarding the calculation of the cost of goods. We refer to note 5.8 for more information.

The Group cannot guarantee and appropriately predict whether its drug candidates will demonstrate sufficient safety or efficacy in the studies needed to obtain marketing approval. Moreover, the results from earlier pre-clinical or clinical trials may not accurately predict the results of later-stage trials. The clinical trials may be suspended or terminated if participating subjects are exposed to unacceptable health risks, or if the drug candidates cause undesired side effects. Clinical trials may be discontinued or the development of the drug candidates may be abandoned if the clinical trials produce negative or inconclusive results.
The Company relies on third parties to manufacture and supply the active pharmaceutical ingredients for some of its drug candidates and to produce clinical and commercial quantities of these drug candidates. If the Company would lose any of these third parties as partners and/or contract manufacturing organizations (CMOs) or if they would fail to provide ingredients of a satisfactory quality, in sufficient quantities, at acceptable prices and in a timely manner, the clinical development and commercialization of its drug candidates could be materially impacted and delayed.

Dependency on partners in R&D

The Group relies on third-party clinical investigators and clinical research organizations to conduct its clinical trials (e.g., for JETREA® in non-proliferative diabetic retinopathy (NPDR)) and other third parties to oversee the operations of such clinical trials, to perform data collection and analysis, safety reporting and other activities. The Group may have no or limited control over these third parties and the Group cannot guarantee that they will perform their obligations in an efficient and timely manner. If the clinical investigators and other third parties fail to meet their obligations, the Company may experience significant delays or failures in its clinical development programs and in the commercialization of its drug candidates.

Enrolling patients in the studies depends on many factors, including:

- the limited number of patients available for clinical trials, due to e.g. competition for patients by clinical trial programs for other treatments;
- the therapeutic endpoints chosen for evaluation;
- the eligibility criteria for the clinical trial;
- the size of the patient population required for analysis of the trial's therapeutic endpoints;
- the Group's or its potential future partners' ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the proportion of patients leaving the study before reaching an endpoint; and
- the availability of adequate insurance.

The Company or its potential future partners may experience difficulties in enrolling patients in clinical trials, which could increase the costs of these trials and adversely affect their timing and outcome.

ThromboGenics may be unable to in-license or acquire new drug candidates on commercially reasonable terms

The Company relies on its ability to identify and develop promising new intellectual property and compounds with a high commercial potential, for example via the Flanders Institute for Biotechnology (VIB) and KULeuven and other partners or via its own internal research and development. ThromboGenics intends either to license the rights to such compounds, to purchase them or to acquire companies which own them. As a result, its future success partly depends on its ability to establish collaborations with third parties to license promising new compounds or to finance the licensing or purchase of these compounds or the companies that own them.

The market might not be ready for Company's drug candidates

Upon commercialization, the Group's drug candidates may not gain acceptance by patients, physicians and other healthcare professionals. Market acceptance of the Group's drug candidates will depend on, among other things, the Group's ability to demonstrate the drug candidates' clinical efficacy, safety, cost-effectiveness, convenience and ease of administration as well as its other advantages over alternate treatments. Additionally, the Company's or its partners' ability to promote and market its drug candidates and its ability to obtain sufficient coverage or reimbursement from payers may impact the commercial success of its drug candidates. If the Group's drug candidates fail to gain market acceptance, it may have a material adverse impact on the Group's ability to generate revenues.

The pharmaceutical market is highly competitive

The market for pharmaceutical drugs is highly competitive. The Company faces significant competition in the research, licensing, development and commercialization of its drug candidates.

The Group's competitors may bring drugs to the market more rapidly than the Company and may develop drugs which are

more effective, more affordable or with better side effect profiles than the Company's drugs and drug candidates. Competing drugs may gain faster or greater market acceptance than the Company's drugs and medical advances or rapid technological development by competitors may result in the Company's drug candidates becoming non-competitive or obsolete before the Company is able to recover its research and development and commercialization expenses.

Exposure to patents and property rights violation

The Group's success will depend in part on the ability of the Group and its licensees to obtain, maintain and enforce its patents and other intellectual property rights. The Company's drug candidates are covered by several patent families, which are either licensed to the Group or owned by the Group. The Group cannot guarantee that it or its licensors will be able to obtain or maintain these patents rights against third-party challenges to their validity, scope and enforceability.

Because patent law in the biopharmaceutical industry is highly uncertain, the Group cannot assure that its current or future patent applications will be issued. Nor can the Company assure that the scope of its current or future patents will be sufficiently broad to provide commercially meaningful protection against infringement by or competition of third parties.

The Group also relies on trade secrets, data exclusivity and proprietary know-how to protect its drugs, drug candidates and production platforms. The Group makes reasonable efforts to maintain its trade secrets, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not willfully or unintentionally disclose proprietary information to competitors.

The enforcement of patents, trade secrets, know-how and other intellectual property is costly, time-consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the infringement of its patents, trade secrets, know-how and other intellectual property rights and those of its licensors.

The Group's success will depend in part on its ability to operate without infringing on or misappropriating the proprietary rights of others. The Group cannot guarantee that its activities, or those of its licensors, will not infringe patents owned by third parties. The Group may expend significant time and effort and may incur substantial costs in litigation if the Company is required to defend against patent suits brought against the Group or its licensors. If the Group or its licensors are found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position.

Dependency on and ability to attract key personnel and managers

Being a small Company with currently less than 100 employees and managers, the Group's success depends on the continued contributions of its principal management and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, scientists and companies in the face of intense competition for such personnel, institutions and companies. Although ThromboGenics generally has not experienced substantial problems retaining key employees, its employees can terminate their employment with the Group at any time.

The Group has incurred operating losses since its foundation

Only for 2012 and 2013, the Group has reported net profits. These net profits were integrally attributable to the non-recurring milestone payments received under the Alcon agreement. The recurring product sales of JETREA® in the US supplemented with the received royalties from Alcon on the sales ex-US are not yet sufficient to cover the recurring costs of the Group.

The Group anticipates that in future it may make further net losses as it incurs additional research and development and general and administrative expenses in its efforts to further develop and commercialize its drugs and drug candidates. These losses, among other things, will cause the Group's working capital and shareholders' equity to decrease. If the Company is unable to successfully develop and commercialize its drugs and drug candidates, the Company may never become profitable on a consistent basis.

Need for additional financing and access to capital

The Company's financing needs depend on many factors, including the progress, costs and timing of its research and development activities, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its drugs and drug candidates, the costs and timing of establishing sales and marketing capabilities and the terms and timing

of establishing collaborations, license agreements and other partnerships.

Currently only one commercial product

The turnover will depend the next years on the sales of only one product, JETREA®. The other drug candidates are still in an early phase of development and chances that they can be commercialized successfully is uncertain. The future results of JETREA® will also depend to the extent to which the Company is able to develop additional label extensions such as non-proliferative diabetic retinopathy (NPDR).

3.6. Other information in accordance with Belgian Company law

3.6.1. 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.

3.6.2. Major trends influencing evolution of the Company

At date of closure the market capitalization is lower than Net Equity which represents a trigger for testing impairment of assets. The assets subject to impairment on the balance sheet of ThromboGenics are the carrying value of JETREA® sVMA/VMT indication and the Intangible asset composed of the in-licensed integrin antagonist from Galapagos.

The impairment test of JETREA® sVMA/VMT indication has led to a write-down of Goodwill and Intangible assets for a total of 26.6 million euro. Details are exposed in section 5.7.2.1 and 5.7.2.2.

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

The cash situation at year-end will enable ThromboGenics to clinically develop new compounds up to Phase II after careful selection.

3.6.3. R&D

Given the activities of ThromboGenics, the cost of R&D is very important. They represent more than 69% of total operating costs for the year 2016 compared to 45% in 2015. The government grants and income from recharge of costs are deducted from the research and development expenses from financial year 2014. These costs mainly consist of costs for clinical trials paid to third parties, personnel costs and depreciations. In 2013, a first depreciation on the capitalized costs related to the development in the context of Phase III of ocriplasmin for the treatment of vitreomacular adhesion was booked. In 2016 ThromboGenics capitalized the payment for the exclusive in-licensing with Galapagos NV of €1.0 million.

3.6.4. Going concern

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 that research programs as designed to-date can be executed. Since the Company can honor all its financial obligations, the Board of Directors deems that the Company can continue as a going concern.

3.6.5. Subsidiary activity – Business Combinations

On April 3, 2015, Oncurious NV was incorporated as a limited liability company (in Dutch: Naamloze Vennootschap) fully owned by ThromboGenics NV and ThromboGenics Inc. It is an oncology company focusing on the development of innovative medicines for the treatment of pediatric brain tumors. Upon incorporation, ThromboGenics NV made a contribution in kind of the TB-403 patents, the TB-403 knowhow and the rights and obligations under the TB-403 contracts representing 1,375,000 euro. ThromboGenics Inc made a contribution in cash of 1,000 euro.

Since August 6, 2015, VIB (Flanders Institute for Biotechnology) made a contribution in kind in Oncurious NV of the possible future royalties of TB-403 (oncology) representing 125,000 euro. After this transaction, VIB became a minority shareholder alongside ThromboGenics, holding 125 shares of a total of 1501 shares.

On 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%.

3.6.6. Financial instruments

We refer to the section 5.5.6.

3.6.7. Financial risk management

We refer to the section 5.5.7.

3.6.8. Independence and competence in the audit committee

The Company's Audit Committee is validly composed in compliance with the Belgian Corporate Governance Code 2009 and the Belgian Companies Code. The Audit Committee being composed of Lugo BVBA, Investea BVBA and Innov'Activ BVBA has 3 members. Whilst Lugo BVBA does not qualify as independent director any longer since he has served for three consecutive terms as non-executive director of the Board of the Company, Investea BVBA and Innov'Activ BVBA qualify as independent members. Investea BVBA represented by Emmanuèle Attout has as former audit partner at PriceWaterhouseCoopers the necessary credentials to bring the required accounting and auditing expertise in this committee.

4. CORPORATE GOVERNANCE

4.1. General provisions

This section summarizes the rules and principles 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 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

4.2. 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.

4.3. 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.

4.3.1. 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 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: 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 rep-resentatives, 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.

4.3.2. 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 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.

The risks identified by the executive team of ThromboGenics are detailed under section 3.5.

4.3.3. 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 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.

4.3.4. 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.

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.

4.3.5. 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 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.

4.4. Fees to the Auditor

In euro (for the year ended on 31 December)	2016	2015
have regular meetings with the Board and individual members of the Board.	79,000	88,000
Other audit assignments	8,733	8,385
Other assignments outside audit assignments	32,328	38,251

4.5. Notification of important participations

4.5.1. Share capital and shares

On December 31, 2016, the share capital of ThromboGenics NV amounted to 162,404,449.73 euro, represented by 36,094,349 shares, all with the same fractional value. Under section 5.4 an overview is offered of the evolution of the Company's share capital.

The Board of Directors is authorized, within the limits of the authorized capital, to restrict or exclude the pre-emption right of the shareholders in the interest of ThromboGenics and in accordance with article 596 and following the Belgian Company Code. The Board of Directors is authorized to restrict or exclude the pre-emption right of the shareholders in favor of one or more persons, even if these persons are not employees of ThromboGenics or its subsidiaries.

4.5.2. Warrant plans

ThromboGenics has created a number of warrants, the latest being a plan of 720,000 warrants giving right to one share each as decided by the extraordinary shareholders meeting of December 4, 2014. Paragraph 5.6.10 Employee benefits and 5.7.11, handling impact of warrants on Other Reserves, give more detailed information on the warrant plans and outstanding warrants at the end of 2016.

4.5.3. Shareholders

The following table shows the Company's largest shareholders at the end of December 2016 on the basis of the notifications which the Company has received from parties who, by means of a transparency declaration, have informed the Company of their ownership of ThromboGenics' shares.

	Shares	% of total number of shares
Mr Landon T. Clay and entities controlled by him	3,361,555	9.31%
Baron Philippe Vlerick and entities controlled by him	2,324,719	6.44%

4.5.4. Notification of important participations

Belgian law, in conjunction with the articles of association of ThromboGenics, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or jointly with others, increases above or falls below a threshold of 3 percent, 5 percent, or any multiple of 5 percent, of the total number of voting rights attached to the Company's securities. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose this fact to the FSMA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the FSMA. The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the securities of ThromboGenics on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels will publish details of the notifications.

4.5.5. Financial service – Paying agent services

The financial service for the shares will be provided in Belgium by KBC Bank, free of charge for the shareholders.

Shareholders must themselves solicit information with regards to costs relating to financial services offered by other intermediaries.

4.6. Composition and functioning of the Company organs

4.6.1. Composition of the Board of Directors

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

The following paragraphs contain a brief biography of each director in function at December 31, 2016:

Staf Van Reet (Viziphar Biosciences BVBA), Non-Executive, Independent Director, Chairman

Staf Van Reet was formerly Managing Director of Janssen Pharmaceutica NV, Head of R&D of the Janssen Group and a member of the Group Operating Committee of the pharmaceutical sector of Johnson & Johnson. From 2000 until 2004 Staf was Vice President of the J&J Development Corporation, J&J's venture arm. He was co-founder of Movetis NV and Chairman of its Board of Directors until November 2010, when the Company was acquired by Shire Sarl. Currently, Staf is Chairman of the Board of VIB (the Flemish Institute of Biotechnology) as well as chairman of DoseVue NV and a member of the Board of Directors of Therasolve NV. Staf holds a Master's and PhD degree in Bio-engineering Sciences from the University of Leuven (Belgium) and studied law at the University of Antwerp (Belgium). He is a qualified Belgian and European Patent Agent.

Patrik De Haes (ViBio BVBA), Executive Director

Dr Patrik De Haes has over 25 years of experience in the global healthcare industry, covering product development, marketing and general management. Before joining ThromboGenics as CEO in 2008, Patrik was Head of Roche's Global Insulin Infusion business. Prior to this, he was President and CEO of Disetronic Medical Systems Inc, a medical device company based in Minneapolis, USA. He also led the global development and commercialization of the first biotech product at Sandoz Pharma (now Novartis) in Switzerland. Patrik holds a degree in Medicine from the University of Leuven.

Thomas Clay, Non-Executive Director

Thomas Clay is Vice-President of East Hill Management Company, LLC and Chairman and CEO of Golden Queen Mining Co., Ltd. He also serves as a Director of the Clay Mathematics Institute, Inc. Thomas is a graduate of Harvard College, Oxford University, and Harvard Business School. Thomas replaced his father, Landon Clay, who led the first external investment into ThromboGenics and resigned from the Board of Directors in 2011.

Luc Philips (Lugo BVBA), Non-Executive Director

Luc Philips holds a degree in commercial and financial sciences. He was CFO of the KBC Group until April 2011. He has held senior management and board positions at KBC Group, KBC Verzekeringen and KBC Bank, as well as Managing Director of Almanij. Luc is an independent Director of PMV Infrastructure Fund, "Sport in Vlaanderen" and Qualiphar NV. He also serves on the Board of Directors of Luca (the university college of Science and Arts, associated with the University of Leuven) where he is also the Chairman of the Audit Committee. He is also Chairman of the Investment Committee of the University of Louvain. Luc was also appointed to be a member of the Resolution College of the National Bank of Belgium.

Patricia Ceysens (Innov'Activ BVBA), Non-Executive, Independent Director

The Annual Shareholders' meeting in 2012, nominated Innov'Activ BVBA, represented by Patricia Ceysens as independent director. Patricia is a member of the Belgian Parliament and has been Flemish Minister of Economy, Foreign Trade and E-government from 2003 to 2004 and Flemish Minister of Economy, Enterprise, Science, Innovation and Foreign Trade from 2007 to 2009. She is Director of the Board of Directors of BeCommerce, the Belgian Federation for online shopping and services and Board Member of Flanders Make. She is Founder and Chair of her own company WeWatt. She studied law at the Universities of Namur and Leuven, Belgium.

Dr David Guyer MD, Non-Executive Director

Dr David Guyer MD is a long standing member of the US retina community and is currently the Co-Founder and Chief Executive Officer of Ophthotech Corporation and also serves as Chairman of its Board of Directors. Dr Guyer is also on the Boards of AGTC and PanOptica. He co-founded and served as CEO and a Director of Eyetech Pharmaceuticals, Inc., where he led the Company through private, public and corporate financings, and oversaw the rapid development and successful commercialization of Macugen® (pegaptanib sodium), the first FDA-approved anti-VEGF pharmacological treatment for the treatment of wet AMD. Dr Guyer has also had a successful career in academic medicine as Professor and Chairman of the Department of Ophthalmology at New York University School of Medicine. Dr Guyer received his Bachelor of Science (BSc) degree from Yale College summa cum laude and his medical degree (MD) from Johns Hopkins Medical School. He completed his ophthalmology residency at Wilmer Ophthalmological Institute at Johns Hopkins Hospital and a retinal fellowship at the Massachusetts Eye and Ear Infirmary at Harvard Medical School.

Paul G. Howes, Executive Director

Paul G. Howes brings over 25 years of commercial strategy, product development and sales and marketing experience with a significant focus in the field of ophthalmology. He currently serves as a board member of ThromboGenics and as the President and Chairman of its U.S. subsidiary, ThromboGenics, Inc. He is also on the board of Inotek Pharmaceuticals, a NASDAQ-listed biotech company in ophthalmic drug development, where he served as CEO from 2008-2013. Prior to joining Inotek, Mr. Howes was President of the Americas Region for Bausch & Lomb with leadership responsibility for the United States, Canada, Latin America and South America across Bausch & Lomb's Vision Care, Surgical and Pharmaceuticals business segments. During that time, he led a major expansion of the U.S. pharmaceutical business and a highly successful turn-around of the U.S. cataract surgical business. Prior to joining Bausch & Lomb in 2003, Mr. Howes spent the previous 16 years in various senior management roles at Merck & Co. Inc. This experience included roles as Executive Director of Hospital Marketing, Vice President of Sales and Marketing for Specialty Products, President and CEO of the DuPont Merck Pharmaceutical company and President of Merck Frosst Canada, Inc. Prior to Merck, Mr. Howes spent 11 years at Price Waterhouse Canada. Mr. Howes is a graduate of Harvard College and earned his MBA from York University in Toronto, Canada. He also serves as board member of Prevent Blindness, as a Trustee of BioNJ and as a board member of Kish Bancorp.

Emmanuèle Attout (Investea BVBA), Non-Executive, Independent Director

Emmanuèle Attout has been an audit partner at PricewaterhouseCoopers from 1994 to 2014, in charge of audits of a range of clients including banks, insurance companies, investment funds and asset managers. In recent years she managed the audits of listed companies and pharmaceutical and life sciences companies, from which she brings substantial relevant experience to the Board and to the Audit Committee. Emmanuèle is an independent non-executive director, member of the audit committee, of Atenor SA and Schréder SA. Since 2009 Emmanuèle is co-founder and director of the ngo Women on Board. She serves also the Board of Toutes à l'école Belgique asbl. Emmanuèle graduated in Applied Economic Sciences at the Catholic University of Louvain.

Baron Philippe Vlerick, Non-Executive, Independent Director

Philippe Vlerick is the owner, Chairman and CEO of several businesses in Belgium and abroad. He currently serves as the Chairman and Chief Executive Officer of Vlerick Group (Belgium). He also serves as the Chairman and CEO of UCO NV and as the Chairman of Pentahold. In addition, he is the Chairman of the Festival Van Vlaanderen and the Vice-chairman of KBC Group, Corelio, smartphoto Group and Durabilis. Baron Vlerick is also a member of the Board of Directors of Exmar, Hamon & Cie, Besix Group, BMT, Etex and L.V.D. (Belgium). Mr Vlerick holds a Degree in Philosophy and Law from the University of Leuven, and an MBA General Management degree (PUB) (Ghent, Vlerick School of Management – 1979). He also holds a Master's degree in Business Administration from Indiana University, Bloomington (USA – 1980). He was elected 2006 Manager of the Year by Trends, a leading business magazine in Belgium. He was granted the title of Baron in 2008, and became Commander of the Order of Leopold in 2013.

4.6.2. Evaluation of Board activity and members

The Board does not use a formalized process for the assessment of its operation, the functioning of the Committees and the involvement of each director.

The Chairman in consultation with individual directors and with support from the remuneration committee proceeds regularly to an evaluation of all components of the Board.

A global evaluation is further informally debated in the various Board meetings and committees to ensure appropriateness

and effectiveness of operations of all components of the Board and of interactions with the Executive team. In particular when proposing election or re-election of directors, the Board ensures through its Board meeting discussions that its composition delivers the appropriate skills and will deliver the legally required gender diversity.

4.6.3. 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 appoints 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.

Below is the attendance grid at the 2016 Board meetings

BOARD OF DIRECTORS	Viziphar Biosciences BVBA	ViBio BVBA	Thomas Clay	Lugo BVBA	Innov'Activ BVBA	Dr. David Guyer	Paul G. Howes	Investea BVBA	Baron Philippe Vlerick
17 March 2016	present	present	present	present	present	present	present	present	present
23 June 2016	present	present	present	present	excused	present	present	present	present
24 August 2016	present	present	present	present	present	present	present	present	present
21 September 2016	present	present	present	present	present	present	present	present	present
8 December 2016	present	present	present	present	excused	present	present	present	present
20-22 December 2016	present	present	present	present	excused	present	present	present	excused

4.6.4. Committees within the Board of Directors

The Board of Directors has established an Audit Committee and a combined Nomination and Remuneration Committee. The Board of Directors appoints the members and the chairman of each committee. Each committee consists of at least three members. The composition of the committees over the financial year 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 (Appendix 4 and 5), which is available on the ThromboGenics' website (www.thrombogenics.com).

Below is the attendance grid at the 2016 Committee meetings:

AUDIT COMMITTEE	Lugo BVBA, Chairman	Investea BVBA	Innov' Activ BVBA
10 March 2016	present	present	present
18 August 2016	present	present	present
8 December 2016	present	present	excused
22 December 2016	present	present	excused

NOMINATION and REMUNERATION COMMITEEE	Viziphar Biosciences BVBA, Chairman	Innov'Activ BVBA	Dr. David Guyer
17 March 2016	present	present	present
23 June 2016	present	present	present
8 December 2016	present	excused	present

4.6.5. 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.

This section displays a brief biography of each executive team member in activity at December 31, 2016.

Patrik De Haes (ViBio BVBA) – Chief Executive Officer

We refer to the section 4.6.1.

Paul G. Howes, Executive Director

We refer to the section 4.6.1.

4.6.6. Executive Committee

In addition to the Executive Team, several managers are members of the Executive Committee; this Executive Committee is not mentioned in the Corporate Governance Charter. The members of the Executive Committee provide support and assistance to the Executive Team. As such the members of the Executive Committee have no statutory delegated powers to represent the Company or to propose or implement 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.

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

4.7.1. Conflicts of Interest of Directors and members of the executive team

Article 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."

4.7.2. 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.

Patrik De Haes is compensated by means of management agreements between ThromboGenics NV and ViBio BVBA (a company of which Patrik De Haes is director). Within the framework of this consulting agreement the ThromboGenics Group paid a total of 504 k euro in 2016.

For other directors a total of 211 k euro was paid in 2016, for the execution of their board mandate.

We refer to section 4.9 for the remuneration report over the financial year 2016.

4.7.3. 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.

4.8. Capital Increase by the Board of Directors with Respect to the Authorized Share Capital and Provisions that may be triggered in the Event of a Public Takeover on the Company (article 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.

4.9. Remuneration Report Financial Year 2016

4.9.1. Remuneration policy in general

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

4.9.2. 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 Emmanuèlle Attout 27 k euro
- Philippe Vlerick 19 k euro

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

David Guyer received besides his director's remuneration a compensation of 81 k euro (90 k USD) for consultancy services in 2016.

Executive directors

Paul Howes received a remuneration of 216 k euro inclusive of 20 k 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® 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 – not exercised, warrants expired in May 2016.
- 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 is the consultant would be asked to leave the Group.

4.9.3. Remuneration of Key Management Personnel

We refer to the section 5.5.8.

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. Consolidated statement of comprehensive income

In '000 euro (for the year ended on 31 December)	Note	2016	2015
Income		**7,104**	**11,198**
Sales	5.6.1	4,596	7,925
License income	5.6.1	0	0
Income from royalties	5.6.1	2,508	3,273
Cost of sales	5.6.2	**-6,880**	**-3,230**
Gross profit		**224**	**7,968**
Research and development expenses	5.6.3	-24,712	-21,393
General and administrative expenses	5.6.4	-6,523	-7,945
Selling expenses	5.6.5	-4,325	-17,645
Other operating income	5.6.6	1,088	98
Impairment losses	5.6.7	-26,586	0
Operating result		**-60,834**	**-38,917**
Finance income	5.6.8	529	1,516
Finance expense	5.6.9	-65	-489
Result before income tax		**-60,370**	**-37,890**
Taxes	5.6.12	22	-42
Loss of the year		**-60,348**	**-37,932**
Attributable to:			
Equity holders of the Company		-60,314	-37,884
Non-controlling interest		-34	-48
Result per Share			
Basic earnings per share (euro)	5.6.13	-1.67	-1.05
Diluted earnings per share (euro)	5.6.13	-1.67	-1.05

In '000 euro (for the year ended 31 December)	Note	2016	2015
Loss of the year		-60,348	-37,932
Exchange differences on translation of foreign operations		36	55
Other comprehensive income, net of income tax		36	55
Other comprehensive income that may be reclassified to profit or loss		0	0
Other comprehensive income that will not be reclassified to profit or loss		36	55
Total comprehensive income for the year		-60,312	-37,877
Attributable to:			
Equity holders of the Company		-60,278	-37,829
Non-controlling interest		-34	-48

5.2. Consolidated statement of financial position

In '000 euro (for the year ended on 31 December)	Note	2016	2015
ASSETS			
Property, plant and equipment	5.7.1	1,743	2,088
Intangible assets	5.7.2	25,902	55,699
Goodwill	5.7.2	0	2,586
Other non-current assets	5.7.3	202	235
Non-current tax receivable	5.7.5	2,350	1,645
Non-current assets		30,197	62,253
Inventories	5.7.4	2,614	6,498
Trade and other receivables	5.7.5	7,672	7,019
Current tax receivable	5.7.5	1,085	1,791
Investments	5.7.6	21,817	8,044
Cash and cash equivalents	5.7.7	58,251	93,341
Current assets		91,439	116,693
Total assets		121,636	178,946
EQUITY AND LIABILITIES			
Share capital	5.7.10	151,991	151,991
Share premium	5.7.10	157,661	157,661
Accumulated translation differences		-185	-221
Other reserves	5.7.11	-13,317	-13,473
Retained earnings		-186,334	-126,020
Equity attributable to equity holders of the Company		109,816	169,938
Non-controlling interest		43	77
Total equity		109,859	170,015
Trade payables		5,941	4,128
Other short-term liabilities	5.7.8	5,836	4,803
Current liabilities		11,777	8,931
Total equity and liabilities		121,636	178,946

5.3. Consolidated statement of cash flows

In '000 euro (for the year ended on 31 December)	Note	2016	2015
Cash flows from operating activities			
(Loss) profit for the period		-60,348	-37,932
Finance expense	5.6.9	65	489
Finance income	5.6.8	-529	-1,516
Depreciation on property, plant and equipment	5.7.1	886	1,175
Amortization of intangible assets	5.7.2	33,383	6,814
Increase in accruals and employee benefits		0	0
Equity settled share-based payment transactions	5.6.10	156	-251
Change in trade and other receivables including tax receivables and stock		3,232	7,200
Change in short-term liabilities		2,846	-3,772
Net cash (used) from operating activities		**-20,309**	**-27,793**
Cash flows from investing activities			
Disposal of property, plant and equipment (following a sale)	5.7.1	31	2
Change in investments	5.7.6	-13,773	-4,191
Interest received and similar income	5.6.8/9	148	358
Acquisition of intangible assets	5.7.2	-1,000	0
Acquisition of property, plant and equipment	5.7.1	-572	-354
Acquisition (divestments) of other non-current assets	5.7.3	33	1,365
Net cash (used in) generated by investing activities		**-15,133**	**-2,820**
Cash flows from financing activities			
Proceeds from issue of share capital		0	0
Paid interests	5.6.9	-6	-8
Net cash (used in) generated by financing activities		**-6**	**-8**
Net change in cash and cash equivalents		**-35,448**	**-30,621**
Cash and cash equivalents at the start of the period	5.7.7	93,341	123,223
Effect of exchange rate fluctuations		358	739
Cash and cash equivalents at the end of the period		**58,251**	**93,341**

5.4. Consolidated statement of changes in equity

	Share capital	Share premium	Cumulative translation differences	Other reserves	Retained earnings	Attributable to equity holders of the Company	Non-controlling interest	Total
Balance as at 1 January 2015	**151,991**	**157,661**	**-276**	**-13,228**	**-88,136**	**208,012**	**125**	**208,137**
Loss of the year 2015	0	0	0	0	-37,884	-37,884	-48	-37,932
Change to foreign currency translation difference and revaluation reserve	0	0	55	0	0	55	0	55
Net change in fair value of investments	0	0	0	6	0	6	0	6
Share-based payment transactions	0	0	0	-251	0	-251	0	-251
Balance as at 31 December 2015	**151,991**	**157,661**	**-221**	**-13,473**	**-126,020**	**169,938**	**77**	**170,015**
Balance as at 1 January 2016	**151,991**	**157,661**	**-221**	**-13,473**	**-126,020**	**169,938**	**77**	**170,015**
Loss of the year 2016	0	0	0	0	-60,314	-60,314	-34	-60,348
Change to foreign currency translation difference and revaluation reserve	0	0	36	0	0	36	0	36
Share-based payment transactions	0	0	0	156	0	156	0	156
Balance as at 31 December 2016	**151,991**	**157,661**	**-185**	**-13,317**	**-186,334**	**109,816**	**43**	**109,859**

5.5. General notes to the consolidated financial statements

5.5.1. Reporting entity

ThromboGenics NV, a Naamloze Vennootschap (limited company) established under Belgian law with its registered office at Gaston Geenslaan 1, B-3001 Leuven, and its subsidiaries ThromboGenics, Inc. and Oncurious NV are a biopharmaceutical Group which focuses on the development of new drugs for the treatment of eye diseases and cancer. The ThromboGenics NV Group (the 'Group') has built a pipeline of drug candidates, a number of which are at the clinical study stage. The Group's research and development facilities are located in Belgium.

The consolidated financial statements of ThromboGenics NV for the year ending December 31, 2016 include ThromboGenics NV and its subsidiaries ThromboGenics, Inc. and Oncurious NV and constitute the ThromboGenics NV Group.

These consolidated financial statements were approved by the Board of Directors on March 16, 2017. Possible changes to this financial report can be carried out until the General Meeting of May 2, 2017.

5.5.2. Application of new and revised standards and interpretations to the consolidated financial statements

New Standards, Interpretations and Amendments adopted by the Group

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2016. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2016.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current annual period:

- Annual Improvements to IFRSs 2010-2012 Cycle (issued by the IASB in December 2013)
- Annual Improvements to IFRSs 2012-2014 Cycle (issued by the IASB in September 2014)

- IFRS 10 Consolidated Financial Statements – Amendments regarding the application of the consolidation exception (December 2014)
- IFRS 11 Joint Arrangements — Amendments regarding the accounting for acquisitions of an interest in a joint operation (May 2014)
- IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception (December 2014)
- IAS 1 Presentation of Financial Statements — Amendments resulting from the disclosure initiative (December 2014)
- IAS 16 Property, Plant and Equipment — Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)
- IAS 16 Property, Plant and Equipment — Amendments bringing bearer plants into the scope of IAS 16 (June 2014)
- IAS 19 Employee Benefits — Amendments relating to Defined Benefit Plans: Employee Contributions (November 2013)
- IAS 27 Consolidated and Separate Financial Statements — Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (August 2014)
- IAS 38 Intangible Assets — Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)

The adoption of these new standards and amendments has not led to major changes in the Group's accounting policies.

Standards and Interpretations issued but not yet effective in the current period

The Group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per December 31, 2016.

- Annual Improvements to IFRSs 2014-2016 Cycle (December 2016) *
- IFRS 2 Share-based Payment — Amendments to clarify the classification and measurement of share-based payment transactions (June 2016) *
- IFRS 4 Insurance Contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9 (September 2016) *
- IFRS 7 Financial Instruments: Disclosures (Amendments December 2011) — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures
- IFRS 7 Financial Instruments: Disclosures (Amendment November 2013) — Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9
- IFRS 9 Financial Instruments — Classification and Measurement (Original issue July 2014, and subsequent amendments)
- IFRS 10 Consolidated Financial Statements — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014) *
- IFRS 14 Regulatory Deferral Accounts (Original issue January 2014) **
- IFRS 15 Revenue from Contracts with Customers (Original issue May 2014 and subsequent amendments)
- IFRS 16 Leases (Original issue January 2016) *
- IAS 7 Cash flow statement — Amendments as result of the Disclosure initiative (January 2016) *
- IAS 12 Income taxes — Amendments regarding the recognition of deferred tax assets for unrealized losses (January 2016) *
- IAS 28 Investments in Associates and Joint Ventures — Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (September 2014) *
- IAS 39 Financial Instruments: Recognition and Measurement — Amendments for continuation of hedge accounting (fair value hedge of interest rate exposure) when IFRS 9 is applied (November 2013)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (December 2016) *

** Not yet endorsed by the EU as of December 31st, 2016*
*** The EC had decided not to launch the endorsement process of this interim standard and to wait for the final standard.*

The above new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements.

Management is currently reviewing the impact of the above mentioned Standards and Interpretations and is yet to conclude on whether any such standards will have a significant impact in the financial statements of the Group in the period of initial application.

More in particular, the Management has reviewed the retroactive impact of IFRS 15 and based on first analysis no material impact is expected. Conclusions on other impacts are not reached. The review on this matter will be continued throughout 2017.

5.5.3. Basis of preparation and significant accounting policies used to draw up the financial statements

The main bases adopted when preparing these consolidated financial statements are set out below.

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements were prepared in accordance with the "International Financial Reporting Standards" (IFRS) as issued by the "International Accounting Standards Board" (IASB) and adopted by the European Union (hereinafter referred to as "IFRS"). The consolidated financial statements are presented in euro.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value;
- the defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service costs and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(C) CONTINUITY

The consolidated financial statements were prepared on the assumption of continuity in the Group.

(D) BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include all the subsidiaries that are controlled by the Group. Control exists when ThromboGenics NV has the power, directly or indirectly, to govern the financial and business policies and obtains benefits from the entities' activities. Control is presumed to exist when ThromboGenics NV owns, directly or indirectly, more than 50 percent of the voting rights linked to the share capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Intra-group transactions, balances and unrealized profits and losses on transactions between companies in the Group are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized profits unless the transaction indicates an impairment loss on the assets transferred. The accounting principles of the subsidiaries have been adjusted where necessary to be consistent with the principles adopted by the Group.

Business combinations and goodwill

Business combinations are processed by applying the acquisition method. The cost of an acquisition is calculated on the base of the fair value of the assets disposed of, the equity instruments disbursed as compensation and the obligations entered into or taken over on the date of the acquisition, plus the costs directly attributable to the acquisition. The cost is attributed to the identifiable assets, liabilities and contingent liabilities of the party taken over. These identifiable acquired assets and (contingent) liabilities are initially valued at their fair value on the date of acquisition.

The amount by which the cost of the acquisition exceeds the fair value of the Group's interest in the identifiable acquired net assets is included in goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary taken over, the remaining difference is included directly in the income statement after revaluation.

ThromboGenics recognizes the goodwill of the business combination as the excess of the compensation transferred measured in accordance with IFRS 3 and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed also measured in accordance with this IFRS 3.

(E) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in thousands of euro, which is the functional currency of ThromboGenics NV. All companies within the Group use the euro as their functional

currency, except for the US subsidiary, whose functional currency is the US dollar.

Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency of the entities are recorded at the exchange rates prevailing on the date of the transaction. On each balance sheet, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the balance sheet date. Exchange rate differences relating to monetary items include the difference between the amortized costs in the functional currency at the start of the period, adjusted for the actual interest (payments) during the period, and the amortized costs of foreign currencies translated at the exchange rate at the end of the period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities at fair value where the fluctuations in fair value are recognized directly in equity.

Foreign operations

On consolidation, the assets and liabilities including goodwill and fair value adjustments arising on consolidation of the Group's foreign operations are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange rate differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or expense items in the period in which the operation is disposed of.

(F) REVENUE RECOGNITION

Collected payments from research milestones are considered as revenue upon payment. Sales agreements do not provide for reimbursement.

Royalties are generated under license agreements based on licensee sales of products incorporating the Group's proprietary technology. Royalties are recognized once the amounts due can be reliably estimated based on the sale of the underlying products and when collectability is assured. When the Group is unable to reliably estimate the royalty income due until receipt of the payment, the royalty income is accounted for as received rather than when due.

Income from sales of products and licenses is recognized when all the following conditions have been met:

- The significant risks and rewards of the ownership of goods have been transferred to the buyer;
- The Group retains neither effective control nor involvement to the degree usually associated with ownership over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(G) RESEARCH GRANTS

On certain specific research projects, the research costs incurred are partially reimbursed by IWT (Agency for Innovation by Science and Technology in Flanders – Agentschap voor Innovatie door Wetenschap en Technologie in Vlaanderen – 'IWT'). These grants are recognized as government grant income over the term of the grant project when there is a reasonable assurance the Group will comply with the conditions attached to them and the grants will be received. Grants that compensate the Company for expenses incurred are deducted from the 'Research and Development expenses' on a systematic basis in the same period in which the expenses are incurred.

(H) COOPERATION AGREEMENTS FOR RESEARCH AND DEVELOPMENT

The Group has entered into certain cooperation arrangements whereby the parties agree to work jointly on research into and development of potential therapeutic products. Under such arrangements the parties agree who will be performing which elements of the research and development projects. These arrangements do not include the creation of any separate entity to conduct the activities nor any separate and distinct assets or liabilities. The parties agree that the combined cost of all relevant activities will be borne by the parties in a particular proportion and that net revenues derived from sales of any resulting product will be shared in a particular proportion. The sharing of costs will result in balancing payments between the parties and such payments receivable or payable will be respectively added to or deducted from research and development expenses in the income statement. Any amounts receivable or payable at a period

end are included in the balance sheet under trade and other receivables or other current liabilities.

(I) INTANGIBLE ASSETS

Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 5.7.2) which arises from development activities undertaken in the Group is recognized only if all of the following conditions are met:

- Technical possibility of making the intangible asset ready for use;
- The intention is to complete the intangible asset and use or sell it;
- Possibility of using or selling the intangible asset;
- It is probable that the intangible asset will generate future economic benefit or demonstrate the existence of a market;
- Availability of adequate technical, sufficient financial resources to complete the development;
- Availability to reliably measure the attributed expenses for this intangible asset during development.

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

After their initial recording on the balance sheet intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. Amortization of capitalized development costs are recognized in the income statement under 'Research and Development expenses'.

The capitalized costs are amortized over the life of the patent as of the moment that it will generate revenue.

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

ThromboGenics has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in Phase III and future commercialization in sVMA/VMT indication was estimated to be highly probable. The intangible assets consist of external study and production costs with subcontractors and internal development costs regarding all projects in Phase III.

Intangible assets purchased

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life which is normally considered to be three years.

Knowledge acquired in the form of licenses is recorded at cost less accumulated amortization and impairment. They are amortized on a straight line basis over their estimated useful life, which is the period over which the Group expects to receive economic benefits from such licenses.

Goodwill

(Negative) goodwill arises from acquisition of subsidiaries, non-consolidated companies and joint ventures.

Acquisitions before January 1, 2003

As part of the transition to IFRS, the Group preferred to restate only those business combinations that occurred on or after January 1, 2003. In respect of acquisitions prior to January 1, 2003, goodwill represents the amount recognized under the Group's previous accounting framework, Irish GAAP.

Acquisitions on or after January 1, 2003

For acquisitions on or after January 1, 2003, goodwill represents the excess of the costs of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at the historical cost (material costs only) less accumulated depreciation and impairment. Subsequent costs are included in the carrying amount for the asset or booked as a separate asset as appropriate, but only when it is probable that future economic benefits associated with the item will be generated for the Group and the cost price of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are included in the income

statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposal of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

- Buildings: 25 years
- Plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years
- Leasehold improvements: over the term of the lease

The depreciation methods, useful life and residual value are re-valued on each reporting date.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(K) LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases.

Rentals payable under operating leases are included in the income statement on a straight-line basis over the relevant lease term.

(L) IMPAIRMENT LOSSES ON GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets with an indefinite useful life or not yet available for use and goodwill are not subject to amortization but are tested annually for impairment.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

To determine its carrying value, the cash value of the estimated future cash flows is calculated on the basis of a discount rate before tax that reflects both the current market appraisal of the time value of cash and the specific risks relating to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit pro rata the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. For assets other than goodwill, where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable value, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been included for the asset (cash-generating unit) in prior years. The reversal of an impairment loss is included immediately in the income statement.

(M) INCOME TAXES

Income tax expenses in the income statement comprise the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted on the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(N) EMPLOYEE BENEFIT PLAN

Employee benefit obligations

Starting July 1, 2009, the Group has changed the existing defined benefit plan into a defined contribution plan. All acquired rights up to June 30, 2009 are kept. Therefore, the Group combines the defined benefit plan and a defined contribution plan.

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

Obligations relating to contributions to pension schemes on the basis of defined contributions are included in the profit and loss account as an employee benefit expense when the amounts are payable. Prepaid amounts are included as assets insofar a reimbursement in cash or a reduction in future payments is available.

The Group's commitments under defined benefit plans, and the related costs, are valued using the "projected unit credit method" with actuarial valuations being carried out at each balance sheet date by a qualified actuary. Past service cost is included immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of unrecognized actuarial losses and past service cost, plus the present value of future available refunds and reductions in future contributions to the plan.

No assets or liabilities are recognized in the Group balance sheet in respect of defined contribution plans, apart from regular prepayments and accruals of contributions. As ThromboGenics is required by law to guarantee a minimum return on employee and employer contributions for the Belgian defined contribution plans, these plans are in principle to be considered as defined benefit plans. The Company has however obtained a confirmation that these plans are insured by the insurance company, justifying the absence of any liability in this respect and supplementary disclosure notes.

No other long- or short-term benefits are granted to employees with the exception of warrants.

Share-based compensation

The Group operates equity-settled, share-based compensation plans through which it grants share options (options giving the holder the right to subscribe to a specific number of shares in accordance with the share option plan, hereafter referred to as 'warrants') to employees and consultants and executive members of the Board of Directors. The fair value of the employee services received in exchange for the granting of the warrants is recognized as an expense over the vesting period with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, measured using the Black/Scholes model, taking into account

the term and conditions upon which the warrants were granted excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of warrants that are expected to become exercisable except where forfeiture is only due to shares not achieving the threshold for vesting. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the warrants are exercised.

(O) FINANCIAL INSTRUMENTS

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.

Non-derived financial instruments

Trade receivables

When initially recognized, trade receivables are measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are included in the income statement when there is objective evidence that the asset is impaired. The allowance included is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

The investments are held as available for sale and annual closing date stated at market value. The fair value adjustment is included in other reserves until the investment is derecognized or has been impaired. The impairment is included in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

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

Equity instruments

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

Derivative financial instruments

The Group does not have a policy of engaging in speculative transactions, nor does it issue or hold financial instruments for trading purposes.

Derivatives are initially recorded at cost and revalued at fair value on subsequent reporting dates. Changes are immediately recognized in profit or loss.

Impairment of financial assets

Financial assets are assessed for impairment on the balance sheet date. Financial assets are subject to impairment when it can be objectively established that the estimated future cash flows from the investments are affected by one or more events arising after the financial asset was initially recorded.

The carrying amount of the financial assets is directly reduced by the impairment loss, with the exception of trade receivables. For trade receivables, the carrying amount is reduced by means of a separate write-down account. If a trade receivable is considered uncollectable, it is written off in respect of this write-down account. Subsequent collection of amounts which had been previously written off is credited in respect of this write-down account.

Modifications in the carrying amount of the write-down account are recognized in the income statement.

(P) FINANCIAL INCOME AND EXPENSES

Financial income includes interest income on invested funds. Interest income is recognized in the profit and loss account by using the effective interest method.

(Q) RESULT PER SHARE

Basic net loss per share is computed based on the weighted average number of ordinary shares outstanding during the period.

Diluted net loss per share is computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of warrants and options.

(R) ACCOUNTING FOR SHARE-BASED PAYMENT TRANSACTIONS WITH PARTIES OTHER THAN EMPLOYEES

For share-based payment transactions with parties other than employees, the Group measures the goods or services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. In the latter case, the goods or services received are measured at the fair value of the equity instruments granted using the Black/Scholes valuation model.

(S) SEGMENT REPORTING

An operational segment is a component of an entity:

- which exercises operating activities with which profits are being gained and with which costs can be made (including profits and costs from transactions with other components of the entity);
- of which the operational results are being judged regularly by the highest function of the entity who can take important operational decisions (Chief operating decision maker) in order to make decisions regarding the granting of resources and to evaluate the financial results of the segment; and
- for which separate financial information is available that is engaged either in providing specific products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(T) INVENTORIES

Raw and ancillary materials and commodities are being rated at acquisition value according to the FIFO-method or according to the market value at balance sheet date if the latter is lower.

Goods in process and finished goods are being rated according to the standard manufacturing price according to the FIFO-method or according to the market value on balance sheet date if the latter is lower.

Market value is the value at sales, when leaving the Company under normal and usual sales conditions, taking into account the usual granted discounts, refunds and rebates, after deduction of an amount which corresponds with the normal direct sales costs.

The standard manufacturing price of the goods in process and of the finished goods, includes besides the acquisition value of the raw materials, consumables and ancillary materials, also the production costs which are directly attributable to the product, as well as the proportioned part of the production costs which are only indirectly attributable to the product, in so far that these costs cover the normal production period.

The standard manufacturing price will be compared yearly to the real manufacturing price. The difference will result in an adjustment of the value of the inventories.

Impairment losses are being calculated on the goods in process, if their manufacturing price, increased with the estimated amount of the costs to be incurred is higher than the net sales price at year-end.

Impairment losses on inventories are being looked at case per case and being booked if the net feasible value is lower than the booking value. The calculation of the net feasible value takes into account the specific characteristics of the inventories, as the due date and if there are indications of a low rotation.

5.5.4. Main accounting estimates and assessments

Drawing up the financial statements in accordance with IFRS obliges the management to use estimates and assumptions that impact on the amounts reported under assets and liabilities, the notes on the latent assets and liabilities on the date of the financial statements, and the reported amounts of income and expenditure in the course of the reporting period. The actual results may differ from these estimates.

The main assumptions relating to future developments and the main sources of uncertainty as regards estimates on the balance sheet dates are set out below.

Share-based payment schemes

The Group defines the cost of share-based payment schemes on the basis of the fair value of the equity instrument on the date of issue. Estimating the fair value involves choosing the most suitable valuation model for these equity instruments, and the characteristics of the issue have a decisive impact. It also assumes the input in the valuation model of a number of relevant assessments, such as the estimated useful life of the option, volatility, etc. The assessments and the model are specified in more detail in note 5.6.10.

Intangible assets and goodwill

The Group enables development as intangible assets if the conditions for the recognition of developed intangible assets are met, otherwise such costs are included in the income statement when they arise. The costs are capitalized only if the product is in Phase III and the chances of future success are highly estimated. Furthermore, accounting estimates and assessments are also important in the context of the annual impairment test.

Return accrual

In accordance to the revenue recognition (see note 5.5.3 (F)) an accrual has been made with regard to credits and reimbursements based on historical data.

Taxes

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of ThromboGenics NV as it is very difficult to estimate the impact of the patent deduction on the future tax result at this moment. As the Group can use the abovementioned patent deduction on the basis of a tax ruling, the expectation exists that the future tax gains will be rather limited. Beside this, there is also the uncertainty regarding the future use of the tax losses with ThromboGenics, Inc., as this Company has not yet recorded a tax basis.

5.5.5. Segment information

The segment information is represented in a consistent manner regarding the internal reporting to the chief operating decision maker of the entity, i.e. the institution which takes the most important decisions, enabling decision-making of allocating resources to the segment and evaluating financial performances of the segment. At this moment, reporting is being done at global level within ThromboGenics and hence, no distinction is being made in the evaluation between segments.

5.5.6. 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.

Use of Derivative Instruments, hedging

On December 31, 2016, there were no outstanding derivative instruments. The Company does not hedge transactions.

Fair Values

There is no significant difference between the fair value and carrying amount of the Group's cash and cash equivalents, investments, trade and other receivables, other current assets, trade payables and other current liabilities.

The carrying amount of cash and cash equivalents and investments is equal to their fair value, given the short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables, which are all subject to normal trade credit terms, is equivalent to their fair values.

The assets available for sale are valued at fair value. The fair value adjustments are recorded in other reserves.

5.5.7. Financial risk management

The financial department of the parent Company coordinates access to the national and international financial markets, and considers and manages the financial risks relating to the activities of the Group. However, these risks are confined to a minimal exchange rate risk. For the rest, there are no risks

worth mentioning, such as liquidity risks or interest rate risks as the Group has virtually no debts and an ample cash position. The Group does not buy or trade in financial instruments for speculative purposes.

(A) CAPITAL MANAGEMENT

The Group manages its capital with the aim of ensuring that the Group can continue to operate. At the same time, the Group wishes to generate a return for its stakeholders via the results of its research activities, which in turn are expected to lead to an increase in the value of the Company's shares. This strategy has not changed compared to previous years.

The capital structure of the Group consists of investments, cash and cash equivalents, as indicated in note 5.7.6 and note 5.7.7, and equity attributable to the equity holders of the Company, including capital, reserves and results carried over, as indicated in notes 5.7.10 and 5.7.11 respectively.

The Group manages its capital structure and makes the necessary adjustments in the light of changes in economic circumstances, the risk characteristics of the underlying assets and the projected cash requirements of current research activities. When assessing the capital structure, the current cash position and projected cash burn are used as the key parameters. Cash burn is defined as the net result corrected for depreciation and amortization and less investments in fixed assets.

The Group wishes to maintain a capital structure that is sufficient to fund research activities during a period of at least twelve months. Currently, the cash inflows from possible cooperation agreements or other cash generating activities are not taken into account here. To maintain the capital structure, the Group can issue new shares or conclude new finance arrangements.

The Group is not subject to any externally imposed capital requirements.

(B) MAIN ACCOUNTING PRINCIPLES

Details of the main accounting principles and methods, including the inclusion criteria, the valuation basis and the basis on which income and costs are recognized, for each category of financial assets, liabilities and equity instruments, are explained under 5.5.3.

(C) CATEGORIES OF FINANCIAL INSTRUMENTS

The only financial instruments the Company currently holds are the so-called "loans and receivables" (including the cash and cash equivalents) and investments (refer to note 5.7.6 and note 5.7.7) amounting to 80,068 k euro (2015: 101,385 k euro). Investments are mainly in low risk bonds and term investments.

(D) MARKET RISK

The Group's activities are such that the Group's income is exposed first and foremost to financial risks arising from exchange rate fluctuations. The Group aims to compensate the in- and outflows in foreign currency. A substantial proportion of the research expenditure is invoiced in USD and GBP.

Analysis of sensitivity to exchange rates

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

The table below shows sensitivity to a reduction of 10% in the euro compared with the relevant foreign currencies. Management believes that 10% is a reasonable estimate of a possible fluctuation in foreign currencies.

The sensitivity analysis comprises the impact of a 10% decrease of the euro against the foreign currency for, on the one hand the outstanding monetary items in foreign currencies at the end of the year, and on the other hand all transactions in foreign currencies (USD and GBP) over the entire year. A positive (negative) amount in the table below indicates that a decrease of 10% of the euro against the relevant foreign currencies results in an increase (decrease) of the result of the year. An increase of 10% in the value of the euro compared with the same currencies would have an equivalent but opposite impact on the results.

	USD impact			GBP impact		
	2016	2015		2016	2015	
Result outstanding balance sheet items (cash and cash equivalents, accounts receivables and accounts payables)	332	664	(i)	-86	-35	(ii)
Net impact on equity and CTA	23	68				
Result on all transactions over the year	-2,475	-4,121	(iii)	-268	-238	(iv)

i) The positive effect is lowered due to the decrease of the outstanding positions in USD compared to last year.
ii) The negative effect is explained by an increase of the outstanding positions in GBP compared to last year.
iii) The negative effect is lowered due to a lower number positions in USD through the year in comparison to last year.
iv) The higher number positions in GBP through the year, increases the negative effect in comparison to last year.

The management believes that the above sensitivity analysis provides an accurate picture of the risk that the Group incurs during the year in respect of exchange rate fluctuations.

(E) INTEREST RISK MANAGEMENT

The Group does not have any external debt financing at the moment. Furthermore, the Group does not have any contracts with a variable interest rate. Consequently, there is currently no need for a specific interest risk management policy in the Group.

(F) CREDIT RISK MANAGEMENT

Credit risk relates to the risk that a counterparty will fail to fulfill their contractual obligations with the result that the Group would suffer a loss. The Group's policy focuses on only working with creditworthy counterparties and, where necessary, requiring adequate securities. Information about the creditworthiness of counterparties is provided by independent ratings agencies and, if this is not available, the Group uses information that is publicly available as well as its own internal records. Credit risk is managed by the financial department of the parent Company by means of individual follow-up of credit per counterparty.

Given the Group's limited number of clients, the Group is not subject to significant concentrations of credit risk. We refer to the table in note 5.7.5.

The credit risk on cash investments is limited given that the counterparties are banks with high credit scores attributed by international rating agencies.

(G) LIQUIDITY RISK MANAGEMENT

The Group manages its liquidity risk by ensuring adequate reserves and by constantly checking the projected and actual cash flows. At the moment the Group is not subject to any substantial liquidity risk.

5.5.8. Remuneration of Key Management Personnel

Key management personnel was constituted in 2016 of:

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

The key management personnel constitutes the executive team as per Company's corporate chapter.

Remuneration of key management personnel was as follows:

In '000 (years ended 31 December)	2016	2015
Consultancy fees and reimbursement of expenses, short term	720	793
# of warrants and shares obtained during the period (in thousands)	90	-
Consultancy fees in the long term in case of dismissal		
Minimum fee	439	439
Maximum fee	658	658

The consultancy fees and the reimbursement of expenses, short term are much higher for both years than the fees in case of breach of contract as non-recurring fees have been paid.

No loans, quasi-loans or other guarantees have been given to any of the executive directors.

5.6. Notes to the consolidated statement of comprehensive income

5.6.1. Revenue

Sales

In '000 euro (for the year ended on 31 December)	2016	2015
Sales vials - US	4,400	7,407
Sales vials - EU + rest of the world	195	0
Sales reagents and reference material	1	518
Total sales	4,596	7,925

The sales of the vials in EU/Rest of the World is the cost charging of the product to Alcon. In 2016, ThromboGenics delivered vials to Alcon which amounted to 195 k euro. In 2015, no vials were delivered to Alcon.

In 2015, sales of reagents and reference material amounted to 518 k euro. 500 k euro was received from LSRP for a non-GMP manufacturing service.

Royalty income

In 2016, the royalty income consisted of royalties received from Alcon 2,167 k euro which were paid under the license agreement of 2012 compared to 3,236 k euro received in 2015. ThromboGenics received 0.3 million euro from Hoffmann-La Roche.

5.6.2. Cost of sales

In '000 euro (for the year ended on 31 December)	2016	2015
License rights sales	-347	-554
Cost drug product and drug substance	-6,533	-2,676
Total cost of sales	-6,880	-3,230

The license rights sales include the royalties which ThromboGenics owes to RCT and LSRP on the basis of JETREA® sales.

In the cost of sales an amount of 4,661 k euro has been accounted for in 2016 for write-off of inventories. For more information impact on inventories, see note 5.7.4.

5.6.3. Research and development expenses

In '000 euro (for the year ended on 31 December)	2016	2015
Employee benefits	-5,760	-5,339
Subcontracted R&D activities	-8,349	-6,304
Reagents and materials	-559	-772
Patent expenses	-383	-390
Consultancy fees	-2,413	-2,770
Other	-1,153	-1,584
Depreciation and amortization	-7,596	-7,826
Government grants	-163	1,563
Income from recharge of costs	1,664	2,029
Total research and development expenses	-24,712	-21,393

The subcontracted R&D activities increased from 6,304 k euro to 8,349 k euro and are related to the outsourced services to develop ThromboGenics' projects in the pre-clinical and clinical phase.

In 2016, other expenses were reduced to 1,153 k euro compared to 1,584 k euro in 2015. These expenses relate to infrastructure, ICT, travel, training and other expenses for our Research and Development department.

Since the launch of JETREA® (beginning January 2013), ThromboGenics has started to amortize the costs which can be brought in connection with the development of ocriplasmin. We refer to note 5.7.2.1 for more information.

The government grants are grants received from the IWT. ThromboGenics currently has three contracts with the IWT.

The income from recharge of costs relates to research and development expenses recharged to Alcon, BioInvent and LSRP.

The government grants and income from recharge of costs are deducted from the research and development expenses.

5.6.4. General and administrative expenses

In '000 euro (for the year ended on 31 December)	2016	2015
Employee benefits	-1,909	-2,532
Consultancy fees	-2,666	-3,452
Insurance	-368	-355
Other	-1,576	-1,534
Depreciation and amortization	-4	-72
Total general and administrative expenses	-6,523	-7,945

The consultants are experts hired by ThromboGenics to assist in ICT, management, audit, Board fees, HR services, ...

5.6.5. Selling expenses

In '000 euro (for the year ended on 31 December)	2016	2015
Employee benefits	-1,533	-6,590
Distribution costs	-569	-2,709
Consultancy fees	-1,273	-4,234
Other	-872	-4,023
Depreciation and amortization	-78	-89
Total selling expenses	-4,325	-17,645

In 2016, the consultancy fees are reduced from 4,234 k euro to 1,273 k euro. This reduction is due to the adaptation of the organization to adequately support the distribution of the product in line with the sales level.

In line with the adapted support given to the distribution of the product, the 2016 other expenses were reduced to 872 k euro compared to 4,023 k euro in 2015. These cost are related to infrastructure, ICT, travel, training and other costs.

5.6.6. Other operating income

In '000 euro (for the year ended on 31 December)	2016	2015
Other operating income	1,088	98
Total other operating income	1,088	98

The government grants and income from recharge of costs are deducted from the research and development expenses as from financial year 2013. We refer to note 5.6.3.

The tax credit for 2015 and 2016 is included in the other operating income resulting from ruling on both years obtained post 2015 annual accounts.

5.6.7. Impairment losses

In '000 euro (for the year ended on 31 December)	2016	2015
Impairment losses	-26,586	0
Total impairment losses	-26,586	0

The above impairment losses relate to JETREA® sVMA/VMT. Details are provided in section 5.7.2.1. These impairment losses are neutral from a cash point of view.

5.6.8. Finance income

In '000 euro (for the year ended on 31 December)	2016	2015
Interest	184	395
Exchange rate gain (on USD and GBP)	345	1,121
Total finance income	529	1,516

5.6.9. Finance expense

In '000 euro (for the year ended on 31 December)	2016	2015
Bank costs	-36	-37
Impairment on short-term financial investments	2	-11
Other	-6	-8
Exchange rate loss (on USD and GBP)	-25	-433
Total finance expense	-65	-489

5.6.10. Employee benefits

In '000 euro (for the year ended on 31 December)	2016	2015
Wages, salaries and bonuses	-8,612	-14,167
Share-based compensation expenses	-156	251
Pension costs	-435	-544
Total	-9,202	-14,460

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

In numbers	2016	2015
Research and development	56	60
General and administration	12	17
Selling	9	32
Total	77	109

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

In '000 euro (for the year ended on 31 December)	2016	2015
Research and development expenses	70	4
General and administrative expenses	54	-4
Selling expenses	31	-251
Total	156	-251

The fair value of each warrant is assessed on the basis of the Black & Scholes model on the date it is granted, taking into account the following assumptions:

WARRANTS 2016	Apr/16	Apr/16
Warrant plan	2014	2014
Number of warrants granted	60,000	90,000
Current share price on date of acceptance (in euro)	3.44	3.44
Exercise price	4.5	6.92
Expected dividend yield	-	-
Expected stock price volatility	40%	40%
Risk-free interest rate	-0.38%	-0.38%
Expected duration	3	3
Fair value	0.61	0.26
Expected turnover of employees (depending on department)	27%-51%	27%-51%

WARRANTS 2015	Feb/15
Warrant plan	2014
Number of warrants granted	384,000
Current share price on date of acceptance (in euro)	7.49
Exercise price	6.945
Expected dividend yield	-
Expected stock price volatility	40%
Risk-free interest rate	-0.08%
Expected duration	3
Fair value (in euro)	2.2
Expected turnover of employees (depending on department)	27%-51%

WARRANTS 2013	Apr/13
Warrant plan	2011
Number of warrants granted	12,000
Current share price on date of acceptance (in euro)	37.59
Exercise price	36.76
Expected dividend yield	-
Expected stock price volatility	40%
Risk-free interest rate	0.24%
Expected duration	3
Fair value	10.59

WARRANTS 2012	Dec/12	Nov/12	Oct/12	Oct/12	Sep/12	Sep/12	Aug/12	Aug/12	July/12	June/12	May/12	Apr/12	Mar/12	Jan/12
Warrant plan	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
Number of warrants granted	5,000	30,000	10,000	19,000	6,000	3,000	8,000	17,000	105,100	3,000	3,000	4,000	10,000	31,000
Current share price on date of acceptance (in euro)	37.01	36.08	37.94	36.11	29.18	29.28	26.05	26.3	21.3	21.7	24	24.93	22.5	18.99
Exercise price	36.72	36.15	29.39	32.06	27.69	27.69	25.46	24.15	20.7	22.59	23.68	24.06	20.46	17.92
Expected dividend yield	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Risk-free interest rate	0.25%	0.29%	0.40%	0.40%	0.41%	0.41%	0.42%	0.42%	0.65%	0.94%	0.98%	1.11%	1.16%	1.48%
Expected duration	3	3	3	3	3	3	3	3	3	3	3	3.5	3.5	3.5
Fair value	10.23	9.85	14.16	11.55	8.6	8.67	7.4	8.08	6.12	5.78	7.41	7.94	7.67	6.28

The current P&L impact relates to the warrants granted in the previous and the current year that have vested in 2016. In 2015, ThromboGenics made for the first time a correction on the value of outstanding warrants as it added an assumption for the expected turnover of employees.

Since July 2006 the closing price on the stock market of Euronext Brussels is used as a reference for the current share price on date of acceptance.

The **estimated volatility** is based on the historical volatility of similar biotech companies that operate in the same disease areas as the Group, or that are similar in size or activity. Until 2009 the volatility was based on the average of all Belgian Biotech companies. As from 2010 the volatility, is based on ThromboGenics' share price.

The **expected duration** is calculated as the estimated duration until exercise, taking into account the specific features of the plans.

The weighted **average risk-free interest** rates used are based on the Belgium government bond rates at the date of granting with a term equal to the expected life of the warrants.

The **expected turnover of employees** indicates an estimation of the expected turnover based on historical information.

The Group has also granted warrants to parties that are not employees of the Group. As the services rendered are of such a specific nature that the fair value cannot be determined reliably, ThromboGenics NV has determined the fair value of the services received from these parties by reference to the warrants granted.

5.6.11. Operating leases

In '000 euro (for the year ended on 31 December)	2016	2015
Leasing payments included as an expense (lessee)	-745	-866

For more information regarding these contracts, please refer to note 5.8.

5.6.12. Taxes

In '000 euro (for the year ended on 31 December)	2016	2015
Taxes	22	-42
Total	22	-42

A reconciliation explaining the difference between the expected income tax of the Group, ThromboGenics NV, Oncurious NV and ThromboGenics, Inc., and the actual income tax is as follows:

In '000 euro (for the year ended on 31 December)	2016	2015
Expected tax credit (cost), calculated by applying the Belgian statutory tax rates to the accounting profit/loss	20,512	12,893
Effect of different tax rates of subsidiaries/branches operating in different jurisdictions	3	-12
Non-included deferred tax receivables	-20,452	-12,754
Other	-85	-85
Actual Taxes	-22	42

Belgian income tax is calculated at 33.99 percent of the results of the year. The taxes for other jurisdictions are calculated at applicable tax rates in the relevant jurisdiction.

The main difference between the theoretical income tax and the actual income tax is explained by deferred tax receivables on tax transferable losses.

5.6.13. Result per share

Basic earnings per share

Weighted average number of ordinary shares in the calculation of basic earnings per share by December 31, 2016 is based on the holders of ordinary shares attributable profit/(loss) from (60,348) k euro (2015: (37,932) k euro) and a weighted average number of ordinary shares outstanding during 2016 of 36,094,349 (2015: 36,094,349), calculated as follows:

	2016	2015
Issued ordinary shares per 1 January	36,094,349	36,094,349
Effect of capital increase through issue of shares	0	0
Effect of exercised share options	0	0
Average number of ordinary shares per 31 December	36,094,349	36,094,349

In '000 euro, except for result per share	2016	2015
Loss of the year	-60,348	-37,932
Basic result per share	-1.67	-1.05

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the number of ordinary shares shall be the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2016	2015
Issued ordinary shares (diluted) per 1 January	36,615,974	36,835,349
Effect of capital increase through issue of shares	0	0
Effect of exercised share options	-23,731	-6,802
Average number of ordinary shares (diluted) per 31 December	36,592,243	36,828,547

In '000 euro, except for result per share	2016	2015
Loss of the year	-60,348	-37,932
Basic result (diluted) per share (*)	-1.67	-1.05

(*) As there was a loss in 2015 and 2016 the diluted earnings are the same as the basic earnings per share.

The Group has granted warrants to employees, consultants and directors to buy ordinary shares.

See note 5.7.11 for an overview of the number of outstanding warrants at each year end.

5.7. Notes to the consolidated statement of financial position

5.7.1. Property, plant and equipment

In '000 euro	Machines, plant and equipment	Furniture and fittings	Total
As at 1 January 2015			
Cost	5,493	3,860	9,353
Accumulated depreciation	-3,988	-2,468	-6,456
Exchange differences	0	14	14
Net carrying amount	1,505	1,406	2,911
Year ended on 31 December 2015			
Additions	248	79	327
Disposals	0	0	0
Depreciation expenses	-554	-619	-1,173
Retirements	-1	-1	-2
Exchange differences	6	19	25
Net carrying amount	1,204	884	2,088
As at 31 December 2015			
Cost	5,741	3,939	9,680
Accumulated depreciation	-4,543	-3,088	-7,631
Exchange differences	6	33	39
Net carrying amount	1,204	884	2,088
Year ended on 31 December 2016			
Additions	506	56	562
Disposals	0	0	0
Depreciation expenses	-566	-315	-881
Retirements	-26	-5	-31
Exchange differences	3	2	5
Net carrying amount	1,121	622	1,743
As at 31 December 2016			
Cost	6,247	3,995	10,242
Accumulated depreciation	-5,135	-3,408	-8,543
Exchange differences	9	35	44
Net carrying amount	1,121	622	1,743

As at December 31, 2016, property, plant and equipment worth 4.3 million euro that has already been written off in full is still in use. No property, plant and equipment is pledged or in limited use.

5.7.2. Intangible assets and goodwill

5.7.2.1 Intangible assets

In '000 euro	
As at 1 January 2015	
Cost	75,719
Accumulated amortization	-13,331
Net carrying amount	62,388
Year ended on 31 December 2015	
Additions	125
Disposals	-
Amortization expenses	-6,814
Net carrying amount	55,699
As at 31 December 2015	
Cost	75,844
Accumulated amortization	-20,145
Net carrying amount	55,699
Year ended on 31 December 2016	
Additions	1,000
Disposals	-
Amortization expenses	-6,797
Impairment losses	-24,000
Net carrying amount	25,902
As at 31 December 2016	
Cost	76,844
Accumulated amortization	-26,942
Accumulated impairment losses	-24,000
Net carrying amount	25,902

Between the financial years 2008 and 2013, the costs related to the Phase III clinical trials with ocriplasmin for the treatment of vitreomacular adhesion, and the costs related to the preparation of the submission file, were capitalized as intangible assets.

In 2013, JETREA® has been commercialized for the first time. Hence, ThromboGenics has started to amortize these intangible assets in 2013.

In 2016, ThromboGenics capitalized the acquisition for the exclusive in-licensing with Galapagos NV of 1.0 million euro.

The carrying value of JETREA® sVMA/VMT and the Galapagos integrin antagonist IP were tested for impairment.

The Company adopted a value in use approach when performing the annual impairment test with models in accordance with IAS 36.

For JETREA® sVMA/VMT the analysis happened on the basis of a DCF model which foresees cash flows for the next eight years (i.e. the patent life for JETREA®), with a residual value of five years after 2024 (patent life). The discount rate (WACC) used is 11 %, and revenue projections are based on 2016 realised worldwide Sales. In view of the decline in revenues of JETREA® sVMA/VMT, the model took a reduction trend approach with Sales stabilizing in 2020. Based on these assumptions, the Company has decided to account for an impairment in value of €26.6 million in total.

This impairment has been allocated for €24.0 million to Intangible assets and for €2.6 million to the Goodwill. Other assets included in the carrying value of JETREA® sVMA/VMT are maintained at their carrying value as the pro rate allocation of the impairment loss would lead to a value for these assets below their fair value in the consolidated financial statements.

For the Galapagos IP, a DCF model was used applying industry standard probabilities to bring the molecule to the market and adding on top a discount rate (WACC) of 11 % which has resulted in no indication of impairment.

5.7.2.2 Goodwill

In '000 euro	
As at 1 January 2015	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended on 31 December 2015	
Additions	-
Disposals	-
Impairment losses	-
Net carrying amount	2,586
As at 31 December 2015	
Cost	2,586
Accumulated impairment losses	-
Net carrying amount	2,586
Year ended on 31 December 2016	
Additions	-
Disposals	-

Impairment losses	-2,586
Net carrying amount	0
As at 31 December 2016	
Cost	2,586
Accumulated impairment losses	-2,586
Net carrying amount	0

This goodwill relates to the historic acquisition of an ownership interest in Thromb-X NV by ThromboGenics Ltd in 2001 and was allocated entirely to the CGU of JETREA® sVMA/VMT at that moment.

Impairment losses are related to the value of ocriplasmin in the indication of JETREA® sVMA/VMT and commented in note 5.7.2.1.

5.7.3. Other non-current assets

In '000 euro (for the year ended on 31 December)	2016	2015
Other non-current assets	202	235
Total	202	235

The other non-current assets consist of:

- Rental deposit offices Belgium (Bio-Incubator): 117 k euro
- Rental deposit offices New Jersey (Jones Lang LaSalle): 39 k USD (37 k euro)
- Deposit to Intelsius DGP (packaging and transport): 50 k USD (48 k euro)

5.7.4. Inventories

In '000 euro (for the year ended on 31 December)	2016	2015
Raw and ancillary materials, goods in process and finished goods	2,504	3,967
Prepayments	110	2,531
Total	2,614	6,498

The inventories of raw and ancillary materials, goods in process and finished goods is the net value, after impairment losses. These impairment losses on the inventories amount to 5,156 k euro.

The prepayments amount to 110 k euro (2015: 2,531 k euro).

5.7.5. Trade and other receivables, taxes

5.7.5.1 Trade and other receivables

In '000 euro (for the year ended on 31 December)	2016	2015
Trade receivables	5,181	6,274
Other receivables	1,398	175
Prepaid expenses and other current assets	1,093	570
Total	7,672	7,019

Non-collectable trade receivables are booked on the basis of an estimate, taking into account the payment history of the other party. Other than the below mentioned Alcon accounts receivable, there are no material aged trade receivables.

Other receivables are composed of deposits in view of toxicology studies and CRO activities.

The table below shows the outstanding balances of the key counterparties on the balance sheet date:

In '000 euro (for the year ended on 31 December)	2016	2015
BioInvent	0	96
Alcon	3,876	3,852
Accredo Health Group, Inc.	4	0
Besse Medical	1,062	1,733
Mc Kesson Financial Center	161	401
Walgreens Specialty	67	73
Other trade receivables	11	119
Total	5,181	6,274

Management has sufficient confidence in the creditworthiness of the counterparty, that the amounts are considered collectable in full. The Group has no securities linked to these receivables.

When determining the collectability of a trade receivable, the Group takes into account any change in the quality of the receivable between the date on which the credit was granted and the reporting date.

In 2016, the Company has invoiced Alcon for an amount of 1,017 k euro relating to vials sold in 2016. In 2015 an amount of 1,935 k euro was invoiced related to vials sold in 2014. Alcon disputes certain cost items included into the calculation of the production cost (cost of goods) and therefore has not yet paid the above invoices. Consequently, the above 2,952 k euro is still included in the Trade receivables as of December 31, 2016. The Board stance

today is that the amounts invoiced in 2015 and 2016, even unpaid, remain due as these are based on the terms of the contractual agreements in place.

It is however important to point out that as of 31 December 2014 only 776 k euro of the above 1,936 k euro was recognized as revenue. In 2016, only 195 k euro was recognized as revenue. For more details on this matter, we also refer to note 5.7.8.

5.7.5.2 Taxes

Non-current tax receivable

In '000 euro (for the year ended on 31 December)	2016	2015
Tax credit	2,350	1,645
Totaal	**2,350**	**1,645**

The tax credit applies to the acquired intangible assets and was deducted from the intangible assets, if capitalized. If the Company does not use this tax credit in the long-term within the next 5 years, it will be recoverable from the government.

Current tax receivable

In '000 euro (for the year ended on 31 December)	2016	2015
Recoverable VAT	363	492
Recoverable withholding tax	129	332
Other taxes	34	0
Tax credit	559	967
Total	**1,085**	**1,791**

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

5.7.6. Investments

In '000 (years ended 31 December)	2016	2015
Other investments	817	904
Term investments	21,000	7,140
Total investments	**21,817**	**8,044**

Finance assets according to categories defined in IAS 39	Investments at fair value
Balance at 1 January 2015	**3,853**
Exchange rate differences	39
Additions	4,372
Retirements	-222
Impairments	-4
Appreciation at market value	6
Balance at 31 December 2015	**8,044**
-/- of which taken in fixed assets	-
Taken in current assets	8,044
Composition	
- Other bonds	904
- Term investments	7,140
Breakdown per currency	
- in EUR	3,436
- in other currency	4,608
Total	**8,044**
Balance at 1 January 2016	**8,044**
Exchange rate differences	16
Additions	21,000
Retirements	-7,241
Impairments	-2
Appreciation at market value	0
Balance at 31 December 2016	**21,817**
-/- of which taken in fixed assets	-
Taken in current assets	21,817
Composition	
- Other bonds	817
- Term investments	21,000
Breakdown per currency	
- in EUR	21,441
- in other currency	376
Total	**21,817**

The Group decided to invest mainly in saving accounts and time deposits.

The remaining bonds are held by UBP (Union Bancaire Privée), previously Coutts Bank, and distributed in 17 bonds of private and public institutions.

5.7.7. Cash and cash equivalents

In '000 euro (for the year ended on 31 December)	2016	2015
Cash	58,251	93,341
Total cash and cash equivalents	**58,251**	**93,341**

5.7.8. Other short-term liabilities

In '000 euro (for the year ended on 31 December)	2016	2015
Employee benefits	1,615	1,910
Other current liabilities	4,221	2,893
Total other short-term liabilities	**5,836**	**4,803**

Under employee benefits, the holiday pay, bonus and outstanding employee taxes are recorded.

The other current liabilities are mainly commitments that expire before year end for which the exact price is not yet known.

For 2016, Other current liabilities includes 1,159 k euro unrecognized portion of 1,935 k euro invoiced to Alcon for the cost of vials sold in 2014 for which 776 k euro revenue was recognized and 822 k euro unrecognized portion of 1,017 k euro invoiced to Alcon for the cost of vials sold in 2016 for which 195 k euro was recognized. These two unrecognized amounts are reported under Other current liabilities in order to reflect the absence of an agreement at this time. The Board is convinced that this amount remains due by Alcon based on the terms of the contractual arrangements in place.

Further Other current liabilities include 845 k euro of IWT grants to be recognized and 1,384 k euro of invoices to be received.

5.7.9. Deferred taxes

The following temporary differences which might give rise to deferred taxes relate to:

In '000 euro (for the year ended on 31 December)	2016	2015
Net tax loss carry forward	221,146	195,279
Notional interest deduction	17,874	19,469
Total deductible temporary differences	239,020	214,748
Non included deferred tax receivables	74,362	67,040

The above table includes the deferred taxes for ThromboGenics NV, Oncurious NV as well as for ThromboGenics, Inc.

If the notional interest deduction cannot be used, it will lapse (latest in 2018).

The tax loss carried forward can be offset by future gains recorded by the Group for an indefinite period.

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of ThromboGenics NV as it is very difficult to estimate the impact of the patent deduction on the future tax result at this moment. As the Group can use the abovementioned patent deduction on the basis of a tax ruling, the expectation exists that the future tax gains will be rather limited. Beside this, there is also the uncertainty regarding the future use of the tax losses with ThromboGenics, Inc., and Oncurious NV as these Companies have not yet recorded a tax basis.

For the above reasons, the Group has not yet recorded deferred taxes regarding tax losses.

5.7.10. Share capital

ThromboGenics NV was founded on May 30, 2006, with a capital of 62,000 euro represented by 11,124 shares. As of December 31, 2013, the capital of the Company amounted to 162,404,449.73 euro represented by 36,094,349 shares. Since 2013 there were no capital increases.

On December 31, 2016, the capital of the Company thus amounted to 162,404,449.73 euro represented by 36,094,349 shares.

As at December 31, 2016, ThromboGenics NV had 36,094,349 ordinary bearer shares without indication of nominal value. All the shares are fully paid up and all have the same rights.

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.

Since 2013, there hasn't been any modification in the number of shares:

Number of shares	
31 December 2014	36,094,349
-	0
31 December 2015	36,094,349
-	0
31 December 2016	36,094,349

The share capital and the 'issue premium' account didn't evolve since 2013:

In '000 euro	Capital	Issue premium
31 December 2014	151,991	157,661
-	0	0
31 December 2015	151,991	157,661
-	0	0
31 December 2016	151,991	157,661

The difference between the share capital, as indicated above, and the 'capital' account on the balance sheet relates to the costs of the various capital transactions (for a total of 10,413 k euro), which in accordance with IAS 32.35 is deducted from the income from these capital transactions.

5.7.11. Other reserves

In '000 euro	
31 December 2014	-13,228
Share-based payment	-251
Fair value adjustment	6
31 December 2015	-13,473
Share-based payment	156
Fair value adjustment	0
31 December 2016	-13,317

Share-based payment schemes

The Group has created various warrant schemes that can be granted to employees, directors, consultants and research institutions. Since the public listing, warrant plans have been created in respect of ThromboGenics NV.

End 2016, there was 1 outstanding warrant plan.

Synoptic overview of all outstanding warrants granted between 2010 and December 31, 2016.

Creation date of scheme	Total number created	Date granted	Total number granted	Exercise price	Beneficiary
Warrants scheme Belgium 2011	516,000	2011-2012-2013	515,600	Between 16.80 and 37.59	Employees, key consultants and directors of the Group
Warrants scheme Belgium 2014	720,000	2015	594,000	Between 4.5 and 6.95	Employees, key consultants and directors of the Group

Belgium 2011 Warrant Plan

On May 24, 2011, the Extraordinary General Meeting of ThromboGenics NV decided to issue the Belgium 2011 warrant plan. Under this warrant plan a maximum of 516,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee. The right to exercise may depend on the achieving of certain results, or remaining in the employment of the Group, or any other condition.

Belgium 2014 Warrant Plan

On December 4, 2014, the Extraordinary General Meeting of ThromboGenics NV decided to issue the Belgium 2014 warrant plan. Under this warrant plan a maximum of 720,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one ThromboGenics NV share.

Warrants are granted under this plan by the Board of Directors or the Remuneration Committee, except for directors. Authority for this lies with the General Meeting. Warrants are offered free of charge or in return for payment. The exercise price is equal to the lower of (i) the average of the closing prices of the share on the stock market during the 30 days prior to the offering of a warrant or (ii) the closing price on the last stock market day prior to the offer. Warrants granted under this plan are valid for five years. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee. The right to exercise may depend on the achieving of certain results, or remaining in the employment of the Group, or any other condition.

Activity under the different share option plans for the two years ended December 31, was as follows:

	Belgian Plan
Outstanding at 31 Dec 2014	691,000
Granted	384,000
Forfeited	-603,375
Exercised	0
Outstanding at 31 Dec 2015	471,625
Granted	150,000
Forfeited	-234,125
Exercised	0
Outstanding at 31 Dec 2016	387,500

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

2016	Average exercise price in EUR	Warrants
As at 1 January	9.61	471,625
Granted	5.95	150,000
Forfeited	20.24	-234,125
Exercised	0.00	0
As at 31 December	6.60	387,500

2015	Average exercise price in EUR	Warrants
As at 1 January	19.66	691,000
Granted	6.95	384,000
Forfeited	13.66	-603,375
Exercised	0.00	0
As at 31 December	9.61	471,625

Outstanding vested warrants (in thousands) as at December 31, 2016, have the following earliest exercise date, maturities and exercise prices:

Earliest exercise date	Expiry date	Exercise price (in EUR)	Number (in thousands)
2017	2019	6.95	61
Total weighted average		6.95	61

5.7.12. Employee Benefit Obligations

ThromboGenics offers its employees retirement benefits that are funded through a group insurance plan managed by an insurance fund. Until June 30 2009, the insurance group plan was based on a "defined benefit" system. In a defined benefit pension plan, an employer commits to paying its employee a specific benefit for life beginning at his or her retirement. The amount of the benefit is known in advance, and is usually based on factors such as age, earnings, and years of service. Defined benefit plans do not have contribution limits, but they do have a limit on the maximum annual retirement benefit.

Since July 1, 2009, the previous plan was changed in a defined contribution plan. The employee will receive an amount equal to the paid contributions (since July 1, 2009). The Group has no obligation to pay further contribution than those mentioned in the agreement.

With regards to the defined benefit pension plan which ended on June 30, 2009, the accrued assets and liabilities remain in force as from that date and the most important assumptions regarding this plan are kept constant against previous years.

	2016	2015
Discount rate	1.7%	3.5%
Expected rate of salary increases	3.5%	3.5%

On the basis of abovementioned assumptions, the amount which was included on the balance sheet regarding the defined pension obligations of the Group is as follows:

In '000 euro (for the year ended on 31 December)	2016	2015
Cash value of the defined pension obligations	-863	-740
Fair value of the plan assets	560	474
Net current value	-303	-266
Non-included actuarial losses	0	0
Net (liability) or receivable included in the balance sheet	-303	-266

5.8. Other clarification notes to the statement of financial position

Subsidiaries and branches

Name of the subsidiary	Place of incorporation and operation			Principal activity
		2016	2015	
ThromboGenics, Inc.	US	100%	100%	Distributor
Oncurious NV	BE	91.67%	91.67%	Research (oncology)

Name of the branch	Place of incorporation and operation			Principal activity
		2016	2015	
ThromboGenics NV Irish Branch	IE	100%	100%	No current activity

Key Agreements, Commitments and Contingent Liabilities

The Group has a number of material agreements with independent parties. In some cases, these agreements include a cost-sharing plan for the project as well as the sharing of any revenue between the parties, so as to be able to defray the cost of commercializing the results of the project.

Please find below an explanation of our most important agreements. An agreement is considered being important when the commitments reach over 1 million euro.

Research and Development Agreements

BioInvent

In September 2004, ThromboGenics and BioInvent International AB entered into an agreement to cooperate on research and to develop together drugs based on antibodies for vascular disorders. In 2015, ThromboGenics assigned this agreement to its newly incorporated affiliate Oncurious NV in line with its cooperate strategy to focus its oncological R&D activities. Under this contractual arrangement, Oncurious NV and BioInvent are currently developing one candidate together, Anti-PlGF (TB-403), for the possible treatment of Medulloblastoma, the most common pediatric malignant brain tumor, accounting for 20% of all brain tumors in children (the "Medulloblastoma Project").

Under the terms of the agreement, the parties share all costs equally which incur as a result of the Medulloblastoma Project. When a candidate has been identified prior to the collaboration, the income is divided on the basis of a 60/40 key (if a drug candidate is discovered during the collaboration, the income is divided on the basis of a 50/50 key). In the case of Anti-PlGF (TB-403), ThromboGenics identified this drug candidate and will receive via its affiliate Oncurious NV 60% of any future income.

Eleven Biotherapeutics

On May 28, 2013, ThromboGenics signed an agreement with Eleven Biotherapeutics to use their technology for the discovery of new products for the treatment of eye diseases with diabetics. ThromboGenics has the exclusive rights for the development and commercialization, while Eleven Biotherapeutics received an upfront payment after execution of the agreement and is entitled to receive milestone payments and royalties on future sales. ThromboGenics terminated this agreement with effect to October 31, 2016, based on a prioritization of other projects.

Bicycle Therapeutics

On September 5, 2013, ThromboGenics and Bicycle Therapeutics signed an agreement to develop new products for the treatment of eye diseases with diabetics. ThromboGenics has the exclusive rights for the clinical development and commercialization, while Bicycle Therapeutics is entitled to milestone payments and royalties on sales.

Chiltern International

Chiltern has provided clinical research services for the development of JETREA® since 2006. Services are billed on a project basis via Statements of Work based on a Master Service Agreement.

Outcome Sciences

Outcome Sciences, a division of Quintiles, provides clinical research services for JETREA®'s ORBIT clinical study since 2014. Services are billed on a project basis via Statements of Work based on a Master Service Agreement.

Parexel

Parexel provides clinical research services for the development of JETREA® in diabetic retinopathy. Services are billed on a project basis via Statements of Work based on an Agreement for Services dated as of September 01, 2015.

INC Research

INC Research provides clinical research services for the development of THR-317 in ophthalmic indications. Services are billed on a project basis via Statements of Work based on a Services Agreement for Clinical Research and Related Services dated as of August 19, 2016.

Galapagos

ThromboGenics signed a global and exclusive in-licensing agreement with Galapagos to develop and commercialize integrin antagonists for the treatment of diabetic eye disease.

Galapagos remains entitled to further potential milestone payments in the amount of up to 47.5 million euro which are mainly dependent on the achievement of various development and sales milestones as well as possible single digit royalty payments in the future.

Intellectual Property and Royalty Agreements

Grifols, Inc.

In February 2012, ThromboGenics and Grifols entered into a license agreement. Through this agreement, ThromboGenics strengthens its exclusive worldwide rights regarding the use of plasmin and derivate products for the treatment of ophthalmological diseases. Following this agreement, ThromboGenics has paid a total of 13 million USD to Grifols. ThromboGenics has a royalty obligation of 2% on the sales of ocriplasmin, but the first 10 million USD of this royalty obligation can be deducted from the earlier paid 13 million USD.

Life Sciences Research Partners VZW

Following a contract between the former Thromb-X NV and former DCRF VZW, dated June 1, 2001, and amended on March 27, 2012, ThromboGenics NV has the obligation to pay royalties on JETREA® sales.

Research Corporation Technologies, Inc. (RCT)

In December 2000, Research Corporation Technologies, Inc. and ThromboGenics entered into a licensing agreement under which ThromboGenics was granted a license to RCT's Pichia yeast expression technology for an early step in the manufacturing of ocriplasmin. ThromboGenics has a royalty obligation to RCT of 2% of net sales of JETREA® in territories where patent protection has expired and 3% of net sales in Canada where patent protection continues into 2016.

Commercial Agreements

Fujifilm Diosynth Biotechnologies UK, Limited

In September 2010, ThromboGenics concluded a long-term manufacturing and supply agreement with Fujifilm for the production of JETREA® drug substance for commercial and clinical trial purposes. Since 2007, Fujifilm has delivered drug substance to ThromboGenics and in 2015 the manufacturing and supply agreement was amended by a Site Letter Agreement clarifying some of the contractual terms.

Quality Assistance

Quality Assistance, a European-based analytical testing services company has provided analytical services on a project basis via Technical Agreements since 2009, largely in support of the development and commercial supply of JETREA®.

Patheon

Under a Manufacturing and Supply Agreement, Patheon serves as the final drug product manufacturer for JETREA® for commercial purposes. Patheon manufactures and delivers JETREA® final drug product in glass vials for both ThromboGenics and Alcon. For the US market they further label and package the JETREA® drug product and prepare it for frozen shipment. In December 2015, Patheon terminated the Manufacturing and Supply agreement with effect to 31 December 2017. On October 18, 2016 the Company and Patheon executed a new Manufacturing and Supply Agreement on the basis of which Patheon will continue to serve as the final drug product manufacturer for JETREA® for commercial purposes beyond the end of 2017.

Carling Communications

Carling, a US-based marketing communications agency, provides ThromboGenics' commercial US organization with certain marketing and sales services. Services are billed on a project basis via Statements of Work based on a Master Service Agreement.

License, Development and Commercial Agreement

Alcon

In March 2012, ThromboGenics signed a 375 million euro strategic license agreement with Alcon, the global leader in eye care, under which Alcon is entitled and obligated to register, develop and commercialize JETREA® outside the US. Upon execution of the license agreement, ThromboGenics received an upfront payment of 75 million euro. Upon the first approval by the EMA for JETREA® and the first commercial sale of JETREA® in the first country of the EU-6, the Company received further milestone payments by Alcon amounting to 90 million euro in aggregate. The Company remains entitled to further potential milestone payments in the amount of up to 210 million euro which are mainly dependent on the achievement of certain net sales milestones in the Alcon territory. In addition, ThromboGenics continues to receive royalties on Alcon's sales of JETREA® outside of the US.

ThromboGenics NV and Alcon Pharmaceuticals, LTD are currently involved in a dispute under the terms of the License, Development and Commercialization Agreement between ThromboGenics NV and Alcon Pharmaceuticals, LTD dated 15

March 2012 ("License"). The dispute arises out of a disagreement concerning the proper method of calculating the cost of the drug product to Alcon under the License, but may raise other issues between the Parties under the terms of the License. While the outcome of any dispute is inherently uncertain, ThromboGenics NV believes that its position is consistent with the License and the law governing it.

Academic Agreements

The Company has concluded agreements with various academic institutions that are interested in the study of drug candidates, including the following:

Flanders Institute for Biotechnology (VIB)

The Company has concluded agreements with the Vesalius Research Center (formerly the Dept. of Transgene Technology and Gene Therapy), a department of the VIB, relating to the pre-clinical characterization of two of the programs under license with this institute, i.e. Anti-PlGF and PlGF.

ThromboGenics must pay to the VIB 15% of the license revenue received from third parties for the out-licensing of Anti-PlGF and PlGF. Of this payment, 40% is borne by BioInvent. VIB shares 50% of this revenue with LSRP.

The Group as a lessee in operating leases

On the balance sheet date the Group had outstanding commitments for future minimum lease payments, payable as follows:

In '000 euro (for the year ended on 31 December)	2016	2015
Less than one year	518	613
More than one year but less than 5 years	34	57
Total	552	670

Since January 2009, all current research laboratories are established in the building 'Bio-Incubator' at the Gaston Geenslaan 1 in 3001 Leuven. On July 1, 2008, an operational lease agreement was concluded with Bio-Incubator Leuven NV. On October 1, 2013, a new operational lease agreement was signed for the use of additional offices ('Bio-Incubator II'). At the same time the original contract ('Bio-Incubator I') has been replaced. These agreements started at August 13, 2012, for a period of 3 years and contain a yearly commitment of 616 k euro, and can be prolonged with mutual consent for a maximum period of 7 years. As from the fourth year, the operational lease may be renewed tacitly each time for a period of one year.

ThromboGenics NV Irish Branch is currently situated in Dublin, Ireland and has an operating lease for a building which started on September 15, 2014. The lease is renewed and can be terminated after a notice period of 3 months.

ThromboGenics, Inc. has concluded a new operating lease relating to a building involving a commitment of 120 k USD (approximately 108 k euro) for one year.

Other Commitments

Research and development commitments

As at December 31, 2016, the Group had commitments outstanding in the context of research and development agreements amounting to 12,200 k euro (2015: 8,658 k euro) payable over the course of the following 12 months to various research subcontractors.

Contingent liability

The expenses incurred in several of the Group's research and development programs have been reimbursed by IWT, as a government grant. Contracts with IWT generally include a clause that defines the need for validation of the project results in order for the grant to be effectively earned. Should this validation not occur, IWT has the right to reclaim the funds previously granted. ThromboGenics NV Group considers this as a remote possibility. Total amounts received in 2016 with respect to government grants from IWT amount to 124 k euro (2015: 1,953 k euro).

ThromboGenics NV has granted a loan facility to Oncurious to further develop and commercialize TB-403 for a total amount of 3,000 k euro. As of December 31, 2016 ThromboGenics paid under this agreement 600 k euro to Oncurious.

Related parties

Other than the key management personnel & directors (see note 4.6), no other related parties have been identified.

Done on March 16, 2017,
On behalf of the Board of Directors

6. STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2016

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory notes.

Report on the consolidated financial statements – unqualified opinion

We have audited the consolidated financial statements of the company ThromboGenics NV for the year ended December 31, 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of 121,636 k EUR and a consolidated income statement showing a consolidated loss for the year of 60,348 k EUR.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's) as adopted in Belgium. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company ThromboGenics set forth in Chapter 5 Consolidated Financial Statements of the Annual Report give a true and fair view of the group's equity and financial position as at December 31, 2016, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report on the consolidated financial statements set forth in Chapter 3 Management Report of the Board of Directors of the Annual Report includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, March 20, 2017

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

7. ABBREVIATED STATUTORY FINANCIAL STATEMENTS

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

The Annual Report, the Annual Accounts and the opinion of the statutory auditor are, according to art. 98 and 100 of the Company code, deposited at the National Bank of Belgium. On request a copy of these documents can be obtained.

The full version of the statutory Annual Accounts and the reports are available free of charge for the public upon request to:
ThromboGenics NV
to the attention of Dominique VANFLETEREN
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 17
Fax: +32 16 75 13 11
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There is also an electronic version of the full Statutory Annual Report and the reports which can be obtained via the internet from the ThromboGenics' website (www.thrombogenics.com). The statutory financial statements as filed with the Belgian National Bank are based upon Belgian GAAP. An unqualified audit opinion will be issued by the statutory auditor.

7.1. Balance sheet of ThromboGenics NV

In '000 euro (years ended 31 December)	2016	2015
ASSETS		
Fixed Assets	31,448	71,821
Intangible fixed assets	27,161	67,567
Tangible fixed assets	1,416	1,790
Financial fixed assets	2,871	2,464
Current assets	92,263	116,072
Amounts receivable after more than one year	4	4
Inventories and work in progress	2,358	6,462
Amounts receivable within one year	8,673	10,389
Current investments	23,229	3,879
Cash and banks	54,426	92,374
Deferred charges and accrued income	3,573	2,964
TOTAL ASSETS	123,711	187,893

LIABILITIES		
Equity	114,074	181,387
Capital	162,404	162,404
Share premium account	157,661	157,661
Accumulated profits (losses)	-205,991	-138,678
Amounts payable	9,637	6,506
Amounts payable after more than one year	0	0
Amounts payable within one year	5,481	3,618
Accrued charges and deferred income	4,156	2,888
TOTAL LIABILITIES	123,711	187,893

7.2. Income statement of ThromboGenics NV

In '000 euro (years ended 31 December)	2016	2015
Operating income and charges		
Gross margin	-1,961	-13,358
Remuneration, social security costs and pensions	-7,646	-8,094
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	-19,705	-7,901
Amounts written down stock, contracts in progress and trade debtors - Appropriations (write-backs)	-4,123	-1,546
Other operating charges	-543	-1,419
Non-recurring operating charges	-34,163	0
Operating profit (loss)	-68,141	-32,318
Financial income	880	3,375
Financial charges	-51	-473
Profit (loss) for the period before taxes	-67,312	-29,416
Income taxes	-1	0
Profit (loss) for the period	-67,313	-29,415
Profit (loss) for the period available for appropriation	-67,313	-29,415

7.3. Appropriation account of ThromboGenics NV

In '000 euro (years ended 31 December)	2016	2015
Profit (loss) to be appropriated	-205,991	-138,678
Gain (loss) to be appropriated	-67,313	-29,415
Profit (loss) to be carried forward	-138,678	-109,263
Profit (loss) to be carried forward	-205,991	-138,678

7.4. Key valuation principles

INTANGIBLE ASSETS

Internally generated intangible assets

Research costs are charged to the income statement as incurred.

An internally generated intangible fixed asset (see note 5.7.2) which arises from development activities undertaken in the Group is recognized only if all of the following conditions are met:

- Technical possibility of making the intangible asset ready for use;
- The intention is to complete the intangible asset and use or sell it;
- Possibility of using or selling the intangible asset;
- It is probable that the intangible asset will generate future economic benefit or demonstrate the existence of a market;
- Availability of adequate technical, sufficient financial resources to complete the development;
- Availability to reliably measure the attributed expenses for this intangible asset during development.

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

After their initial recording on the balance sheet intangible assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation of capitalized development costs are recognized in the income statement under 'Research and Development expenses'.

The capitalized costs are amortized over the life of the patent as of the moment that it will generate revenue.

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

ThromboGenics has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in Phase III and future commercialization was estimated to be highly probable. The intangible assets consist of external study and production costs with subcontractors and internal development costs regarding all projects in Phase III.

Intangible assets purchased

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life which is normally considered to be three years.

Knowledge acquired in the form of licenses is recorded at cost less accumulated amortization and impairment. They are amortized on a straight line basis over their estimated useful life, which is the period over which the Group expects to receive economic benefits from such licenses.

TANGIBLE ASSETS

Property, plant and equipment are included at the historical cost (material costs only) less accumulated depreciation. Subsequent costs are included in the carrying amount for the asset or booked as a separate asset as appropriate, but only when it is probable that future economic benefits associated with the item will be generated for the Group and the cost price of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are included in the income statement as part of the gain or loss on disposal in the year of disposal. Gains and losses on disposal of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

- Buildings: 25 years
- Plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years
- Leasehold improvements: over the term of the lease

The depreciation and amortization methods, useful life and residual value are re-valued on each reporting date.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

INVENTORIES

Raw and ancillary materials and commodities are being rated at acquisition value according to the FIFO-method or according to the market value at balance sheet date if the latter is lower.

Goods in process and finished goods are being rated according to the standard manufacturing price according to the FIFO-method or according to the market value on balance sheet date if the latter is lower.

Market value is the value at sales, when leaving the Company under normal and usual sales conditions, taking into account the usual granted discounts, refunds and rebates, after deduction of an amount which corresponds with the normal direct sales costs.

The standard manufacturing price of the goods in process and of the finished goods, includes besides the acquisition value of the raw materials, consumables and ancillary materials, also the production costs which are directly attributable to the product, as well as the proportioned part of the production costs which are only indirectly attributable to the product, in so far that these costs cover the normal production period.

The standard manufacturing price will be compared yearly to the real manufacturing price. The difference will result in an adjustment of the value of the inventories.

TRADE RECEIVABLES

When initially recognized, trade receivables are measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are included in the income statement when there is objective evidence that the asset is impaired. The allowance included is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

INVESTMENTS

The investments are held as available for sale and annual closing date stated at market value. The fair value adjustment is included in other reserves until the investment is derecognized or has been impaired. The impairment is included in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise demand deposits and other short-term, highly liquid investments (with less than three months to maturity) that are readily convertible into a known amount of cash and are subject to an insignificant risk of fluctuations in value.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

TRADE PAYABLES

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

8 GLOSSARY

Age-related macular degeneration (AMD)	A degenerative condition of the macula (central retina) that is the most common cause of vision loss in those 50 or older, with the disease affecting more than 10 million Americans.
Clinical trial	A rigorously controlled test of a drug candidate or a new invasive medical device on humans.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Contract Manufacturing Organization (CMO)	A company that is authorized by the drug authorities to produce material for administration to humans.
Diabetic Retinopathy (DR)	A complication of diabetes caused by damage to the tiny blood vessels inside the retina, the light-sensitive tissue at the back of the eye. Diabetic retinopathy is the leading cause of blindness in the working-age population.
EMA	European Agency of Medicinal Products.
FDA	U.S. Food and Drug Administration, the agency responsible for the drug approval process in the United States.
Good Laboratory Practice (GLP)	The purpose of the GLP quality guidelines is to ensure a quality product, guiding pharmaceutical product research and development, but also to present a codex for many of the activities off the critical path of drug development.
Good Manufacturing Practice (GMP)	GMP standards are a part of the guarantee of the pharmaceutical quality of the drug and guarantee that drugs are made up and controlled in a consistent fashion, according to standard of quality adapted to the considered use and in compliance with provisions on drugs.
HR	Human Resources.
IASB	International Accounting Standards Board.
IBR	Institute for company revisors.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
IP	Intellectual Property.
IWT	Institute for the Promotion of Innovation in Science and Technology in Flanders.
KULeuven	Catholic University of Leuven.
MBA	Master of Business Administration
MIVI-TRUST	Microplasmin for Intravitreal Injection – Traction Release without Surgical Treatment
OASIS	Ocriplasmin for Treatment for Symptomatic Vitreomacular Adhesion including Macular Hole study
Ophthalmology	The branch of medicine that deals with the diagnosis, prevention, and treatment of disorders of the eye.
ORBIT	Ocriplasmin Research to Better Inform Treatment study
OZONE	Ocriplasmin Ellipsoid Zone Retrospective Data Collection study
PDR	Proliferative Diabetic Retinopathy
Placental Growth Factor (PlGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. Although a homologue to VEGF, PlGF binds only to VEGFR-1 (Flt-1) (unlike VEGF, which binds to VEGFR-1 and VEGFR-2).
Plasmin	A fibrin-digesting substance or enzyme.
Plasminogen	An inactive enzyme circulating in the blood which may be used to create plasmin.
Plasminogen activator	An enzyme that converts plasminogen into plasmin
Pre-clinical Trial	A laboratory test of a new drug candidate or a new invasive medical device on animals or cell cultures that is conducted to gather evidence justifying a clinical trial.
PVD	Posterior Vitreous Detachment

R&D	Research and Development
Retina	The light-sensitive tissue that is present on the innermost back wall of the eye.
Retinal Detachment	The coming loose of the retina from the underlying tissue.
Staphylokinase	A protein derived from the bacteria Staphylococcus Aureus that when administered to patients can induce the dissolution of a blood clot by binding to plasminogen in the presence of a blood clot.
TB-403	Anti-PlGF (placental growth factor)
Thrombolytic	A pharmaceutical that can break up blood clots blocking the flow of blood to specific tissues.
Thrombosis	The formation of a blood clot locally within a blood vessel.
tPA	Tissue Plasminogen Activator, an enzyme that exists in the human body and plays a role in the dissolution of blood clots.
µm	Microns
VA	Visual Acuity
Vascular Endothelial Growth Factor (VEGF)	A specific protein found in the body that is involved in the stimulation of new blood vessel formation. The predominant receptors that VEGF binds to are called VEGFR-1 (Flt-1) and VEGFR-2 (Flk-1).
VIB	Flanders Institute for Biotechnology
Vitreous	A jelly-like substance that fills the center of the eye.
VMA	Vitreomacular adhesion.
VMT	Vitreomacular traction.

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Advancing Science. Enhancing Vision.™