OXURION®

ANNUAL REPORT

FINANCIAL INFORMATION 2018

2018
ANNUAL REPORT
FINANCIAL INFORMATION

Contents

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 Oxurion is responsible for the contents of this document. The Board of Oxurion 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.

Thomas Clay, Chairman, and Patrik De Haes, Executive Director and Chief Executive Officer of Oxurion NV, declare on behalf of the Company that to their knowledge:

- The consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the Group's net worth, financial position and the results of Oxurion 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 7, 2019.

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-1930 Zaventem, represented by Gert Claes and member of the "Instituut der Bedrijfsrevisoren (IBR)" has been appointed as statutory auditor of Oxurion 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

Oxurion published its Annual Report in Dutch. Oxurion 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:

Oxurion NV
for the attention of Dominique VANFLETEREN
Gaston Geenslaan 1
B-3001 Leuven
Belgium
Tel: +32 16 75 13 17
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For information purposes only, there is also an electronic version of the Annual Report which can be obtained via the internet from the Oxurion website (www.oxurion.com).

1.4. Forward looking information

This Annual Report includes forward-looking statements, expectations and assessments regarding the expected future performances of Oxurion and the market in which it operates. Certain statements, expectations and assessments can be recognized using words such as, but not limited to, "believe", "anticipate", "expect", "intend", "plan", "strive", "estimate", "forecast", "project", "could", "will" and "continue" and comparable expressions. These relate to all matters which are not historical facts. 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 regarding 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, 2018, unless expressly stated otherwise.

2. Message from CEO and Chairman of the Board

Dear Reader,

This past year has been truly exciting, and we have met major milestones. We have launched four clinical trials, set up a commercial infrastructure for JETREA® and renamed our company to Oxurion.

The agreement with Alcon/Novartis at the end of 2017 produced a two-year plan for our organization. The transaction gave us back JETREA®, our first-in-class commercial asset, and the cash infusion enabled us to invest strongly in our development pipeline over the past year. This year, these investments will generate data and we hope to see the positive impact of commercializing JETREA® on our business soon after.

Commercial unit for JETREA®

First of all, we have invested in the business infrastructure for JETREA® and set up commercial teams in Europe and the rest of the world. We also presented real-world data at several conferences, for the first time again fielding a small commercial group. That allows us to interact with physicians – about not just JETREA® but also our other molecules in the pipeline. It's vital to keep in touch with our commercial customers and the investigators who help us with the clinical development.

Meanwhile, we ensured continued access for physicians and their patients in the US and the rest of the world. We're also exploring further opportunities for this first-in-class product we've brought to the market.

Strong progress of clinical development pipeline

This past year we have also put a lot of effort into advancing our pipeline targeting back of the eye diseases, starting four clinical trials with three molecules. This was a big achievement, thanks to the tireless work of the whole Oxurion clinical development team. It was an intensive process, but based on patient recruitment to date, we are confident in our ability to produce data from all our trials by the end of 2019.

With THR-317, an anti-PlGF, we are currently evaluating its efficacy and safety when administered in combination with an anti-VEGF (Lucentis®) to treat diabetic macular edema (DME). Research shows that this could offer an improved treatment option for patients who don't respond well to anti-VEGF monotherapy. DME is a complication of diabetic retinopathy (DR) that causes an accumulation of fluid and swelling in the macula, resulting in vision loss.

We started a second Phase 2 clinical study with THR-317 and made good progress with the enrolling of patients. We have also enrolled the first patients to evaluate this molecule for treatment of idiopathic macular telangiectasia type 1 (MacTel1), a rare degenerative retinal disease for which there is currently no therapy.

In May 2018, we initiated a Phase 1 clinical study evaluating the safety of THR-149, a plasma kallikrein inhibitor, to treat patients with DME. This is a validated pathway and a different angle to attack the disease.

A fourth clinical trial has been launched evaluating the safety of THR-687, a pan-RGD integrin antagonist, for preserving vision in a broad range of patients with diabetic eye disease. This is yet another path to finding a novel treatment for diabetic eye disease, with a compound offering a very broad potential.

With this multi-pronged approach, we aim to offer a portfolio with reduced risk: we don't just rely on one technology or molecule, and we are targeting pathways validated by the development programs of several competitor companies.

Sustained investments in R&D

Moreover, we continue to invest in discovery programs for new target diseases in the back of the eye. It is critical to a biotechnology company like Oxurion to push R&D and constantly generate new concepts at the preclinical level. That way we can keep bringing new products into the clinic and add value to our portfolio.

Our current value and position as a global biotech player are the fruit of proven past R&D efforts that led to sustainable research models. Our decision to invest in early stage compounds have already generated visible results: we brought a first-in-class product to the market and now have an exciting pipeline with

three other products in clinical trials. The success factor in all these strategic considerations is good interaction between the Management Team and the Board of Directors.

In 2018, we also entered the field of age-related macular degeneration (AMD), one of the world's leading causes of blindness in elderly people. In the 'dry' form of the disease (dry AMD), retinal tissue slowly wastes away due to cell degeneration. In its most advanced stage the condition leads to blindness. We have partnered in a discovery program for this degenerative disease, while still keeping our focus on diabetic eye disease.

New name well received

2018 also saw the renaming and rebranding of our company, formerly known as ThromboGenics. Our previous name no longer reflected our focus on eye disease and our ambitions in that area. We started the strategic transformation several years ago but to the outside world the magnitude of the reset and its value were unclear. The new Oxurion name has now already taken firm root in the biotech landscape.

Oncology research ongoing with Oncurious

While we remain focused on the retinal space and more specifically diabetic eye diseases, our subsidiary company Oncurious, founded together with VIB (Flanders Institute for Biotechnology), is pursuing R&D work in oncology.

The clinical trial of the antibody TB-403, an anti-PlGF, for treatment of medulloblastoma is progressing. Together with Beat Childhood Cancer, Oncurious is still recruiting patients for this study with the ultimate goal of curing this rare and very deadly brain tumor in children.

Meanwhile, Oncurious is advancing its preclinical research with the portfolio of next-generation immuno-oncology assets acquired from VIB. We expect preclinical proof of concepts in the next two years.

Strong organization and experienced Board of Directors

Over the years we have built a strong, agile and very complementary organization. Our preclinical team is really the driver of our R&D work to discover new pathways. To bring new compounds into the clinic and advance our pipeline, we have a very experienced clinical team with a proven track record in regulatory, quality and safety issues. Much new data will be generated in the coming year so we're now bolstering our statistical analysis capabilities.

This past year, we also had the pleasure to welcome Adrienne Graves to our Board of Directors, who replaced Paul G. Howes. We want to express our sincere gratitude to Paul for many years of loyal service to our company. The change was driven by multiple factors, one being our clinical focus. Adrienne's background and her community network have already added value to our work. Also, one-third of the Board now consists of female executives. With 50% Europeans and 50% Americans, we're proud to have a perfectly balanced team.

Eye community

2018 also saw an increased interaction with NGOs and patient advocacy organizations like Prevent Blindness and Retina Global. Our company teamed up with Prevent Blindness during November Diabetic Eye Disease Awareness month and we are a leading sponsor of the Bolivian project BOLDR of Retina Global. With this project, the organization trains local physicians and nurses in diagnosing and treating diabetic retinopathy and eye diseases in general in a population that normally cannot afford it.

We will continue to reach out to the broader eye community to join forces and show our dedication to fulfilling our mission: to prevent vision loss and fight blindness worldwide by developing and delivering next-generation treatments.

3. Management report of the board of directors

3.1. Key Figures

3.1.1. Consolidated statement of financial position

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Property, plant and equipment	614	991
Intangible assets	20,450	23,603
Other non-current assets	127	126
Non-current tax credit	2,584	1,434
Inventories	1,036	2,204
Trade and other receivables	4,219	4,295
Current tax receivable	707	2,054
Investments	20,475	49,555
Cash and cash equivalents	64,652	56,175
Restricted cash	0	10,000
Total assets	**114,864**	**150,437**
Total equity	105,310	133,357
Current liabilities	9,554	17,080
Total equity and liabilities	**114,864**	**150,437**

3.1.2. Consolidated statement of profit and loss

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Income	5,320	9,055
Operating result	-39,241	23,266
Finance income	796	392
Finance expense	-324	-1,029
Result before income tax	-38,769	22,629
Taxes	-10	-14
Result of the year	-38,779	22,615
Result per share		
Basic earnings/(loss) per share (euro)	-1.01	0.63
Diluted earnings/(loss) per share (euro)	-1.01	0.62

3.2. Activities of Oxurion

3.2.1. General

ThromboGenics NV was incorporated on 30 May 2006 and is a limited liability company (in Dutch: Naamloze Vennootschap). Following shareholders' approval at an extraordinary shareholders' meeting held on September 3, 2018, and effective as of September 10, 2018, ThromboGenics NV is changing its corporate name to Oxurion NV.

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

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

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

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 KULeuven 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. Starting in 2007, this became the main focus of the Company which resulted in the commercial launch of JETREA® in 2013 in the United States.

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. After some mergers, the Group's structure has been simplified.

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

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

Today Oxurion, formerly 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, 2018, the Group consists of Oxurion NV, including an Irish Branch, a fully owned subsidiary ThromboGenics, Inc. and an 81.67% owned subsidiary Oncurious NV.

3.2.4. Employees and headcount development

As of December 31, 2018, Oxurion NV Group employed 78 employees

- 66 for Oxurion NV: 60 in Leuven, Belgium; 1 in France, 3 in Germany and 2 in Italy
- 10 in ThromboGenics, Inc. (New Jersey, US and home-based employees)
- 2 for Oncurious NV all employed in Leuven, Belgium

Oxurion NV Group counts 20 employees holding a Doctoral degree and 37 employees holding a master's degree.

3.2.5. Activities

Oxurion is developing a highly competitive pipeline of disease modifying drug candidates for diabetic eye disease, particularly diabetic retinopathy (DR) and diabetic macular edema (DME), two key areas of unmet medical need.

The Oxurion clinical development pipeline consists of distinct products with different modes of action, and includes:

THR-317 – PIGF (human placental growth factor) neutralizing monoclonal antibody, is in a Phase 2 study evaluating the efficacy and safety of intravitreal THR-317 when administered in combination with ranibizumab (Lucentis®), for the treatment of DME. Results from this Phase 2 study are expected for the end of 2019.

In addition, THR-317 is being evaluated in a Phase 2 study for the treatment of Idiopathic Macular Telangiectasia Type 1 (MacTel 1). MacTel 1 is a rare disease that affects the macula and can lead to vision loss. First data from this study is expected towards the end of 2019.

THR-149 – is a potent plasma kallikrein inhibitor being developed for the treatment of DME. THR-149 is in a Phase 1 open-label, multicenter, dose escalation study. Results from this study are anticipated towards the end of 2019.

THR-687 – is a small molecule pan-RGD integrin antagonist being developed to treat a broad range of patients with diabetic eye disease. THR-687 entered the clinic in September 2018. Results from this Phase 1 study are expected towards the end of 2019.

Pioneering New Therapies for Diabetic Eye Disease

Diabetes is a major global healthcare problem with an estimated 425 million adults living with diabetes worldwide. This number is expected to increase to over 625 million by 2045, according to the International Diabetes Federation.

Diabetic eye disease is caused by hyperglycemia (high blood glucose levels) associated with diabetes. If left unchecked hyperglycemia causes damage to the capillaries in the back of the eye (retina), which can result in vision loss and subsequently blindness.

Diabetic retinopathy (DR) is a serious sight-threatening disease and the leading cause of vision loss among working-age adults, affecting over a third of all people with diabetes. DR progresses from mild, non-proliferative to more severe or even proliferative stages.

Diabetic macular edema (DME) is a severe complication of DR. DME is an accumulation of fluid in the macula – the part of the retina that controls detailed vision - due to leaking blood vessels. DME represents an area of unmet medical needs as the current standard of care treatment with anti-VEGFs has been shown to deliver suboptimal results in a significant number of patients.

Oxurion Clinical and Pre-clinical Development Update

THR-317 – a Humanized mAb Against Human PlGF for treatment of DME

THR-317 (anti-PlGF) is a recombinant humanized monoclonal antibody directed against the receptorbinding site of human placental growth factor (PlGF) being developed for the treatment of DME. In preclinical models, anti-PlGF has been shown, in addition to anti-angiogenic and anti-edema properties, to be anti-inflammatory.

Positive Topline Day90 and Day150 data reported from a Phase 1/2 study evaluating THR-317 for treatment of DME

In April 2018, Oxurion announced positive Day90 topline clinical data from its Phase 1/2 clinical study evaluating THR-317 for the treatment of Diabetic Macular Edema (DME).

The results of the study, which was primarily a safety study, clearly demonstrated the safety and tolerability of THR-317 for intra-ocular use. Moreover, the reported Day90 data from the study also indicated that 30% of anti-VEGF treatment naïve patients (n=90) had a 3 line or more (≥15 letters) gain in Best Corrected Visual Acuity (BCVA) after 3 monthly injections with THR-317 (8mg)

These positive data were further reinforced by the Day150 topline clinical data that were announced in July 2018. The Day150 study results (3 months after the last injection) not only confirmed the safety and tolerability of THR-317 for intra-ocular use, they also showed that 30% of the 8mg anti-VEGF treatment naïve group still showed ≥ 10 letters vision gain, and 10% showed a ≥ 15 letters vision gain, indicating a durability of effect.

A Phase 2 Clinical study evaluating THR-317 in combination with ranibizumab (Lucentis®), an anti-VEGF

Encouraged by the positive Day90 topline study results, Oxurion initiated a Phase 2 study evaluating THR-317 in combination with an anti-VEGF.

In April 2018, the first patient was recruited in a Phase 2 study evaluating the efficacy and safety of intravitreal THR-317 administered in combination with ranibizumab (Lucentis®) a VEGF inhibitor, for the treatment of DME. Initial results from this Phase 2 clinical study are anticipated towards the end of 2019.

It is believed that simultaneously inhibiting VEGF (ranibizumab) and PlGF (THR-317) could deliver better efficacy than either treatment alone. Non-clinical experiments indicate that anti-PlGF in the presence of an anti-VEGF antibody has an additive effect inhibiting the growth of new blood vessels (Van de Veire et al.,2010), a disease hallmark of DME.

In addition, THR-317 could bring the advantage of reduced inflammation associated with a reduced level of PlGF activity (Van Bergen et al., 2017).

Results from this Phase 2 trial will provide the clinical data to inform the next stages of THR-317's clinical development.

At the Euretina International Congress in Vienna (Austria) in September 2018, Oxurion gave a presentation on Anti-inflammatory effects of the PlGF neutralizing antibody THR-317 in patients with diabetic macular edema, providing further scientific findings supporting therapeutic potential of THR-317 as a promising new therapy for Diabetic Eye Disease.

A Phase 2 clinical study evaluating THR-317 for treatment of MacTel1

In September 2018, Oxurion started a Phase 2 open-label multi-center study evaluating the efficacy and safety of intravitreal THR-317 for the treatment of Macular Telangiectasia Type 1 (MacTel 1). MacTel 1 is a rare disease that affects the macula and can lead to vision loss. There is currently no cure or effective treatment for MacTel 1.

This Phase 2 study plans to enroll 10 patients with macular edema caused by MacTel 1, who will each receive three 8mg intravitreal THR-317 injections over a period of 2 months. Efficacy and safety of the therapy will be assessed via functional and anatomic endpoints.

Oxurion is undertaking this study as part of its mission to enhance vision and fight blindness, alongside the development of its diabetic eye disease pipeline.

Initial results from this clinical study are anticipated towards the end of 2019.

A Phase 1 study evaluating THR-149, a Potent Plasma Kallikrein inhibitor, for the treatment of DME

THR-149 is a novel plasma kallikrein inhibitor, generated using Bicycle Therapeutics' Bicycles® technology platform, that is being developed for the treatment of DME.

THR-149 acts through inhibition of the Plasma Kallikrein-Kinin (PKal-kinin) system, which is considered a validated target for DME.

This is because activation of the PKal-kinin system has been shown to induce retinal vascular permeability, inflammation and angiogenesis. Based on literature data, patients with DME have elevated levels of plasma kallikrein, and therefore a plasma kallikrein inhibitor may be appropriate for the treatment of these patients.

Preclinical studies involving THR-149 were published in The Journal of Medicinal Chemistry in March 2018 and presented by Oxurion's senior scientist Dr Tine Van Bergen at the Annual Meeting 2018 of the European Association for the Study of Diabetes Eye Complications Study Group (EASDec). The data demonstrate the potency and efficacy of bicyclic peptide inhibitors of PKal, such as THR-149, via a VEGF-independent pathway.

In May 2018, Oxurion initiated a Phase 1 clinical study evaluating the safety of a single intravitreal injection of escalating dose levels of THR-149 in patients with DME.

A maximum of 15 patients will be enrolled, with initial results anticipated around the end of the second half of 2019.

A Phase 1 study evaluating THR-687, a novel pan-RGD integrin antagonist for the treatment of DME

Oxurion is developing THR-687, a novel pan-RGD integrin antagonist (inhibitor), to preserve vision of a broad range of patients with diabetic eye disease. This broad potential is because by inhibiting integrins it can target multiple processes involved in pathological angiogenesis and vascular leakage in patients with eye disease. Oxurion is initially developing THR-687 for DME.

In September 2018, THR-687 entered the clinic in a Phase 1 open-label, multicenter, dose escalation study evaluating the safety of a single intravitreal injection of THR-687 for the treatment of patients with DME.

A maximum of 15 patients will be enrolled, with initial results anticipated by the end of 2019.

During the Euretina International Congress in Vienna (Austria) in September 2018, preclinical data were presented supporting the therapeutic potential of THR-687 as a novel treatment for sight-threatening DR.

Strategic Collaboration with Beta Therapeutics to develop new heparanase inhibitors for the treatment of retinal disorders

On November 5, 2018, Oxurion signed a strategic research collaboration with Beta Therapeutics to develop new heparanase inhibitors for the treatment of retinal disorders such as dry age-related macular degeneration (AMD).

Heparanase is an endoglycosidase playing an important role in modifying the extracellular matrix and in inflammatory processes. In the retina, heparanase has been associated with DR and potentially with AMD pathogenesis.

Under the terms of the agreement Oxurion has an exclusive option to license in the heparanase inhibitor program.

Oncurious - developing next generation immuno-oncology therapies

Oncurious is developing next-generation immuno-oncology drugs targeting a broad spectrum of cancer. Oncurious is a majority owned subsidiary of Oxurion. The remainder of the shares in the company are owned by VIB, a leading life sciences research institute, based in Flanders, Belgium.

Recruitment is ongoing in a US Phase 1/2a study with Oncurious' lead program TB-403, a humanized monoclonal antibody against placental growth factor (PlGF). The study aims to recruit 27 patients with Relapsed or Refractory Medulloblastoma. For recruiting patients, Oncurious is partnering with Beat Childhood Cancer, an international group of researchers and hospitals dedicated to finding a way to stop childhood cancers.

The purpose of this study is to evaluate the safety and tolerability of TB-403 at the maximum tolerated dose in pediatric subjects with relapsed or refractory Medulloblastoma.

TB-403 is being developed by Oncurious in conjunction with BioInvent International.

The study is currently enrolling the 4th and last cohort of patients. Initial data from this study are anticipated towards the end of 2019.

JETREA® – a first-in-class drug for symptomatic VMA treatment

Oxurion has demonstrated its ability to discover, develop and bring to market innovative ophthalmology therapies, with its product JETREA®. This first-in-class therapeutic for the treatment for symptomatic vitreomacular adhesion and traction, has been used to treat over 30,000 patients worldwide since it was first launched in 2013.

On 15 September 2018, the return of ex-US commercialization rights to Oxurion NV (from Novartis AG) was finalized. Global ownership and product responsibility of JETREA® is currently with Oxurion NV. JETREA® global business unit with continued direct or indirect distribution of JETREA® in selected markets, is operated from Leuven, Belgium.

Appointment - New Board Member

In October 2018, Oxurion appointed (co-opted) Adrienne Graves, Ph.D., to its board of directors. Dr. Graves replaced Paul Howes.

Dr. Graves is a board member of multiple companies and organizations including Akorn Inc., Nicox, the American Society of Cataract and Refractive Surgery, the Glaucoma Research Foundation, and the American Academy of Ophthalmology. She was the president and chief executive officer of Santen, Inc., the U.S. arm of Japan's largest ophthalmic pharmaceutical company, Santen Pharmaceutical Co., Ltd. Dr. Graves was the director of international ophthalmology at Alcon Laboratories, Inc.

Rebranding

In September 2018, the Company rebranded as Oxurion NV.

The name Oxurion better reflects the Company's ambition to deliver best in class therapies for back of the eye disorders. The decision to rebrand reflected the significant progress the Company has made in progressing its competitive pipeline on novel drug candidates targeting diabetic eye disease.

3.2.6. Intellectual property

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

The licenses awarded to Oxurion NV are exclusive licenses with the right to sublicense and might be subject to pre-agreed royalties. Oxurion NV has the rights to all in-house intellectual property. The Company employs a contracted European patent counsel from a reputable Patent Bureau who works in collaboration with several leading international patent law firms.

3.2.7. Group structure

As of December 31, 2018, Oxurion 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 Oxurion holds 81.67%.

3.2.8. Facilities

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

Currently, the Company occupies several state-of-the-art research laboratories, including cell culture rooms, a molecular biology laboratory, an analytical laboratory, a protein expression and purification suite, an in vivo pharmacology unit, and all the

necessary support and storage rooms. The Company has access to 2,000 square meters of laboratories and offices in Leuven, Iselin (US) and Dublin (Ireland) (we refer to note 5.8).

The Company is GMP certified (EU Regulation 2003/94/EC) by the Belgian Health Authorities (FAGG/AFMPS) for both Commercial and Investigational Medicinal Product batch certification.

3.2.9. Investment policy

Apart from investments in lab materials, hardware and software, Oxurion has not made any other large investments, nor made commitments to make major investments in the near future.

IP acquired from third parties are accounted for as investments and subject to impairment evaluation as per accounting policy.

R&D expenses will be directly financed and as such are not considered as investments to be capitalized on the balance sheet according to relevant accounting rules. Under IFRS reporting only development costs made in Phase 3 and abiding to the Company's accounting policy will be capitalized.

3.2.10. Health, safety and environmental regulations

As a biotech Company, Oxurion 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 part of the training of each employee. This policy implies a continuous process through which constant improvements and innovations are being implemented.

Oxurion 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 7, 2019.

Income statement

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

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

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

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

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

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

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

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

Oxurion's 2018 total financial income increased to 0.8 million euro compared to 0.4 million euro in 2017, while finance

expenses decreased significantly to 0.3 million euro compared to 1.0 million euro in 2017. The movement is mainly explained by increased non-cash currency exchange gains on US dollar.

In 2018, Oxurion made a loss of the year of 38.7 million euro, compared to a profit of the year in 2017 of 22.6 million euro resulting in negative diluted earnings per share of 1.01 euro in 2018 versus 0.62 euro diluted earnings per share in 2017.

Cash Flow

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

Balance sheet

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

Oxurion NV was incorporated as ThromboGenics NV on May 30, 2006 with a capital of 62,000 euro represented by 11,124 shares. Per December 31, 2018, the capital of the Company amounted to 137,563,946.83 euro represented by 38,291,950 shares.

3.4. Comments to Statutory Accounts

The 2018 financial year closed with a loss of 36.9 million euro compared to a profit of 23.8 million euro for the 2017 financial year.

The operating income for the 2018 financial year amounted to 24.7 million euro compared to 80.3 million euro in 2017 and consists of

- 4.4 million euro from product sales compared to 6.3 million euro in 2017. In 2017, a non-repetitive amount of 3.2 million euro was included as a settlement on previous years' vial price;
- 0.1 million euro from royalties compared to 1.3 million euro in 2017. The decrease in 2018 results mainly from regaining all rights in JETREA® ex-US in 2017, resulting in a decrease of royalties obtained from Alcon/Novartis;
- 18.9 million euro capitalized R&D expenses compared to 17.0 million euro in 2017;
- 1.3 million euro from costs carried forward and other operational revenue compared to 55.7 million euro in 2017. In 2017, 45.0 million euro and 4.5 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and for intervention in obsolescent drug materials. The balance of other operational revenue in 2017 amounting to 6.2 million euro relates to costs carried forward and other operational revenue.

The operating expenses for the financial year 2018 amounted to 63.2 million euro compared to 55.6 million euro for the financial year 2017. These operating expenses break down as follows

- 12.1 million euro in purchases compared to 11.2 million euro in 2017;
- 18.2 million euro in services and various goods compared to 13.8 million euro in 2017. In 2018, R&D expenses increased due to the pre-clinical investments in THR-687, and THR-149 as well as in THR-317 clinical activities;
- 7.5 million euro in salaries and social security compared to 7.6 million euro in 2017;
- 24.5 million euro in depreciations and amortization compared to 22.4 million euro in 2017 and;
- 0.9 million euro in other operating expenses compared to 0.6 million euro in 2017.

Therefore, the operating loss amounts to 38.5 million euro, compared to a profit of 24.7 million euro a year earlier.

The financial results were as follows: 1.1 million euro in financial revenue compared to 0.3 million euro in 2017 and 0.3 million euro in financial expenses compared to 1.2 million euro in 2017. The movement is mainly explained by increased non-cash currency exchange gains on US dollar.

Favorable adjustments of income taxes, related to a different method of processing the tax credit as from 2018, based on the CBN opinion 2018/02, published on March 21, 2018, amounted to 0.8 million euro.

As a result, the 2018 financial year closed with a loss of 36.9 million euro compared to a profit of 23.8 million euro for the 2017 financial year.

In addition, for the financial year 2018, an amount of 0.15 million euro was invested, mostly in IT & laboratory equipment and office modeling, compared to 0.2 million euro in 2017.

Going concern

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

At December 31, 2018 there is a strong cash and cash equivalents position (including investments) of 84.9 million euro in comparison to 114.9 million euro (including investments and restricted cash) at December 31, 2017. Additionally, at December 31, 2018 there is still a strong equity position of 111.1 million euro in comparison to 137.9 million euro at December 31, 2017. 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 under the assumption of going concern.

3.5. Description of the Principal Characteristics of the Company's Risks

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

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

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

In 2018, financial risk management focused on:

- Credit risks: Credit risk is limited to the US market where the Company has three main distributors which are creditworthy. Pursuant to the return of rights of JETREA® in the Ex-US market, Oxurion will check creditworthiness of each commercial partner with a reputable agency.
- Interest risks: The Group does not have any financial debts and as such does not have material interest risks.
- Currency risks: Oxurion is moderately subject to exchange rate risks and will use incoming foreign currencies (USD and GBP) to cover outgoing foreign currencies. Uncovered outgoing foreign currencies will be honored by exchanging euro. In 2018, Oxurion has not used financial instruments to cover such risks.

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 preclinical and clinical trials for 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 Oxurion 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 (thereby limiting the market potential) 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 post return of rights from Alcon/Novartis selecting markets in which Oxurion wants to remain present, reimbursement is dependent from national authorities policies, and guarantee that the reimbursement climate in these countries will not change in the future cannot be guaranteed (Note: the License Agreement with Alcon/Novartis was terminated effective as of September 15 2017, see below).

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 revenues (e.g., 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.

The Group cannot predict whether its drug candidates will demonstrate sufficient safety or efficacy in the studies needed to obtain marketing approval. Moreover, the results from earlier preclinical 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 or unexpected 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 or if the trial results do not demonstrate a better safety or efficacy profile than the comparator drug(s).

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., 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 and in compliance with their contractual obligations. 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.

Oxurion may be unable to inlicense 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. Oxurion 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/or 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, development, launch 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 lawsuits 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 Oxurion 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, 2013 and 2017, the Group has reported net profits. These net profits were mainly attributable to the non-recurring milestone payments received under the Alcon agreement and the one-time payment received from Alcon/Novartis under the Settlement Agreement with Alcon/Novartis terminating the License Agreement with Alcon/Novartis effective September 15, 2017 (we refer to note 5.8 for more information).

The recurring product sales of JETREA® in the US supplemented with incomes from the sales ex-US are not yet sufficient to cover the recurring costs related to the product. The company is setting up an infrastructure adapted to the expected market with the eye on profitability. These efforts may not bear fruit and JETREA® related costs may not be covered. In this case the company may not be able to continue the commercialization of JETREA®.

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 new 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. Since the Company has stopped the development of JETREA® for additional label extensions such as Non-Proliferative Diabetic Retinopathy (NPDR), the commercial success of this drug will mainly depend on its acceptance by physicians and patients for its approved indications (i.e., the treatment of sVMA/VMT).

Future commercial success of JETREA®

On September 15, 2017, Oxurion regained full global rights to JETREA® from Alcon/Novartis, based on a mutual agreement that the characteristics of JETREA® make Oxurion a better fit for building the future of the product. Alcon/Novartis is working closely with Oxurion to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years (i.e., September 15, 2019), the future commercial success of JETREA® is uncertain and difficult to predict. The future commercial success of JETREA® will largely depend on whether the Company can establish a successful model with third parties to ensure continued access of JETREA® to patients and physicians in critical markets and regions around the world.

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 2018 year-end are being evaluated as having an impact on the 2018 financial statements.

3.6.2. Major trends influencing evolution of the company

The assets subject to impairment on the balance sheet of Oxurion are the carrying value of JETREA® VMA/VMT indication, the Intangible asset composed of the in-licensed integrin antagonist from Galapagos and the value of in-licensed immuno-oncology assets in Oncurious.

Concerning JETREA®, the return of the ex-US rights from Alcon to Oxurion has created additional costs in 2018 as announced in previous year report, the effort to optimize the value is ongoing and with the full ownership in the hands of the company, the fair value calculation for this asset indicates that no impairment is required.

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

The cash situation at year-end will enable Oxurion to clinically develop new compounds up to Phase 2 according to results obtained in current phase of development.

3.6.3. R&D

Given the activities of Oxurion, the cost of R&D is very important. They represent more than 70% of total operating costs for 2018 compared to 69% in 2017. 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 3 of ocriplasmin for the treatment of vitreomacular adhesion was booked.

3.6.4. Going concern

We refer to section 3.4.

3.6.5. Subsidiary activity – Business Combinations

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

On April 3, 2015, Oncurious NV was incorporated as a limited liability company (in Dutch: Naamloze Vennootschap) fully owned by Oxurion 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, Oxurion 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.

On August 6, 2015, VIB (Flanders Institute for Biotechnology) made a contribution in kind in Oncurious NV of the potential future royalties of TB-403 (oncology) representing 125,000 euro. After this transaction, VIB became a minority shareholder alongside Oxurion, holding 125 shares of a total of 1,501 shares.

On December 12, 2017 Oncurious exerted the right to convert a 3.0 million-euro convertible loan consented by Oxurion NV in 3,000 shares in the ownership of Oxurion NV.

On December 12, 2017 Oncurious NV made congruent agreements with VIB and Oxurion NV in which VIB makes contribution in kind of the rights to 5 Immuno-Oncology targets in exchange for 857 new shares. At concretization, out of a new total of 5,358 Oncurious NV shares, Oxurion NV will own 4,376 shares or 81.67% and VIB 982 shares or 18.33%. As per evolution of development and Oxurion NV investment in the program, Oxurion NV share will raise to 85%. Upon future established proof of concept of one or more of the Immuno-oncology targets, VIB has a call option of up to 1,230 shares to be provided by Oxurion NV. We refer to the information on key arrangements in note 5.8 for more details on terms and accounting treatment.

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 Investea SPRL represented by Emmanuèle Attout, Thomas Clay and Philippe Vlerick. All three Audit Committee members qualify as independent directors. Investea SPRL 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 Oxurion is organized. It is based on the articles of association and on the corporate governance charter of the Company which was drawn up on October 19, 2006 and has been updated since on a regular basis. The last update was approved by the Board of Directors in 2017.

The charter is available on the Company's website (www.oxurion.com) under Investors Information / Corporate Governance and can be obtained free of charge via the Company's registered office.

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

- Corporate Governance Charter
- Board of Directors
- Executive Team and CEO
- Dealing Code – Rules for the prevention of insider trading and market abuse
- Audit Committee
- Nomination and Remuneration Committee

4.2. Non-compliance with the Corporate Governance code

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

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

4.3. Description of the Principal Characteristics of the Company's Internal Controls and Risk Analysis

The Board of Directors of Oxurion is responsible for the assessment of the risks that are typical for the Company, and for the evaluation of the internal control systems.

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

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

4.3.1. Control environment

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

The control environment encompasses the following elements:

- Company staff: The Group has defined Accountability, Empowerment, Optimism, Trustworthiness, Respect, Information and Consultation as being the values driving the Oxurion's team with the aim to create an open corporate culture, in which communication and respect for the customers, suppliers and staff play a central role. All of the employees are required to manage the Company's means with due diligence and to act with the necessary common sense. The informal rules are completed by formal rules where necessary. With this, the group wants to attract, motivate and retain qualified employees, in a pleasant work environment and with possibilities for personal development. Their expertise and experience will contribute to the Company's effective management.

- The CEO and Executive Team: The day-to-day management is the responsibility of the CEO who is supported by an Executive Team. For the sake of effective management, there is a partial delegation of authority to the subsidiary and to the various departments within Oxurion NV. The delegation of authorities is not linked to a person, but to the position. The Executive Team, whose domains of responsibility are situated at group level, holds a final control competence over the authorized representatives. All persons concerned are informed of the extent of their authority (rules on approbation, limitations of authorities).
- The Board consists of a majority of non-executive Directors. To achieve its duties, the Board of Directors relies on the following operational committees:

  - *Audit Committee which evaluates the strength of controls at regular intervals*
  - *Remuneration and Nomination Committee which evaluates the remuneration policy*
  - *Executive Team which controls the operations and activities of all their staff*

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

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

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

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

Oxurion divides its objectives into four categories:

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

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

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

The risks identified by the Executive Team of Oxurion are detailed under section 3.5.

4.3.3. Control and risk mitigating activities

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

- access and security systems at the premises and offices;
- a uniform administration, implementation of the same ERP system in all subsidiaries;
- establishment of new procedures typical of the development within the group;
- modifications and updates of the existing procedures;

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

4.3.4. Information and communication

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

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

4.3.5. Supervision and risk mitigation

Supervision is carried out by the Board of Directors, the Audit Committee and the Company's Executive Team.

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

The risk mitigation comprises numerous day-to-day activities such as:

- regular updates of the Company's risk management plans;
- management by operational supervisors;
- data exchange with third parties for confirmation purposes (e.g. suppliers/customers);
- segregation of duties;
- control by external auditors.

It is the opinion of Oxurion that periodic evaluations are necessary to assess the effectiveness of the internal control and the implemented procedures. As of today, there is not yet a dedicated internal audit function.

External Audit

External auditing within Oxurion is performed by BDO Bedrijfsrevisoren, represented by Gert Claes, Company Auditor. This mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of Oxurion NV and its subsidiaries.

4.4. Fees to the Auditor

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Remuneration audit mandate	88	85
Other legal assignments of the auditor	2	10
Other services provided by the BDO network	8	9

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

The 2018 fees related to other services provided by the BDO network relate to tax services provided in the UK and Ireland and were pre-approved by the Audit Committee.

4.5. Notification of important participations

4.5.1. Share capital and shares

On December 31, 2018, the share capital of Oxurion NV amounted to 137,563,946.87 euro, represented by 38,291,950 shares, all with the same fractional value. Under section 5.4 an overview is offered of the evolution of the Company's share capital. Section 5.7.10 also specifies powers given to the Board with respect to authorized share capital.

An effective capital increase of 10.0 million euro took place on January 5, 2018 with 2,177,226 new shares being delivered to Novartis Pharma AG on 22 January 2018, increasing the capital with 9,796,303.31 euro and the share premium with 203,696.69 euro.

On June 1, 2018, by decision of the extraordinary general shareholders meeting, accumulated losses of Oxurion NV were absorbed by reduction of share premium for an amount of 157,864,957.06 euro and a capital decrease for an amount of 24,302,544.14 euro.

On November 8, 2018, 20,375 warrants were converted by warrant holders, with 20,375 new shares being delivered and increasing the capital with 78,737.97 euro, bringing the total number of shares to 38,291,950 and the capital to 137,563,946.87 euro.

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 Oxurion 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 Oxurion or its subsidiaries.

4.5.2. Warrant plans

Oxurion has created a number of warrants, on December 31, 2018, two warrant plans are effective:

- The 2014 warrant plan composed of 720,000 warrants giving right to one share each as decided by the extraordinary shareholders meeting of December 4, 2014.
- The 2017 warrant plan composed of 1,440,000 warrants giving right to one share each as decided by the extraordinary shareholders meeting of November 20, 2017.

Paragraph 5.7.11 gives more detailed information on the warrant plans and outstanding warrants at the end of 2018.

4.5.3. Shareholders

On December 31, 2018, based on all received transparency declarations, Oxurion is aware of the following participations:

	SHARES	% OF TOTAL NUMBER OF SHARES
Mr. Thomas M. Clay and entities controlled by him	1,790,899	4.68%
Mrs. Lavinia D. Clay	1,570,656	4.10%
Baron Philippe Vlerick and entities controlled by him	2,324,719	6.07%
Novartis Pharma AG	2,177,226	5.69%

4.5.4. Notification of important participations

Belgian law, in conjunction with the articles of association of Oxurion, 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 affected 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 Oxurion 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 June 15, 2017, Thomas Clay acts as Chairman and Director of the Board of Directors.

On October 26, 2018, the Board of Directors acknowledged the resignation of Paul G. Howes as Director of the Board of Directors. The Board of Directors co-opted Adrienne Graves as Director of the Board of Directors with effect as of October 26, 2018.

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

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

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

The following paragraphs contain a brief biography of each director in function during the year 2018:

Thomas Clay, Non-Executive, Independent Director, Chairman

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 Oxurion and resigned from the Board of Directors in 2011.

Patrik De Haes, MD, (ViBio BVBA), Chief Executive Officer, 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 Oxurion 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. Past Chairman of FlandersBio, Patrik is an active member of the local and regional biotech and lifesciences community in Belgium. Patrik is also Executive Chairman of Oncurious NV, an emerging oncology company co-created by Oxurion NV and VIB lifesciences. Patrik holds a degree in Medicine from the University of Leuven.

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 Executive Chairman of Ophthotech Corporation. He was previously the CEO of Ophthotech. Dr Guyer is also on the Boards of Sound Pharmaceuticals, iStar 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, Non-Executive Director

Paul Howes brings over 30 years of commercial strategy, product development and management leadership experience, with a significant focus in the field of ophthalmology. He currently serves as a board member of Oxurion, and until the end of 2017 was the President and Chairman of its US subsidiary, ThromboGenics, Inc. He previously served as a board member and CEO of Inotek Pharmaceuticals, a NASDAQ-listed ophthal-mic drug development company. 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. 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 PriceWaterhouseCoopers Canada. Mr. Howes is a graduate of Harvard College and earned his MBA from York University in Toronto, Canada. He also serves as a board member of Prevent Blindness, as a Trustee of BioNJ and as a board member of Kish Bancorp.

Emmanuèle Attout (Investea SPRL), 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, chair of the Audit Committee, of Atenor SA and Schréder SA. She is a supervisory board member of Eurocommercial Properties NV. 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), and as Chairman and CEO of UCO NV, Chairman of Pentahold. Chairman of Smartphoto Group, Chairman of the Festival Van Vlaanderen, and Commissioner-General of Europalia Romania. Baron Vlerick is Vice-chairman of KBC Group, Corelio, and Durabilis. and is 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.

Adrienne Graves

Dr. Graves is a board member of multiple companies and organizations including Akorn, Inc., Nicox, the American Society of Cataract and Refractive Surgery, the Glaucoma Research Foundation, and the American Academy of Ophthalmology. She was the president and chief executive officer of Santen, Inc., the US arm of Japan's largest ophthalmic pharmaceutical company, Santen Pharmaceutical Co., Ltd. Before becoming the president and chief executive officer, she was the vice president of clinical affairs and senior vice president of worldwide clinical affairs for Japan, US and Europe at Santen, Inc. Prior to Santen, Inc., Dr. Graves was the director of international ophthalmology at Alcon Laboratories, Inc. She was also the co-founder of Glaucoma 360 (Glaucoma Research Foundation) and Ophthalmic Women Leaders (OWL). Dr. Graves received her bachelor's degree in psychology with honors from Brown University, her Ph.D. from the University of Michigan in psychobiology and completed a postdoctoral fellowship in visual neuroscience from the University of Paris.

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 conducts regularly 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 diversity.

4.6.3. Board of Directors' Meetings in the Financial Year 2018

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

- The Board of Directors decides on the Company's strategy, its willingness to take risks, its values and major policies.

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

Additional Agenda Items:

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

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

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

Below is the attendance grid at the 2018 Board meetings:

BOARD OF DIRECTORS	VIBIO BVBA	THOMAS CLAY	DR. DAVID GUYER	PAUL G. HOWES (RESIGNED ON OCTOBER 26, 2018)	INVESTEA SPRL	BARON PHILIPPE VLERICK	ADRIENNE GRAVES (CO-OPTED ON OCTOBER 26, 2018)
15 March 2018	present	present	present	present	present	not present	n/a
7 June 2018	present	present	present	present	present	present	n/a
6 September 2018	present	present	present	present	present	present	n/a
26 October 2018	present	present	present	present	present	present	present
6 December 2018	present	present	present	n/a	present	present	present

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 2018 was as follows:

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

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

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

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

The powers of these committees are described in the Corporate Governance Charter of Oxurion (Appendix 4 and 5), which is available on the Oxurion's website (www.oxurion.com).

Below is the attendance grid at the 2018 Committee meetings:

4.6.5. Executive Team

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

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

In 2018 the Executive Team is composed of:

- ViBio BVBA, represented by Patrik De Haes – CEO

The details of the remuneration of the Executive Team are laid out in the remuneration report.

This section displays a brief biography of each Executive Team member in activity at December 31, 2018.

Patrik De Haes (ViBio BVBA) – Chief Executive Officer

We refer to the section 4.6.1.

AUDIT COMMITTEE	THOMAS CLAY	INVESTEA SPRL, CHAIRMAN	PHILIPPE VLERICK
13 March 2018	present	present	present
7 June 2018	present	present	present
4 September 2018	present	present	present
6 December 2018	present	present	not present

NOMINATION AND REMUNERATION COMMITEEE	THOMAS CLAY, CHAIRMAN	INVESTEA SPRL	DR. DAVID GUYER
15 March 2018	present	present	present
7 June 2018	present	present	present
6 September 2018	present	present	present
6 December 2018	present	present	present

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 (December 31, 2018):

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

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 2018, one conflict of interest occurred:

Board of Directors of December 6, 2018

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

(A) DECLARATION

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

(B) DESCRIPTION OF THE RESOLUTION AND JUSTIFICATION

The proposed resolution relates to the variable compensation to be granted to the managerial level of the Company, among others ViBio BVBA. It is market standard in the biotech and pharmaceutical industry that senior executives are incentivized via variable compensation dependent on the achievement of the corporate objectives.

(C) CONSEQUENCES

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

4.7.2. Transactions with Affiliated Companies

Article 524 of the Belgian Company Code provides for a special procedure which must be followed for transactions with Oxurion's affiliated companies or subsidiaries. Such a procedure does not apply to decisions or transactions that are entered in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed one percent of the Companies' consolidated net assets. According to Appendix 2 of the Corporate Governance Charter of the Company regarding transactions or other contractual relations between the Company including affiliated companies, and her directors and members of the Executive Team, such transactions need to be submitted to the Board of Directors.

4.7.3. Protocol regarding transactions with Related Parties

1. Patrik De Haes is compensated by means of management agreements between Oxurion NV and ViBio BVBA (a company of which Patrik De Haes is director). Within the framework of this consulting agreement the Oxurion Group paid a total of 549 k euro in 2018.
2. For non-executive directors a total of 167 k euro was paid in 2018, for the execution of their board mandate.

We refer to section 4.9 for the remuneration report over the financial year 2018.

4.7.4. Market abuse regulations

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

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

In accordance with the EU Market Abuse Regulation, Oxurion NV has drawn up a list of persons in the Company who are employed or consulted by the Company and who have regular or occasional access to inside information directly or indirectly concerning Oxurion NV. These lists have to be updated frequently and have to remain at the disposal of the FSMA for 5 years.

In accordance with the EU Market Abuse Regulation, the members of the Board of Directors and the management were obliged to report Oxurion's stock transactions to the FSMA.

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

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

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

On November 20, 2017, the Company's extraordinary shareholders' meeting decided to issue an additional 1,440,000 warrants under the Warrant Plan 2017, of which 434,000 warrants have been allotted and accepted, and 506,500 have been allotted but

not yet accepted. Under Warrant Plan 2017 no warrants were exercised and 13,000 have been forfeited.

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

"If the Company becomes subject to a public takeover bid, 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 2018

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 Nomination and Remuneration Committee. The performance criteria are determined by the Board of Directors in consultation with the CEO.

The total remuneration package comprises three elements:

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

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

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

The Group has granted warrants to employees, consultants and directors through various warrant plans. Warrants are granted according to rules set by the Board based on individual management level of each eligible beneficiary. In alignment with standard practice in the industry, eligibility to warrants is not linked to individual performance, but distributed to ensure that managerial employees have a long-term commitment to maximize long-term shareholder value. For all plans the vesting is spread over more than one year. Note 5.7.11 gives more detailed infor-mation on the warrant plans and outstanding warrants at the end of 2018.

Oxurion does not provide for any performance-related premiums in shares, options or other rights to acquire shares. The warrants granted to members of the Board of Directors (including the CEO), to employees and to consultants are not considered as a (performance-related or otherwise) variable remuneration as defined by the Belgian Companies Code.

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

The variable remuneration offered by Oxurion does not foresee any claw-back clause as:

- payout of the variable component, based on yearly corporate and yearly personal performance targets with the purpose of securing year-ly results, only happens upon achievement.

- by nature, warrants first require a cash-out by the beneficiary, to subscribe to the underlying capital increase at exercise price, and will only reward the beneficiary like any shareholder in case of increased performance effectively reflected in the stock price.

4.9.2. Directors' remuneration

The procedure for establishing the remuneration policy and setting remuneration for members of the Board of Directors is determined by the Board of Directors on the basis of proposals from the Nomination and Remuneration Committee, taking into account relevant benchmarks with appropriate peer companies and, for the members of the Executive Team, also the group's performance rating system.

The remuneration of the members of the Board and the grant of warrants to members of the Board are submitted by the Board for approval to the shareholders' meeting and are only implemented after such approval.

The fixed and variable remuneration of the CEO (who is a member of the Board) is established by the Board of Directors based upon an authorization from the shareholders' meeting. The fixed and variable remuneration of, and grant of warrants to, the other members of the Executive Team is established by the Board of Directors, upon recommendation of the Nomination and Remuneration Committee.

Non-executive directors

Under the remuneration and compensation scheme currently in place, the non-executive Directors receive fixed remuneration in consideration for their membership of the Board of Directors and their attendance at the committee meetings of which they are members:

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 2018 remuneration of the executive directors and the Chairman of the Board of Directors is mentioned below.

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

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

For the non-executive directors, no severance pay is foreseen. As of 31 December 2018, there are no loans outstanding from the Company to any member of the Board of Directors. David Guyer received, besides his Director's remuneration, a compensation of 76 k euro (90 k USD) for consultancy services in 2018.

In October 2018, the Nomination and Remuneration Committee benchmarked the Directors' compensation against peer companies (Euronext listed biotech companies) to ensure that it is competitive. Based on the benchmark exercise and the need to link remuneration to the time committed to the Board of Directors and its Committees, the Nomination and Remuneration Committee has made the recommendation to the Board to change the Directors' compensation and to offer stock-related incentive schemes to their non-executive Directors in order to attract or retain non-executive directors with the most relevant skills, knowledge and expertise. On October 26 and based on this recommendation, the Board decided to propose that the Company's Annual Shareholders Meeting in May 2019 approve a new remuneration and compensation scheme and issue a warrant plan for non-executive Directors with the objective of avoiding disadvantages compared to competitors and peer companies.

The new remuneration and compensation scheme for the chairman, the independent Directors and non-executive Directors will become applicable only after its approval by the Company's shareholders' meeting (which is expected to be obtained at the Company's annual share-holders' meeting on May 2, 2019). The new remuneration package is made up of a fixed annual fee of 60,000 euro for the chairman and 30,000 euro for the other independent Directors. The fee is supplemented with a fixed annual fee of 6,000 euro for membership of the Audit Committee and 4,000 euro for membership of the Remuneration and Nomination Committee of the Board of Directors, to be increased by 6,000 euro in case the relevant Director chairs the Audit Committee or by 4,000 euro in case the relevant Director chairs the Nomination and Remuneration Committee. The chairman of the Board will not receive any fees for his/her membership or chair than at least 75% of the scheduled annual Board or Committee meetings of which he or she is a member either in person or by phone, the respective cash retainer shall be reduced on a pro rata basis.

Apart from the above remuneration, the non-executive Directors will be entitled to Company warrants and a reimbursement of reasonable out-of-pocket expenses actually incurred as a result of participation in meetings of the Board of Directors. This remuneration structure encourages an active participation in both Board and Committee meetings. The fixed remuneration for the non-executive members is justified by the fact that the proper operation of these Committees requires adequate preparation by the members. The grant of warrants to non-executive directors is a commonly used method in the sector in which Oxurion operates.

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 (which will be ceased after shareholders' approval of the new remuneration and compensation scheme), except for David Guyer who provides additional ad hoc consultancy services.

The remuneration of the non-executive Directors does not contain a variable part; hence no performance criteria apply to the remuneration of the non-executive Directors. The Directors' mandate may be terminated "ad nutum" (at any time) without any form of compensation.

Executive directors

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

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

Chairman Board of Directors

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

Thomas Clay:

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

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

Thomas Clay 46 k euro

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

CEO

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

- a fixed remuneration comprising a base fee of 459 k euro;
- a variable component of 90 k euro. This variable component is based on, predefined at beginning of the year, key yearly corporate targets agreed between the Executive Team and the Nomination and Remuneration Committee then validated by the Board of Directors. For the CEO this variable compensation is uniquely dependent on realization of corporate objectives, any personal component is excluded. The 2018 variable compensation of the CEO in 2018 represents 19.6% of the fixed remuneration.

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

- Under the Warrant Plan "2014": 90,000 warrants at an exercise price of 6.9236 euro/share to be vested over a period of 3 years
- Under the Warrant Plan "2017": 200,000 warrants at an exercise price of 4.593 euro/share, of which 200,000 were granted and accepted, 1/2 to be vested after 2 years and 1/2 after 3 years

We refer to section 4.9.1 for deviation from art. 520ter of Belgian Company law.

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

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

IN '000 EURO (FOR THE YEAR ENDED 31 DECEMBER)	NOTE	2018	2017
Income		5,320	9,055
Sales	5.6.1	5,221	4,552
Income from royalties	5.6.1	99	1,258
Settlement on previous years COGS	5.6.1	0	3,245
Cost of sales	5.6.2	-3,355	-2,579
Gross profit		1,965	6,476
Research and development expenses	5.6.3	-29,523	-23,186
General and administrative expenses	5.6.4	-6,349	-6,226
Selling expenses	5.6.5	-6,217	-4,247
Other operating income	5.6.6	883	50,449
Operating result		-39,241	23,266
Finance income	5.6.7	796	392
Finance expense	5.6.8	-324	-1,029
Result before income tax		-38,769	22,629
Taxes	5.6.11	10	-14
Result of the year		-38,779	22,615
Attributable to:			
Equity holders of the company		-38,474	22,788
Non-controlling interest		-305	-173
Result per share			
Basic earnings / loss (-) per share (euro)	5.6.12	-1.01	0.63
Diluted earnings / loss (-) per share (euro)	5.6.12	-1.01	0.62

IN '000 EURO (AS AT 31 DECEMBER)	NOTE	2018	2017
Result of the year		-38,779	22,615
Exchange differences on translation of foreign operations		62	-150
Other comprehensive income, net of income tax		62	-150
Other comprehensive income that will not be reclassified to profit or loss		62	-150
Total comprehensive loss (-) / income for the year		-38,717	22,465
Attributable to:			
Equity holders of the company		-38,412	22,638
Non-controlling interest		-305	-173

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statement

5.2. Consolidated statement of financial position

IN '000 EURO (AS AT 31 DECEMBER)	NOTE	2018	2017
ASSETS			
Property, plant and equipment	5.7.1	614	991
Intangible assets	5.7.2	20,450	23,603
Other non-current assets	5.7.3	127	126
Non-current tax credit	5.7.5	2,584	1,434
Non-current assets		23,775	26,154
Inventories	5.7.4	1,036	2,204
Trade and other receivables	5.7.5	4,219	4,295
Current tax receivables	5.7.5	707	2,054
Investments	5.7.6	20,475	49,555
Cash and cash equivalents	5.7.7	64,652	56,175
Restricted cash	5.7.7	0	10,000
Current assets		91,089	124,283
Total assets		114,864	150,437

EQUITY AND LIABILITIES	NOTE	2018	2017
Share capital	5.7.10	137,564	151,991
Share premium	5.7.10	13	157,661
Cumulative translation differences		-273	-335
Other reserves	5.7.11	-12,563	-13,141
Retained earnings		-19,853	-163,546
Equity attributable to equity holders of the company		104,888	132,630
Non-controlling interest		422	727
Total equity		105,310	133,357
Trade payables		5,054	3,298
Other short-term liabilities	5.7.8	4,500	13,782
Current liabilities		9,554	17,080
Total equity and liabilities		114,864	150,437

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.3. Consolidated statement of cash flows

IN '000 EURO (FOR THE YEAR ENDED 31 DECEMBER)	NOTE	2018	2017
Cash flows from operating activities			
Profit (loss) for the period		-38,779	22,615
Finance expense	5.6.8	324	1,029
Finance income	5.6.7	-796	-392
Depreciation of property, plant and equipment	5.7.1	474	674
Amortization of intangible fixed assets	5.7.2	3,153	3,156
Equity settled share-based payment transactions	5.6.9	592	176
Decrease in trade and other receivables including tax receivables and inventories		1,441	3,734
Increase / decrease (-) in short-term liabilities		2,474	-4,697
Net cash flows generated / used (-) in operating activities		-31,116	26,295
Cash flows from investing activities			
Disposal of property, plant and equipment (following a sale)	5.7.1	98	323
Decrease / Increase (-) in investments	5.7.6	29,066	-27,738
Interest received and similar income	5.6.7/8	141	22
Purchase of property, plant and equipment	5.7.1	-195	-246
Purchase / divestment (-) of other non-current assets	5.7.3	-1	76
Net cash flows generated / used (-) in investing activities		29,109	-27,562
Cash flows from financing activities			
Restricted cash reserved for issue of share capital	5.7.7	0	10,000
Proceeds from capital and share premium increases from exercise of warrants	5.7.10	92	0
Paid interests	5.6.8	-8	-11
Net cash flows generated in financing activities		84	9,989
Net change in cash and cash equivalents		-1,924	8,722
Net cash, cash equivalents and restricted cash at the beginning of the period	5.7.7	66,175	58,251
Effect of exchange rate fluctuations		401	-798
Net cash and cash equivalents at the end of the period		64,652	66,175

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.4. Consolidated statement of changes in equity

	Share capital	Share premium	Cumulative translation differences	Other re serves	Retained earnings	Attributable to equity holders of the company	Non-controlling interest	Total
Balance as at 1 January 2017	151,991	157,661	-185	-13,317	-186,334	109,816	43	109,859
Profit of the year 2017	0	0	0	0	22,788	22,788	-173	22,615
Change to foreign currency translation difference and revaluation reserve	0	0	-150	0	0	-150	0	-150
Issue of ordinary shares	0	0	0	0	0	0	857	857
Share-based payment transactions	0	0	0	176	0	176	0	176
Balance as at 31 December 2017	151,991	157,661	-335	-13,141	-163,546	132,630	727	133,357
Balance as at 1 January 2018	151,991	157,661	-335	-13,141	-163,546	132,630	727	133,357
Result of the year 2018	0	0	0	0	-38,474	-38,474	-305	-38,779
Change to foreign currency translation difference and revaluation reserve	0	0	62	0	0	62	0	62
Net change in fair value of investments	0	0	0	-14	0	-14	0	-14
Issue of ordinary shares	9,875	217	0	0	0	10,092	0	10,092
Capital decrease	-24,302	-157,865	0	0	182,167	0	0	0
Share-based payment transactions	0	0	0	592	0	592	0	592
Balance as at 31 December 2018	137,564	13	-273	-12,563	-19,853	104,888	422	105,310

The accompanying notes from section 5.5 to 5.7 form integral part of these Consolidated Financial Statements

5.5. General notes to the consolidated financial statements

5.5.1. Reporting entity

Oxurion NV, a Naamloze Vennootschap (limited company) established under Belgian law with its registered office at Gaston Geenslaan 1, B-3001 Leuven, its Irish Branch 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 Oxurion 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 Oxurion NV for the year ending December 31, 2018 include Oxurion NV and its subsidiaries ThromboGenics, Inc. and Oncurious NV and constitute the Oxurion NV Group.

These consolidated financial statements were approved by the Board of Directors on March 7, 2019. Possible changes to this financial report can be carried out until the General Meeting of May 7, 2019.

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 as adopted by the European Union and effective for the accounting year starting on January 1, 2018. The Group has not applied any new IFRS requirements that are not yet effective as per December 31, 2018.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC as adopted by the European Union are effec-tive for the current year:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers.

For further details on impact on the company's financial statements resulting from the first-time adoption of these new standards have been included in section 5.5.3.G and 5.5.3.P.

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

The standards relevant to the company that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. This list of standards and interpretations issued are those that the Company reasonably expects to have an impact on the company's financial statements when applied at a future date. The company intends to adopt these standards when they become effective:

- IFRS 16: Leases - we refer to comments in section 5.5.3.L

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 thousands of 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:

- financial instruments at fair value through OCI are measured at fair value;
- the expense recognized for equity-settled share-based payment plans is based on the grant date fair value of the warrants granted;
- defined benefit pension plans, for which the assets are measured at fair value and the defined benefit obligation is measured according to the projected unit credit method.

(C) GOING CONCERN

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

At December 31, 2018 there is a strong cash and cash equivalents position (including investments) of 85.1 million euro in comparison to 115.7 million euro (including investments and restricted cash) at December 31, 2017. Additionally, at December 31, 2018 the Company still has a strong equity position of 105 million euro in comparison to 133.4 million euro at December 31, 2017. Taking into account the current available cash position, the Board of Directors deems that all financial obligations will be honored, and all research programs can be continued. Since the Company can honor all its financial obligations, the Board of Directors deems that the Company can continue under the assumption of going concern.

(D) BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include all the entities that are controlled by the Group. Control exists when Oxurion NV directly or indirectly has the ability to direct the relevant activities that significantly affect the entities returns, has exposure or rights to variable returns and the ability to use its power over the entity to affect investors' returns, Control is presumed to exist when Oxurion 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 deconsolidated 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.

(E) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. The cost is attributed to the identifiable assets, liabilities and contingent liabilities of the acquiree. These acquired identifiable assets and (contingent) liabilities are initially measured at their fair value on the date of acquisition.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

(F) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in thousands of euro, which is the functional currency of Oxurion 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 date, 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 that are measured at historical cost in a foreign currency by the Company's entities are translated using the exchange rates at the dates of the initial transactions. 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.

(G) REVENUE RECOGNITION

IFRS 15 - first time adoption

IFRS 15 was issued in May 2014 and amended in April 2016, and it supersedes IAS 18 Revenue and related interpretations, and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue will be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The new revenue standard supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption was permitted. The Company adopted the new standard on January 1, 2018, using the modified retrospective transition approach, meaning that cumulative impacts (if any) are recognized in retained earnings as of January 1, 2018 and that comparatives are not restated. The standard has only been applied to contracts that were not completed as of the date of initial application.

Oxurion has finalized the implementation of IFRS 15 and adopted the new standard on the required effective date, being January 1, 2018. During 2017, the Company performed a detailed impact assessment of the application of IFRS 15. Overall, the Company did not identify any significant impact that would have to be made on retained earnings on January 1, 2018. Following the assessment performed, the Company concluded that, with the exception of the requirement to include additional IFRS 15 disclosures and accounting policies in the consolidated financial statements, the impact of the IFRS 15 adoption is not significant.

REVENUE RECOGNITION – UPDATED ACCOUNTING POLICY IN ACCORDANCE WITH IFRS 15

Revenue recognition for Oxurion consist of JETREA® vial sales to distributors, royalties for JETREA® vial sales from licensees, occasional upfront and milestone payments agreed through license or collaboration contracts which could include re-charging of incurred services cost, and royalties.

JETREA® SALES

Performance obligations

Oxurion has identified one performance obligation within its customer contracts for the sale of JETREA® product, i.e. the delivery of goods to its customers.

Timing of revenue recognition

Under IAS 18, Oxurion recognized revenue upon delivery of the goods to the customers, which is consistent with the current revenue recognition pattern under IFRS 15, as the customer only obtains control over the goods when they are delivered to the customers.

Transaction price – variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Sales prices are fixed in the contract. However, some contracts provide customers with a right of return and rebates.

Oxurion accepts returns in certain limited cases, and they need to be approved by Oxurion in order to be processed by the distributors. The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration (incl. expected returns). The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is estimated on the basis of historical experience and the specific terms in the individual agreements. A liability is recognized for expected sales returns, rebates, trade and cash discounts, charge-backs or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period. Oxurion applies the 'expected value method' in order to estimate such return accruals, and related asset.

Oxurion does not offer warranties, customer loyalty point programmes or any material financing component to its customers. Oxurion has not received any non-cash considerations. There are no costs to acquire customer contracts, or costs to fulfill the customer contracts. Therefore, contract balances are only recognized to the extent of accounts receivable, and refund liability (return accrual).

ROYALTY REVENUE ON JETREA® SALES

In case of one distributor, royalties are generated under license agreements based on licensee's sales of JETREA® products to the end-customers. As explained above, revenue from the sale of goods is recognized at the moment of delivery to the distributor. However, the agreement stipulates that the royalty is earned once the distributor subsequently sells the product to the end-customer. Therefore, the royalty revenue is recognized once the product is sold to the end-customer, based on quarterly invoicing data. There is no specific performance obligation for Oxurion to satisfy in order to be entitled to this royalty.

OCCASIONAL UPFRONT, MILESTONE AND OTHER PAYMENTS

Revenue is only recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the satisfied performance obligation. A performance obligation is satisfied when the control of goods or services is transferred to a customer. Any upfront payments or license fees for which there are subsequent performance obligations, are initially reported as deferred revenue and are recognized as revenue when performance obligations are satisfied over the period of the development collaboration or manufacturing obligation.

(H) RESEARCH GRANTS

On certain specific research projects, the research costs incurred are partially reimbursed by VLAIO (Flanders Innovation & Entrepreneurship - Vlaams Instituut Innoveren en Ondernemen), formerly known as IWT (Agency for Innovation by Science and Technology in Flanders – Agentschap voor Innovatie door Wetenschap en Technologie in Vlaanderen). In line with IAS 20 "Government grants", these grants are recognized as government grant income over the term of the project for which the grant was given when there is reasonable assurance that 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.

Oxurion has a track record of more than 10 years with these types of projects for which it receives grants from VLAIO. Grants are provided to Oxurion in order to support certain R&D activities. Activities, related budget and nature of costs that will be supported is defined in the grant agreement. Over the course of the project, Oxurion reports on the status of activities and incurred expenditure to VLAIO on a regular (quarterly) basis in order to receive grant advances. The final assessment is performed by VLAIO at the end of the project in order to determine the final grant amount. Projects can take on average between 2 to 5 years.

Over the course of the project, Oxurion is confident that all activities performed do not deviate from the agreed scope, and that the final grant amount will not deviate from the initially agreed amount (except in limited number of cases when Oxurion had finalized the project earlier and did not spend the whole budget but has still received the grant based on actual expenditure). Overall, Oxurion is confident that the reasonable assurance as defined in the standard is reached over the course of the project for the amounts spent up to that moment, as the only condition attached to the grant is to perform R&D activities in line with the agreed-upon scope and in line with the set budget. There are no other conditions attached to the grants and the outcome of R&D activities does not impact the decision of VLAIO whether the final grant will be received or not.

(I) 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. Although these agreements include the establishment of a joint committee which monitors the joint activities, these arrangements are out of the scope of IFRS 11 "Joint Arrangements", as the company concluded that no joint control exists. Refer to the information on key arrangements in note 5.8 for more details on terms and accounting treatment.

(J) 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.

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

Oxurion has capitalized ocriplasmin Phase 3 clinical study costs and further development costs since 2008. At that date Oxurion had established in line with the criteria required by IAS 38 that 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 3 and further development costs.

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. This results in the following useful lives for the different categories of intangible assets:

- Internally generated Microplasmin Phase 3: 11.8 years;
- License NuVue: 11.8 years;
- License Grifols: 11.8 years.

Software licenses are amortized over 3 years.

Externally acquired intangible assets and outsourced R&D costs

Payments made to third parties for subcontracted R&D, where there is no transfer of intellectual property to Oxurion are expensed as internal R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, as indicated above.

Oxurion has entered into various contracts for the acquisition of licenses over intellectual property or third-party know-how, as disclosed further in note 5.8 under the key arrangements section. These assets are acquired often for a consideration that includes upfront, milestone and royalty payments.

Upfront payments made to third parties to inlicense or acquire intellectual property rights, patents, compounds, products and know-how technologies to be used in R&D activities, are capitalized as costs paid for a separately acquired intangible asset under IAS 38. The related milestone payments can only be capitalized if they meet the criteria for recognition of an internally generated intangible asset.

Royalties paid/payable for acquired intellectual property are accrued for in line with the underlying sales and recognized under a cost of sales.

(K) 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:

- Property, plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years

The depreciation methods, useful life and residual value are revalued 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.

(L) 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 and rentals payable under operating leases are included in the income statement on a straight-line basis over the relevant lease term.

As from 1 January 2019, the company will apply IFRS 16, which will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed in IFRS 16. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low-value leases.

The accounting for lessors will not change significantly.

The company has finalized the implementation of IFRS 16 and it will affect primarily the accounting for the company's operating leases. On transition to IFRS 16, the company will adopt IFRS 16 using the cumulative catch up approach and will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

In summary, the impact of the IFRS 16 adoption is expected to be as follows:

- Impact on the statement of financial position as at January 1, 2019:

IN '000 EURO	INCREASE/(DECREASE) 1 JANUARY 2019
Assets	
Land and buildings (right-of-use asset)	263
Property, plant and equipment (right-of-use asset)	175
Liabilities	
Lease liabilities	438
Equity	
Net impact on retained earnings	0

- Impact on the statement of profit or loss for 2019:

IN '000 EURO	INCREASE/(DECREASE) 1 JANUARY 2019
Depreciation expense	202
Operating lease expenses	(204)
OPERATING RESULT	2
Finance expense	9
Income tax expense	0
Result of the year	(7)

(M) 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 or if there is an indication that an asset may be impaired.

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. These values are generally determined based on discounted cash flow calculations. 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.

(N) INCOME TAXES

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

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.

(O) EMPLOYEE BENEFIT PLAN

Short term employee benefits

Liabilities for wages and salaries that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pension benefits

Starting July 1, 2009, the Group has changed the, then existing, defined benefit plan into a new pension plan, that is a defined contribution plan in structure. All acquired rights up to June 30, 2009 are kept. Therefore, the Group combines two pension plans, being (i) the initial defined benefit plan and (ii) the pension plan, which is a defined contribution plan in structure.

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

Because of the Belgian legislation applicable to the second pillar pension plans (the minimum guaranteed return under the so-called "Law Vandenbroucke"), all Belgian pension plans that are structured as defined contribution plans are considered defined benefit plans under IFRS and are therefore accounted for as such.

Because of this minimum guaranteed return, the employer is exposed to a financial risk since further contributions could be

required if the return on the assets is not sufficient to reach the minimum benefits to be paid.

The Group's commitments under defined benefit plans, and the related costs, are measured 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 other long- or short-term benefits are granted to employees.

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 at the date on which the warrants are 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.

(P) FINANCIAL INSTRUMENTS

IFRS 9 first time adoption

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and early application was permitted. Except for hedge accounting, retrospective application is required but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The company finalized the implementation of IFRS 9 and adopted the new standard on the required effective date and will not restate comparative information. During 2017, the company performed a detailed impact assessment of all three aspects of IFRS 9. Overall, the company did not identify any significant impact on its statement of financial position and equity.

(A) CLASSIFICATION AND MEASUREMENT

The company noted no significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

Trade receivables and term deposits are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the company assessed that these will continue to be measured at amortized cost under IFRS 9.

(B) IMPAIRMENT

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The expected credit losses include forward-looking elements on all possible default events as well as historical loss data. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income ("FVOCI"), contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The company will apply the simplified approach and record lifetime-expected losses on all trade receivables and term deposits. Based on the analysis performed upon transition to IFRS 9, there was no material increase in the loss allowance for financial assets held at amortized cost.

(C) HEDGE ACCOUNTING

As the company does not apply hedge accounting, IFRS 9 will not have any impact on the company with respect to hedge accounting.

Financial instruments - Initial recognition and measurement – updated accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured initially at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the following categories of financial assets are relevant to the company:

- Financial assets at amortized costs (trade receivables, term deposits); and
- Financial assets at fair value through OCI (investments in debt instruments (bonds)).

Financial assets at amortised cost

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The company's financial assets at amortised cost mainly includes trade receivables and term deposits.

Financial assets through OCI (debt instruments)

The company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI.

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The company's debt instruments at fair value through OCI includes investments in quoted debt instruments (bonds).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and term deposits, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Upon impairment, 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 impairment account. If a trade receivable is considered uncollectible, it is written off in respect of this impairment account. Subsequent collection of amounts which had been previously written off is credited in respect of this impairment account. Modifications in the carrying amount of the impairment account are recognized 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.

(B) FINANCIAL LIABILITIES

Distinction between 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.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities mainly include trade and other payables. The company does not have have any derivative financial instruments.

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

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.

(Q) EQUITY INSTRUMENTS

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

(R) FINANCIAL INCOME AND EXPENSES

Financial income includes interest income on invested funds. Realized and unrealized exchange differences are reported under financial income and expenses.

(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 stated at the lower of cost or net realizable value. Inventory costing system is based on the FIFO-method.

Goods in process and finished goods are stated at the standard manufacturing cost or net realizable value. Inventory costing system is based on the FIFO-method.

Net realizable value test is performed each reporting period. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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 is compared to the actual manufacturing price on annual basis. The difference results in an adjustment of the value of the inventory.

Impairment losses are calculated on the goods in process, if their manufacturing cost, 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 analyzed on a case by case basis if the net realizable value is lower than the cost. The calculation of the net realizable 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 regarding estimates on the balance sheet dates are set out below.

Revenue from Contracts with Customers

Under the five-step model established by the standard, the Group's main estimates and assessments relate to identifying the performance obligations that its contracts comprise and on the allocation of the transaction price according to the stand-alone selling price of each of the performance obligations.

The company sources of revenue are derived for the majority from sales of JETREA® vials through our US affiliate and from a few distributors for ex-US. The Group has determined that there is only one performance obligation for all contracts with customers in place, that is to deliver the JETREA® product to the customer. Therefore, transaction price is equal to the stand-alone selling price of vial.

STEP	REVENUE FROM SALE OF VIALS
1. Identification of the contract	Oxurion has contracts with distributors in place, as disclosed in Note 5.8 under Key Agreements: Alcon/Novartis, Eumedica, ICare, and US Sales (Besse, McKesson, Walgreens).
2. Identification of performance obligations	In all distribution contracts, there is only one performance obligation: sale of goods to a third party.
3. Identification of the transaction price	Stand-alone price per vial is defined in each agreement with the customer.
4. Allocation of the transaction price	As there is only one performance obligation, there is no allocation of the price, and therefore stand-alone price per vial is recognized.
5. Revenue recognition	Revenue is recognized upon delivery to the customer (to a distributor in case that the distributor is the principal in the arrangement, or to the end-customer in case that the distributor is an agent). Returns are cred-ited strictly at discretion of Oxurion, and a provision for US returns is made based on historical data. Provisions for EU + rest of the world rebates are made based on contractual agreements and/or local regulations.

Share-based payment plans

The Group defines the cost of share-based payment plans on the basis of the fair value of the equity instrument on the grant date. Determining 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 assumptions, such as the estimated useful life of the option, volatility, etc. The assessments and the model are specified in more detail in note 5.7.11.

Capitalization and impairment of intangible assets

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 3 and the chances of future success are estimated as highly probable. Furthermore, accounting estimates and assessments of future business evolution are also important in the context of the annual impairment test.

Taxes

The Group considers that there is a considerable uncertainty regarding the future use of the tax losses of Oxurion 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.

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 Oxurion.

5.5.5.1 Product sales information

Product sales relates only to JETREA® and are reported in note 5.6.1

5.5.5.2 Geographic information

The Global Selling, the R&D and the General and Admin functions being located in Leuven – Belgium represent approximately 95% of the operating result. In that context, the activities of the company do not lead to the need for geographic information.

100% of intangible assets and almost all non-current assets, (85%), are located in Belgium.

5.5.5.3 Business unit reporting

Oxurion is an integrated biotechnology company with focus on diseases related to the retina.

Our molecules, Ocriplasmin on the market with brand name JETREA®, the Anti-Plgf currently in clinical Phase 2, the Plasma-Kallikrein inhibitor in clinical Phase 1/2a, the Integrin antagonist also in Phase 1/2a as well as our pre-clinical compounds all target diseases of the retina. These molecules represent more than 95% of the income and expenses of the company. As consequence the consolidated statement of profit & loss and of financial position are a valid representation of its unique business unit.

5.5.5.4 Information about major customers

Oxurion has 1 customer which individually accounts for more than 56% of the total income at the end of 2018 (2017: 68%), 1 customer which individually accounts for more than 20% of the total income at the end of 2018 (2017: 23%) and 1 customer which individually accounts for more than 14% of the total income at the end of 2018 (2017: 0%).

5.5.6. Financial instruments

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

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

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

Use of Derivative Instruments, hedging

On December 31, 2018, 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 carrying amounts of receivables and payables, which are all subject to normal trade credit terms, are equivalent to their fair values.

Investments in bonds are measured at fair value based on quoted market prices. The fair value movements are recorded in OCI.

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. There are no risks worth mentioning, such as liquidity risks or interest rate risks as the Group has 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, cash equivalents and restricted cash, 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 financial instruments currently held by the Company are:

- Receivables
- Short-term financial liabilities
- Cash, cash equivalents and investments (we refer to note 5.7.6 and note 5.7.7) amounting to 85.1 million euro (2017: 115.7 million euro, including restricted cash). 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 sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar and GBP denominated financial instruments.

	IMPACT ON POST TAX PROFIT	
IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
US/euro exchange rate increase 10%	-619	-1,188
US/euro exchange rate decrease 10%	756	1,452
GBP/euro exchange rate increase 10%	-10	0
GBP/euro exchange rate decrease 10%	12	0

(*) Figures were corrected from 2017 Annual Report in order to exclude the impact of translations.

(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.

The Group has a limited number of clients, amongst which three were predominant wholesalers of JETREA®, as disclosed in note 5.7.5. Credit risk is considered as remote due to a history of no issues with payment collection. Starting June 2018, Eumedica will provide the distribution services of JETREA®. Eumedica will collect the payments from the end-customers for Oxurion and ultimately Oxurion will bear the credit risk. So far, the collection of payments happened without any delays with limited credit risk.

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 were constituted in 2018 of:

- ViBio BVBA, represented by Patrik De Haes – CEO

The key management personnel constitute the Executive Team as per Company's corporate chapter.

Remuneration of key management personnel was as follows:

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Consultancy fees and reimbursement of expenses, short term	549	751
# of warrants and shares obtained during the period (in thousands)	100	100
Consultancy fees in the long term in case of dismissal		
Minimum fee	461	446
Maximum fee	692	669

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

5.6. Notes to the consolidated statement of profit and loss

5.6.1. Income

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Sales	5,221	4,552
Income from royalties	99	1,258
Settlement on previous years COGS	0	3,245
Total income	5,320	9,055

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

Oxurion entered in 2018 into commercial agreements with 2 distributors, Eumedica and Icare.

In 2018, income from royalties amounted to 0.1 million euro, compared to 1.3 million euro in 2017. In 2018, royalty income consisted of royalties mainly received from Icare, while in 2017, royalty income mainly came from Alcon/Novartis. In 2017, as a final compensation for historical COGS, a compensation of 3.3 million euro was received from Alcon/Novartis.

For further details we refer to the Key Agreements' section as disclosed in note 5.8.

5.6.2. Cost of sales

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
License rights on sales	-153	-237
Cost of goods	-3,202	-2,342
Total cost of sales	-3,355	-2,579

The license rights on sales include the royalties which Oxurion owes to RCT and LSRP on the basis of JETREA® sales. For more information regarding these royalty agreements, see also note 5.8.

In the cost of vials, an amount of 2.9 million euro has been accounted for in 2018 for write-off of inventories of drug product (1.8 million euro) and excipients (1.3 million euro). The previous year amount of 2.4 million euro is due to write-off of obsolete drug substance and materials.

5.6.3. Research and development expenses

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Employee benefits	-6,387	-5,822
Subcontracted R&D activities	-12,883	-11,281
Reagents and materials	-730	-650
Patent expenses	-406	-287
Consultancy fees	-3,386	-1,883
Other	-2,384	-1,968
Depreciation and amortization	-3,600	-3,790
Government grants	73	823
Income from recharge of costs	180	1,672
Total research and development expenses	-29,523	-23,186

The subcontracted R&D activities increased from 11.3 million euro to 12.9 million euro and are related to the outsourced services to develop Oxurion's projects in the preclinical and clinical phase. The increase is mainly due to the concurrent running of Circle and THR-317 clinical studies as well as pre-clinical activities with THR-687, THR-149 and TB-403.

In 2018, other expenses increased to 2.4 million euro compared to 2.0 euro in 2017. The increase is due to a 1.0-million-euro milestone payment to Bicycle Therapeutics (2017: 0.750 million euro).

Since the launch of JETREA® (beginning January 2013), Oxurion has started to amortize the costs which can be brought in connection with the development of ocriplasmin. Amortization has reduced as a result of the impairment booked in 2016. We refer to note 5.7.2 for more information.

The government grants are grants received from the VLAIO, formerly known as IWT. Since three out of four programs were finalized, Oxurion currently has one contract remaining with VLAIO. Refer to the accounting policy in note 5.5.3 for more details.

The income from recharge of costs relates to research and development expenses recharged to Alcon/Novartis, BioInvent and LSRP. Refer to key arrangements in note 5.8 for more details on these arrangements and accounting policy applied.

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 (AS AT 31 DECEMBER)	2018	2017
Employee benefits	-1,564	-1,757
Consultancy fees	-3,248	-2,811
Insurance	-321	-295
Other	-1,209	-1,350
Depreciation and amortization	-7	-13
Total general and administrative expenses	-6,349	-6,226

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

5.6.5. Selling expenses

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Employee benefits	-1,917	-1,465
Distribution costs	-843	-734
Contractor and consultancy fees	-2,461	-1,225
Other	-976	-796
Depreciation and amortization	-20	-27
Total selling expenses	-6,217	-4,247

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

5.6.6. Other operating income

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Other operating income	883	50,449
Total other operating income	883	50,449

In 2018, Oxurion obtained other operating income of 0.883 million euro compared to 50.4 million euro in 2017. In 2018, this relates mainly to accrued tax credit for an amount of 0.826 million euro. Last year, 45.0 million euro and 4.5 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and as an intervention on obsolescent drug materials. For more information regarding compensation from Alcon/Novartis, see also note 5.8. The accrued tax credit in 2017 amounted 0.821 million euro.

5.6.7. Finance income

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Interest	165	53
Exchange rate gain (on USD and GBP)	631	339
Total finance income	796	392

As a result of USD revaluations, the unrealized exchange gain in 2018 amounted to 0.255 million euro (2017: 0.255 million euro) whereas 0.376 million euro exchange gains were realized (2017: 0.840 million euro).

5.6.8. Finance expense

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Bank costs	-24	-31
Impairment on short-term financial investments	-10	2
Other	-8	-11
Exchange rate loss (on USD and GBP)	-282	-989
Total finance expense	-324	-1,029

As a result of USD revaluations, the unrealized exchange losses in 2018 amounted to 0.175 million euro (2017: 0.972 million euro) whereas 0.108 million euro exchange losses were realized (2017: 0.017 million euro).

5.6.9. Employee benefits

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Wages, salaries and bonuses	-8,906	-8,473
Share-based compensation expenses	-592	-176
Pension costs	-370	-395
Total	-9,868	-9,044

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

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Research and development	52	52
General and administration	9	10
Selling	9	9
Total	70	71

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

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Research and development expenses	203	77
General and administrative expenses	208	65
Selling expenses	181	34
Total	592	176

We refer to note 5.7.11, for further information regarding the share-based payment plans.

5.6.10. Operating leases

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Leasing payments included as an expense (lessee)	-629	-663

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

5.6.11. Taxes

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Current tax expense	-10	-14
Deferred tax expense	0	0
Tax expenses in income statement	-10	-14
Effective tax Rate	0.0%	-0.1%

The tax expense as shown above has been calculated in conformity with local and international tax laws. The tax on the Company's loss / profit (-) before tax differs from the theoretical amount that would arise using the domestic rate in Belgium on loss (-) / profit of the year and is as follows:

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017 (*)
Loss (-) / profit before tax	-38,769	22,629
Expected tax based on tax rate of the parent company (2018: 29.58% and 2017: 33.99%) (theoretical)	11,468	-7,692
Disallowed expenses	-83	-68
Notional interest deduction	-1,764	89
Tax deductions and non-taxable income	453	554
Change in unrecognized deferred taxes	-8,052	26,611
Adjustments for current tax of prior periods	0	0
Impact of tax law changes	-1,977	-18,409
Difference in tax rates from other jurisdictions	1	0
Other	-36	-71
Tax expense of the year (effective)	-10	-14

(*) Details not provided in annual report 2017, shown for comparison purposes.

The main difference between the theoretical tax and the effective tax for the year 2017 and 2018 can be primarily explained by the unrecognized deferred taxes for which the Company conservatively assesses that it is not likely that these will be utilized in the foreseeable future.

In December 2017 the Belgian government substantively enacted tax reform into law that included a reduction of the corporate income tax rate. The rate will decrease from 33.99% to 29.58% in 2018 and 2019 and to 25% as from 2020.

In December 2017 the United States government enacted tax reform into law that included a reduction of the corporate income tax rate. The rate will decrease from 35% to 21% as from 2018. Both have resulted in a remeasurement of the Company's non-recognized deferred tax assets.

The carried forward notional interest deduction expired end of 2018 since it can no longer be used in 2019 onwards.

5.6.12. Result per share

Basic earnings per share

The calculation of basic earnings per share by December 31, 2018 is based on the holders of ordinary shares attributable loss (-) / profit from (38.779) million euro (2017: 22.615 million euro) and a weighted average number of ordinary shares outstanding during 2018 of 38,250,729 (2017: 36,094,349), calculated as follows:

	2018	2017
Issued ordinary shares per 1 January	36,094,349	36,094,349
Effect of capital increase through issue of shares	2,153,366	0
Effect of exercised share options	3,014	0
Average number of ordinary shares per 31 December	38,250,729	36,094,349

IN '000 EURO, EXCEPT FOR RESULT PER SHARE	2018	2017
Result of the year	-38,779	22,615
Basic result per share	-1.01	0.63

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.

	2018	2017
Issued ordinary shares (diluted) per 1 January	36,993,224	36,531,849
Effect of capital increase through issue of shares	2,153,366	0
Effect of exercised share options	3,014	66,777
Effect of potential ordinary shares	-8,837	0
Average number of ordinary shares (diluted) per 31 December	39,140,767	36,598,626

IN '000 EURO, EXCEPT FOR RESULT PER SHARE	2018	2017
Result of the year	-38,779	22,615
Diluted result per share (*)	-1.01	0.62

(*) As there was a loss in 2018 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 2017			
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
Year ended on 31 December 2017			
Additions	125	172	297
Depreciation expenses	-419	-255	-674
Disposals	-284	-39	-323
Exchange differences	-33	-19	-52
Net carrying amount	510	481	991
As at 31 December 2017			
Cost	6,372	4,167	10,539
Accumulated depreciation and disposals	-5,838	-3,702	-9,540
Exchange differences	-24	16	-8
Net carrying amount	510	481	991
Year ended on 31 December 2018			
Additions	128	67	195
Depreciation expenses	-253	-221	-474
Disposals	-100	0	-100
Exchange differences	0	2	2
Net carrying amount	285	329	614
As at 31 December 2018			
Cost	6,500	4,234	10,734
Accumulated depreciation and disposals	-6,191	-3,923	-10,114
Exchange differences	-24	18	-6
Net carrying amount	285	329	614

As at December 31, 2018, property, plant and equipment worth 6.1 million euro (2017: 5.3 million euro) that has already been fully depreciated 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	INTERNALLY GENERATED MICROPLASMIN PHASE 3	LICENSE NUVUE	LICENSE GRIFOLS	LICENSE GALAPAGOS	LICENSE VIB	LICENSES OTHER	TOTAL
As at 1 January 2017							
Cost	53,597	12,019	9,935	1,000	125	168	76,844
Accumulated amortization	-19,469	-4,031	-3,276	0	0	-166	-26,942
Impairment losses	-24,000	0	0	0	0	0	-24,000
Net carrying amount	10,128	7,988	6,659	1,000	125	2	25,902
Year ended 31 December 2017							
Additions	0	0	0	0	857	0	857
Disposals	0	0	0	0	0	0	0
Amortization charge	-1,293	-1,019	-842	0	0	-2	-3,156
Impairment losses	0	0	0	0	0	0	0
Net carrying amount	8,835	6,969	5,817	1,000	982	0	23,603
As at 31 December 2017							
Cost	53,597	12,019	9,935	1,000	982	168	77,701
Accumulated amortization	-20,762	-5,050	-4,118	0	0	-168	-30,098
Accumulated impairment losses	-24,000	0	0	0	0	0	-24,000
Net carrying amount	8,835	6,969	5,817	1,000	982	0	23,603
Year ended 31 December 2018							
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortization expenses	-1,293	-1,019	-842	0	0	0	-3,153
Impairment losses	0	0	0	0	0	0	0
Net carrying amount	7,542	5,950	4,975	1,000	982	0	20,450
As at 31 December 2018							
Cost	53,597	12,019	9,935	1,000	982	168	77,701
Accumulated amortization	-22,055	-6,069	-4,960	0	0	-168	-33,251
Accumulated impairment losses	-24,000	0	0	0	0	0	-24,000
Net carrying amount	7,542	5,950	4,975	1,000	982	0	20,450

In the development of JETREA®, Oxurion has capitalized ocriplasmin clinical study costs (Internally generated Microplasmin Phase 3), and two externally acquired licenses that were used for development of JETREA®: NuVue and Grifols. The capitalized costs are amortized from the date of commercialization of JETREA® in 2013, over the life of the patent which is determined to be 11.8 years. Refer to the accounting policy section for more details on ocriplasmin, and to the note 5.8 on key arrangements for more details on NuVue and Grifols agreements.

Galapagos license relates to an externally acquired license by Oxurion in relation to program THR-687, for development and commercialization of integrin antagonists for the treatment of diabetic eye disease. The license is not yet amortized as the development is currently in progress. Annual impairment reviews are performed, and there is no need for impairment of this license. For more details on the agreement and accounting policy treatment, refer to note 5.8 under key arrangements section.

VIB license relates to an externally acquired license by Oncurious for a portfolio of five unique next generation immune-oncology assets which are used in further development. This asset was given as a contribution in kind by VIB and was capitalized based on fair value determined by an independent valuator. The license is not yet amortized as the development is currently in progress. For more details on the agreement and accounting policy treatment, refer to note 5.8 under key arrangements section.

Impairment test at year-end 2017

Reducing sales for JETREA® in 2017 compared to 2016 was considered an indicator for impairment testing. The impairment test was performed at the level of JETREA® cash generating unit (CGU) to which the following intangible assets belong: Microplasmin, Grifols and NuVue (as provided in the table above). The recoverable amount of this CGU was determined based on value-in-use, whose calculation require the use of assumptions. The calculation uses cash flow projections based on financial budgets approved by management covering a seven-year period, which corresponds to the remaining patent life for JETREA®. Cash flows beyond the seven-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. A discount rate (WACC) of 14% was used. Value in use was slightly higher than the carrying value of the asset. At 15% discount rate, there would be a deficit of 1.4 million euro versus carrying value, and at 13% discount rate a surplus of 1.5 million euro. At year-end 2017, management of Oxurion believed that value in use will evolve favorably and hence no impairment was needed.

For the Galapagos IP and VIB IP, due to indefinite lifetime and pre-clinical status, the carrying value was tested against its probable value in use. A DCF model was used applying industry standard probabilities to bring the molecule to the market and on top a discount rate (WACC) of 14% was used which has resulted in no indication of impairment. Please refer to the table above for a detailed overview of the carrying value of Galapagos IP and VIB IP.

Impairment test at year-end 2018

At year-end 2018, impairment test for JETREA® cash generating unit (CGU) was performed. The recoverable amount of this CGU was determined based on the fair value. The fair value calculation was based on a level 3 calculation in accordance with IFRS 13. The calculation uses cash flow projections based on industry market studies and statistics related to the product itself covering a six-year period, which corresponds to the remaining patent life for JETREA®. These cash flows include discounted residual values beyond the six-year period assuming minor decrease in sales. The model includes growth rates which are consistent with forecasts included in reports specific to the industry in which the CGU operates. A discount rate (WACC) of 25% was used, taking into consideration the main assumptions such as the anticipated growth rate used in the model. The fair value model comprises an estimated rate of 3% to cover any potential cost for disposal. The model leads to a recoverable amount exceeding its carrying amount by 0.7 million euro. A sensitivity analysis was performed using different scenarios affected by the key assumptions such as WACC and growth rate, showing that the recoverable amount equals its carrying value when WACC is increased to 26% as well as when the best estimate compound growth rate is reduced by 3%. On the basis of fair value measurement, management of Oxurion estimated that no impairment was needed.

For the Galapagos IP and VIB IP, due to indefinite lifetime and pre-clinical status, the carrying value was tested against its probable value in use. A DCF model was used applying industry standard probabilities to bring the molecule to the market and on top a discount rate (WACC) of 14% was used which has resulted in no indication of impairment. Please refer to the table above for a detailed overview of the carrying value of Galapagos IP and VIB IP.

5.7.2.2 Goodwill

IN '000 EURO	
At 1 January 2017	
Cost	2,586
Accumulated impairment losses	-2,586
Net carrying amount	0
Year ended 31 December 2017	
Additions	0
Disposals	0
Impairment losses	0
Net carrying amount	0
At 31 December 2017	
Cost	2,586
Accumulated impairment losses	-2,586
Net carrying amount	0
Year ended 31 December 2018	
Additions	0
Disposals	0
Impairment losses	0
Net carrying amount	0
At 31 December 2018	
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.

The impaired goodwill related to JETREA® was written off as a result of the 2016 impairment test.

5.7.3. Other non-current assets

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Other non-current assets	127	126
Total	127	126

The other non-current assets consist of:

- Rental deposit offices Belgium (Bio-Incubator): 0.117 million euro
- Deposit to Intelsius DGP (packaging and transport): 0.010 million EUR (0.011 million USD)

5.7.4. Inventories

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Raw and ancillary materials, goods in process and finished goods	1,036	2,204
Prepayments	0	0
Total	1,036	2,204

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 recognized in cost of goods amount to 2.862 million euro, compared to 2.251 million euro in 2017.

5.7.5. Trade and other receivables, non-current tax credit and current tax receivables

5.7.5.1 Trade and other receivables

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Trade receivables	2,012	2,626
Other receivables	1,341	1,230
Prepaid expenses and other current assets	866	439
Total	4,219	4,295

Other receivables relate mainly to prepayments: 1.321 million euro in 2018, compared to 1.224 million euro in 2017. These advances were paid upfront to various CRO partners mainly in relation to direct costs and pass through costs.

Allowance for bad debt is booked on the basis of an estimate of lifetime ECLs at each reporting, taking into account the payment history of the other party. As per 31 December 2018 and 2017, there are no material aged trade receivables.

The table below shows the evolution of key trade receivable amounts on the balance sheet date:

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
BioInvent	62	85
Alcon/Novartis	623	1,608
Accredo Health Group, Inc.	3	3
Besse Medical	314	416
Eumedica	805	0
Quintiles Outcome Sciences	37	356
Mc Kesson Financial Center	90	92
Walgreens Specialty	72	48
Accutome Inc.	0	18
Other trade receivables	5	0
Total	2,012	2,626

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.

5.7.5.2 Taxes

Non-current tax receivables

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Tax credit	2,584	1,434
Total	2,584	1,434

The tax credit applies to the relevant acquired 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 receivables

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Recoverable VAT	496	340
Recoverable withholding tax	55	43
Other taxes	30	30
Tax credit	126	1,641
Total	707	2,054

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

The reduction of current tax receivables is due to the fact that a material amount of tax credit was reimbursed in 2018.

5.7.6. Investments

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Other investments	475	634
Term investments	20,000	48,921
Total investments	20,475	49,555

FINANCE ASSETS ACCORDING TO CATEGORIES DEFINED IN IFRS 9	INVESTMENTS AT AMORTIZED COST	INVESTMENTS AT FVOCI
Balance at 1 January 2017	21,000	817
Exchange rate differences	0	-29
Additions	27,921	0
Retirements	0	-155
Impairments	0	1
Appreciation at market value	0	0
Balance at 31 December 2017	48,921	634
-/- of which taken in fixed assets	-	-
Taken in current assets	48,921	634
Composition		
- Other bonds	0	634
- Term investments	48,921	0
Breakdown per currency		
- in EUR	41,000	380
- in other currency	7,921	254
Total	48,921	634
Balance at 1 January 2018	48,921	634
Exchange rate differences	0	5
Additions	0	0
Retirements	-28,921	-142
Impairments	0	-8
Appreciation at market value	0	-14
Balance at 31 December 2018	20,000	475
-/- of which taken in fixed assets	-	-
Taken in current assets	20,000	475
Composition		
- Other bonds	0	475
- Term investments	20,000	0
Breakdown per currency		
- in EUR	20,000	330
- in other currency	0	145
Total	20,000	475

The Group decided to invest mainly in saving accounts and term deposits. As per 31 December 2018, 20 million euro was invested in euro term accounts. The interest rate amounts between 0.05% and 0.06%. BNP Paribas Fortis holds a A S&P credit rating.

The remaining bonds are held by UBP (Union Bancaire Privée) and distributed in 10 bonds of private and public institutions. Credit rating is varying from A, A+, BBB to BBB+. Bonds are measured at fair value as level 1 hierarchy based on quoted market prices.

5.7.7. Cash, cash equivalents and restricted cash

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Cash and cash equivalents	64,652	56,175
Restricted cash	0	10,000
Total cash, cash equivalents and restricted cash	64,652	66,175

The restricted cash in 2017 amounting 10.0 million euro relates to the funds received on December 22, 2017 from Novartis Pharma AG for the capital increase which took place on January 5, 2018.

5.7.8. Other short-term liabilities

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
Employee benefits	2,257	1,850
Other current liabilities	2,243	11,932
Total other short-term liabilities	4,500	13,782

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

The other current liabilities consist of commitments that expire before year-end for which the exact price might not yet be known. In 2018, other current liabilities consist of accrued rebates for sales in Canada and Germany for an amount of 0.276 million euro and a provision for returns sold in the US based on historical data for an amount of 0.161 million euro, compared to 0.138 million euro in 2017. In 2017, the other current liabilities also consisted of the 10.0 million-euro restricted cash received on December 22, 2017 from Novartis Pharma AG for the capital increase which took place on January 5, 2018.

5.7.9. Deferred taxes

Deferred tax assets have not been recognized in respect of the items above because it is not probable that future taxable profits will be available against which the Group can utilize the loss carryforwards or deductible temporary differences. The losses available for offsetting future taxable income are mainly related to the Belgian entity and can be carried-forward indefinitely.

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017 (*)
Losses available for offsetting against future taxable income	254,025	217,951
Notional interest deduction available for offsetting against future taxable income	0	5,964
Deductible temporary difference	23,793	19,921
Total unused tax losses and other deductible temporary differences not recognized	277,818	243,836

(*) Figures were corrected from 2017 annual report by restating losses and actual notional interest deduction available and inclusion of deductible temporary differences.

No deferred tax liability is recognized on the unremitted earnings of subsidiaries since no tax is expected to be payable on them in the foreseeable future.

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.

On December 31, 2018, the capital of the Company thus amounted to 137,563,946.87 euro represented by 38,291,950 shares.

As at December 31, 2018, Oxurion NV had 38,291,950 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 6, 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.

NUMBER OF SHARES	
31 december 2016	36,094,349
-	0
31 december 2017	36,094,349
Capital increase by contribution in cash	2,177,226
Capital increase - exercising warrants	20,375
31 december 2018	38,291,950

A capital increase by Novartis Pharma AG of 9.8 million euro, assorted with an issue premium of 0.2 million euro took place on January 5, 2018 with 2,177,226 new shares being delivered on January 22, 2018. Funds were received on December 22, 2017. On June 1, 2018, by decision of the extraordinary general shareholders meeting, accumulated losses of Oxurion NV were absorbed by reduction of share premium for an amount of 157,864,957.06 euro and a capital decrease for an amount of 24,302,544.14 euro. On November 8, 2018, 20,375 warrants were converted by warrant holders, with 20,375 new shares being delivered, increasing the capital with 78,739.97 euro, and bringing the total number of shares to 38,291,950 and the capital to 137,563,946.87 euro.

IN '000 EURO	CAPITAL	ISSUE PREMIUM
31 december 2016	151,991	157,661
-	0	0
31 december 2017	151,991	157,661
Capital increase by contribution in cash	9,796	204
Capital decrease	-24,302	-157,865
Capital increase - exercising warrants	79	13
31 december 2018	137,564	13

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 million 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 2016	-13,317
Share-based payment	176
Fair value adjustment	0
31 December 2017	-13,141
Share-based payment	592
Fair value adjustment	-14
31 December 2018	-12,563

Share-based payment plans

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

End 2018, there were 2 outstanding warrant plans.

Synoptic overview of all outstanding warrants granted between 2010 and December 31, 2018

CREATION DATE OF PLAN	DATE GRANTED	EXERCISE PRICE (IN EURO)	BENEFICIARY
Warrants plan Belgium 2014	2015-2016-2017	Between 4.5 and 6.95	Employees, key consultants and directors of the Group
Warrants plan Belgium 2017	2017-2018	Between 3.38 and 6.55	Employees, key consultants and directors of the Group

Oxurion 2014 Warrant Plan

On December 4, 2014, the Extraordinary General Meeting of Oxurion 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 Oxurion 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 have a contractual term of five years and 3 years graded vesting (25% after 1 year, 50% after 2 years and 25% after 3 years) or 2 years graded vesting (50% after 1 year and 50% after 2 years) with no performance conditions. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee.

The grant date fair values of the warrants granted under the 2014 Warrant Plan have been determined by using the Black & Scholes model, taking into account the following assumptions:

2014 WARRANT PLAN	ASSUMPTIONS					
Grant date	Feb-15	Apr-16	Apr-16	Feb-17	Feb-17	Aug-17
Number of warrants granted	384,000	60,000	90,000	73,500	10,000	15,000
Current share price on date of acceptance (in euro)	7.49	3.44	3.44	3.5	3.5	3.2
Exercise price	6.945	4.5	6.92	4.5	6.92	4.5
Expected dividend yield	-	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%	40%
Risk-free interest rate	-0.08%	-0.38%	-0.38%	-0.51%	-0.51%	-0.50%
Expected duration	3	3	3	3	3	2
Fair value	2.20	0.61	0.26	0.15	0.46	0.34

Oxurion 2017 Warrant Plan

On November 20, 2017, the Extraordinary General Meeting of Oxurion NV decided to issue the Oxurion 2017 warrant plan. Under this warrant plan a maximum of 1,440,000 warrants can be issued and granted to employees, directors and consultants of the Group. Each warrant entitles the holder to subscribe to one Oxurion 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 have a contractual term of five years and 3 years graded vesting (50% after 2 years and 50% after 3 years) with no performance conditions. The conditions under which a warrant holder is entitled to exercise a warrant are established by the Remuneration Committee.

The grant date fair values of the warrants granted under the 2017 Warrant Plan have been determined by using the Black & Scholes model, taking into account the following assumptions:

2017 WARRANT PLAN	ASSUMPTIONS				
Grant date	Dec-17	Dec-17	Jun-18	Dec-18	Dec-18
Number of warrants granted	251,000	150,000	33,500	356,500	150,000
Current share price on date of acceptance (in euro)	3.38	3.38	7.07	3.52	3.52
Exercise price	3.38	4.593	6.549	3.4	4.593
Expected dividend yield	-	-	-	-	-
Expected stock price volatility	40%	40%	40%	40%	40%
Risk-free interest rate	-0.51%	-0.51%	-0.46%	-0.38%	-0.38%
Expected duration	10	10	9	9	9
Fair value	1.56	1.29	3.33	1.58	1.3

For both the 2014 and 2017 Warrant Plan, the assumptions used in determining the fair value of the warrants granted are based on the following data:

- Current share price on date of acceptance - the closing price on the stock market of Euronext Brussels;
- Expected stock price volatility - the historical volatility of Oxurion's share price;
- Expected duration – calculated as the estimated duration until exercise, taking into account the specific features of the plans;
- Risk-free interest rate - based on the Belgium government bond rates at the date of granting with a term equal to the expected life of the warrants.

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, Oxurion NV has determined the fair value of the services received from these parties by reference to the warrants granted.

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

	2018		2017	
	AVERAGE EXERCISE PRICE IN EUR	WARRANTS	AVERAGE EXERCISE PRICE IN EUR	WARRANTS
As at 1 Jan.	5.10	848,875	6.60	387,500
Granted, accepted	6.55	33,500	4.01	499,500
Granted, not yet accepted	3.75	506,500	0.00	0
Forfeited	5.09	-45,250	6.02	-38,125
Exercised	4.50	-20,375	0.00	0
As at 31 Dec.	4.63	1,323,250	5.10	848,875

Outstanding vested warrants as at December 31, 2018, have the following earliest exercise date, maturities and exercise prices:

Earliest exercise date	EXPIRY DATE	EXERCISE PRICE (IN EURO)	VESTED NUMBER (IN THOUSANDS)
2019	2019	6.53	330

5.7.12. Employee Benefit Obligations

Oxurion 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 defined benefit plan was changed in a pension plan that is structured as a defined contribution plan, but that should be accounted for as a defined benefit plan in accordance with IFRS, since the company offers a minimum guaranteed to return to the plan participants.

The amounts recognized in the balance sheet can be broken down as follows:

	2018	2017
Defined benefit obligation	3,933	776
Fair value of plan assets	(3,501)	(473)
Net defined benefit liability	432	303

The amounts recognized in the balance sheet and the movements in the net defined benefit obligations are as follows:

IN '000 EURO	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL
January 1, 2018	776	(473)	303
Current service cost	340	-	340
Past service cost	-	-	-
Interest expense/(income)	79	(72)	7
Total amount recognized in profit or loss	420	(72)	347
Remeasurements	2,809	-2,680	129
Total amount recognized in other comprehensive income	2,809	-2,680	129
Employer contributions	-	(347)	(347)
Employee contributions	77	(77)	-
Benefit payments	(39)	39	-
Taxes on contributions	(44)	44	-
Insurance premiums related to risk coverages	(65)	65	-
December 31, 2018	3,933	(3,501)	432

The significant actuarial assumptions used to calculate the net defined benefit liability were as follows:

	2018	2017
Discount rate	2.3%	1.7%
Inflation rate	2.0%	2.0%
Salary increase rate on top of inflation rate	1.5%	1.5%
Mortality tables	MR/FR with age correction of 3 years	MR/FR with age correction of 3 years

The expected contributions to the defined benefit plans of the year-end December 31, 2019 are 0.446 million euro.

The expected future benefits to paid are as follows:

IN '000 EURO	
2019	30
2020	16
2021	222
2022	168
2023	82
2024-2028	840

5.8. Other clarification notes to the statement of financial position

Subsidiaries and branches

NAME OF THE SUBSIDIARY	PLACE OF INCORPORATION AND OPERATION	2018	2017	PRINCIPAL ACTIVITY
ThromboGenics, Inc.	US	100%	100%	Distributor
Oncurious NV	BE	81.67%	81.67%	Research (oncology)
NAME OF THE BRANCH	**PLACE OF INCORPORATION AND OPERATION**			**PRINCIPAL ACTIVITY**
		2018	**2017**	
Irish Branch	IE	100%	100%	No current activity

At year-end 2018, out of a new total of 5,358 Oncurious NV shares, Oxurion NV owns 4,376 shares or 81.67%.

Key Agreements, Commitments and Contingent Liabilities

The Group has a number of material agreements with third 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 overview of Oxurion's material agreements. An agreement is considered being "material" when the contractual commitments reach over 1 million euro, or in case of a new agreement, when such an impact is expected in the period of next 12 months after the reporting date.

Note that certain agreements include sharing of R&D costs and/or sharing of revenue. Although these agreements include the establishment of a joint committee which monitors the joint activities, these arrangements are out of the scope of IFRS 11 "Joint Arrangements", as the company concluded that no joint control exists.

Research and Development Agreements

BioInvent

In September 2004, Oxurion and BioInvent International AB entered into a collaboration and research and license agreement to cooperate on research and to develop together drugs based on antibodies for vascular disorders ("2004 Agreement"). TB-403, a humanized monoclonal antibody directed against placental growth factor (PlGF), is the only antibody that was developed under the 2004 Agreement. In 2017, the parties replaced the 2004 Agreement by two new agreements: the TB-403 collaboration research and license agreement ("TB-403 Agreement") and the THR-317 license and release agreement ("THR-317 Agreement".

Under the TB-403 Agreement (which was assigned by Oxurion to its subsidiary Oncurious NV in line with the cooperate strategy to focus all oncological R&D activities in Oncurious), Oncurious and BioInvent are currently developing 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"). All costs and possible revenues under this program are equally shared between the parties.

Under the THR-317 Agreement, Oxurion has an exclusive right and license to exploit THR-317 (= TB-403) in all possible uses and indications whatsoever, with the sole exception of oncological indications. Oxurion bears all costs for the development of THR-317 in non-oncology indications and BioInvent owns a 5% royalty stake in any net sales or revenues generated with THR-317 in non-oncological indications.

For TB-403, 0.262 million euro in 2018 and 0.282 million euro 2017 was paid to BioInvent and recorded as R&D expense in the income statement. So far, there were no development expenditures that meet the definition of an intangible asset under IAS 38, and there are no revenues generated, and consequently no royalty is yet to be paid to BioInvent.

For THR-317, Oxurion incurred a cost of 4.8 million euro in 2018, and 3.2 million euro in 2017. These costs were solely borne by Oxurion and booked as R&D cost. So far, there were no development expenditures that meet the definition of an intangible asset under IAS 38, and there are no revenues generated, and consequently no royalty is yet to be paid to BioInvent.

Bicycle Therapeutics

In August 2013, Oxurion entered into a research collaboration and license agreement with Bicycle Therapeutics ("Bicycle Collaboration Agreement"). Under this agreement, Bicycle is responsible for identifying Bicycle-peptides related to the collaboration target, human plasma kallikrein, for use in various indications. Oxurion is responsible for further development and product commercialization after the defined research screening is performed by Bicycle.

The collaboration includes two stages. During Stage 1, which has been completed, Bicycle was obligated to perform specific research activities in accordance with the research plan focused on screening the target using the Bicycle platform to identify compounds that meet the criteria set by the parties. During Stage 2, which is ongoing, Oxurion has continued research activities on selected Bicycle-peptides with the goal of identifying compounds for further development and commercialization. THR-149 has been selected as a development compound under the Bicycle Collaboration Agreement.

Bicycle granted certain worldwide intellectual property rights to Oxurion for the development, manufacture and commercialization of licensed compounds associated with plasma kallikrein.

The Bicycle Collaboration Agreement provided an upfront payment of 1.0 million euro and potential additional research and development funding, at an agreed upon FTE rate, should the research effort require more than one FTE or the research plan be amended or extended by Oxurion. In addition, Oxurion is required to make certain milestone payments to Bicycle upon the achievement of specified research, development, regulatory and commercial milestones. In addition, to the extent any of the collaboration products covered by the licenses granted to Oxurion are commercialized, Bicycle would be entitled to receive tiered royalty payments of mid-single digits based on a percentage of net sales. Royalty payments are subject to certain reductions. Also, if Oxurion grants a sublicense to a third party for rights to the program for non-ophthalmic use, Bicycle would be entitled to receive tiered payments of mid-single digits to low-double digits (no higher than first quartile) based on a percentage of non-royalty sublicensing income.

In November 2017, the parties entered into an amendment to the Bicycle collaboration agreement. This amendment provides for additional research services to be performed by Bicycle related to the identification of additional Bicycle-peptides binding to the target for Oxurion, in its discretion, to select as development compounds. Bicycle was obligated to perform the work in accordance with an amended research plan under Stage 1 of the collaboration and was funded at a specified FTE rate, plus any direct out of pocket expenses, and Oxurion will be responsible for Stage 2 research and any development after the selection of a development compound. As of December 31, 2018, Bicycle had completed Stage 1 of the research plan. Additional milestones were added for the potential additional licensed compounds, consistent with those of the initial Bicycle Collaboration Agreement.

In 2018, Oxurion has paid 0.4 million euro to Bicycle for research costs and recorded it under R&D expenses. Based on IAS 38 "Intangible assets", Oxurion has not acquired a separate intangible asset that meets the definition of IAS 38, and therefore these expenses are recorded under R&D expenses. So far, the following upfront and milestone payments were made to Bicycle: 1.0 million euro in 2013, 0.750 million euro in 2017, and 1.0 million euro in 2018. These were all expensed as R&D costs.

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 1, 2015. Services relate to the study in order to evaluate the effect of ocriplasmin. Oxurion makes advance payments to Parexel for any payments that Parexel needs to make to third parties involved in the study.

JETREA® product has already been developed by Oxurion and it is commercialized since 2013. Based on IAS 38 "Intangible assets", the costs paid to Parexel are not made in order to acquire an asset, or to increase economic benefits embodied already into an asset. Therefore, such a costs are expensed to the income statement as R&D expenses, as incurred. In case of prepayments, an asset is recognized for such prepay-ment, and prepayment is released to income statement as costs are incurred. In 2018 and 2017, 1.4 million euro and 1.5 million euro was paid respectively to Parexel and recognized as R&D expenses.

INC Research (Syneos Health)

INC Research provides clinical research services for the development of THR-317 and THR-687. 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. Based on IAS 38 "Intangible assets", the costs paid to INC Research are not made in order to acquire an asset, or to increase economic benefits embodied already into an asset. Rather, they are an outsourced R&D cost. Therefore, such costs are expensed to the income statement as R&D expenses, as incurred. In case of prepayments, an asset is recognized for such prepayment, and prepayment is released to income statement as costs are incurred. In 2018 and 2017, 2.8 million euro and 1.7 million euro were paid respectively to INC Research and recognized as R&D expenses. At year-end 2018, a prepayment in the amount of 0.9 million euro is recorded on the balance sheet.

Galapagos

Oxurion signed a global and exclusive inlicensing agreement with Galapagos to develop and commercialize integrin antagonists for the treatment of diabetic eye disease ("Galapagos License Agreement"). The company's THR-687 program is a result of this agreement.

The license agreement gives Oxurion access to a collection of integrin antagonists developed by Galapagos, that Oxurion is using in its R&D activities. Oxurion believes that by gaining access to these molecules, including THR-687, the most advanced drug candidate, it has the potential to develop a novel small molecule integrin antagonist which could be used to treat a broad range of patients with diabetic retinopathy, with or without diabetic macular edema. Oxurion has obtained the exclusive rights for the clinical development, manufacturing and commercialization under this agreement, while Galapagos is entitled to a non-refundable upfront fee for technology access, development milestone payments and stepwise sales milestone payments as well as market conform royalties on sales over the period of 10 years from the first sales.

In September 2017, the parties entered into an amendment to the Galapagos License Agreement. According to this amendment, Oxurion has taken over the prosecution and maintenance of the licensed patents and consequently has acquired all rights in the licensed patents with effective date as of September 25, 2017. Oxurion will be entitled to deduct its documented and reasonable costs for prosecution and maintenance for the licensed patents from the royalty due and payable to Galapagos under the Galapagos License Agreement.

Oxurion has paid to Galapagos an upfront fee of 1.0 million euro in April 2016, upon Galapagos supplying to Oxurion the Licensed Compound, and all data and manufacturing know-how related to the Licensed Compounds, which was capitalized as an intangible asset as it meets the conditions of a separately acquired intangible asset under IAS 38, par. 25. Galapagos has no further performance obligations for development services upon the license has been granted. Since no commercialization was achieved and no profit was generated, no amortization was recorded so far. Until now, no other advance payments were paid to Galapagos.

The future milestones must be assessed to determine if they meet the capitalisation criteria under IAS 38, once they are paid. Refer to the accounting policy section on intangible assets for more details.

Intellectual Property and Royalty Agreements

Grifols, Inc.

In February 2012, Oxurion and Grifols entered into a license agreement. Through this agreement, Oxurion strengthens its exclusive worldwide rights regarding the use of plasmin and derivate products for the treatment of ophthalmological diseases. Consideration to be paid to Grifols consists of settlement payments of USD 3-4 million, milestone payments payable upon regulatory approvals in Europe and the US of 10.0 million USD in total, and a royalty of 2% of net sales. Royalty is payable until either the payment cap is reached, or the license rights expire. Settlement and milestone payments are to be credited against the payment cap, and off set with any royalty will not be paid up to that amount calculated.

Until now, Oxurion has paid in total 13.0 million USD to Grifols in period 2012-2013. At the moment of signing the agreement, Oxurion and Grifols have determined the price of the license to be obtained and that the consideration will be paid via upfront and milestone payment, which all occurred within a period a bit longer than 1 year. The upfront and the milestone payments are made for the acquisition of a license, which is a separately acquired intangible asset – an IP license, which is capitalized under paragraph 25 of IAS 38. Grifols has no further performance obligations for development services. The intangible asset is recognized based on the amounts paid to acquire an asset: upfront and milestone.

The milestone payments can only be capitalized if they meet the criteria for recognition of an internally generated intangible asset. This is a judgmental area as there is no direct IFRS guidance available. It requires careful considerations of facts and circumstances. Therefore, for each payment made to a third party in relation to development of a potential drug candidate, Oxurion has evaluated the capitalization criteria set by IAS 38, and conclusion is that both upfront and milestone payments should be capitalized for the obtained license.

The asset is amortized at 8.47% or for a period of 11.8 years. This period was determined based on the period of validity of the patent that protects JETREA® in the US, a region for which this product is envisaged, which is until October 30, 2024. Amortization has started once JETREA® was launched on the market.

At year-end 2018 and 2017, the net carrying amount of the Grifols IP license technologies amounted to 5.0 million euro and 5.8 million euro respectively.

NuVue

In 2004, Oxurion and NuVue entered into a license and collaboration agreement for development of plasmin-based products. In 2012, Oxurion has signed a settlement agreement with NuVue, based on which Oxurion has taken over the full intellectual property portfolio from NuVue in this area for a consideration of 16.0 million USD (12.0 million euro). Based on this agreement, any future financial liabilities from the initial contract have expired. This IP license was used for the development of JETREA®.

The payment is made for the acquisition of an IP license, which is a separately acquired intangible asset, that is capitalized under paragraph 25 of IAS 38. NuVue has no further performance obligations for development services. The asset is amortized at 8.47% or for a period of 11.8 years, under the same rationale as the Grifols license.

At year-end 2018 and year-end 2017, the net carrying amount of the NuVue IP license amounted 6.0 million euro and 7.0 million euro respectively.

Life Sciences Research Partners VZW (LSRP)

Following a contract between the former Thromb-X NV and former DCRF VZW, dated June 1, 2000, and amended on March 27, 2012, Oxurion NV has the obligation to pay royalties on JETREA® net sales to LSRP, due to licensed patent rights that LSRP owns. In 2018 and 2017, Oxurion has recognized 0.054 million euro and 0.064 million euro royalties to LSRP respectively, which are recognized in cost of sales.

The payment of royalties is not for any asset to be acquired under IAS 38, and as such, they should be expensed. The industry practice is to classify such payments in cost of sales, as they are in function of generated sales.

Research Corporation Technologies, Inc. (RCT)

In December 2000, Research Corporation Technologies, Inc. and Oxurion entered into a licensing agreement under which Oxurion was granted a license to RCT's Pichia yeast expression technology for an early step in the manufacturing of ocriplasmin. Oxurion has a contractual royalty obligation to RCT of 2% of net sales of JETREA®. In 2018 and 2017, Oxurion has recognized 0.099 million euro and 0.172 million euro royalties to RCT respectively, which are recognized in cost of sales.

The payment of royalties is not for any asset to be acquired under IAS 38, and as such, they should be expensed. The industry practice is to classify such payments in cost of sales, as they are in function of generated sales.

Beta Therapeutics

On November 5, 2018, Oxurion entered into a strategic research collaboration with Beta Therapeutics Pty Ltd. (Canberra, Australia) to develop new heparanase inhibitors for the treatment of retinal disorders with large unmet medical needs such as dry-age-related macular degenera-tion. Under the terms of the agreement, Oxurion will have an exclusive option to license in the heparanase inhibitor program.

In December 2018, Beta Therapeutics received an upfront payment of 0.250 million euro from Oxurion which was recorded as R&D expense.

Further, Oxurion is entitled to exercise the licencing option against development, regulatory and commercial milestone payments, as well as royalties on net sales on the products developed under the partnership. These transactions have not occurred yet.

Commercial Agreements

Fujifilm Diosynth Biotechnologies UK, Limited

In September 2010, Oxurion 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 Oxurion and in 2015 the manufacturing and supply agreement was amended by a Site Letter Agreement clarifying some of the contractual terms.

Oxurion places a binding order once per year to Fujifilm, and Fujifilm produces the drug substance in batches, and delivers them on EXW terms, where the risks passes to Oxurion on delivery to Patheon. Oxurion has a manufacturing agreement with Patheon, who produces the final drug product for JETREA®, based on the drug substance produced and delivered by Fujifilm.

Inventory produced by Fujifilm is recorded as work-in-progress and valued at standard cost determined once per year by Oxurion. Actual in-voiced costs are recorded directly to the cost of sales. Any difference between standard and actual cost is allocated to work-in-progress at each reporting date, as part of the standard inventory costing procedure. Net realizable test is carrying out each reporting date as well. Any prepayments made to Fujifilm for which the production has not yet been completed are recorded in inventory as prepayments.

Patheon

Under a Manufacturing and Supply Agreement, Patheon serves as the final drug product manufacturer for JETREA® for commercial purposes, based on the drug substance produced by Fujifilm, as described above. Patheon manufactures and delivers JETREA® final drug product in glass vials to the distributors engaged by Oxurion (Alcon/Novartis, Eumedica, ICare, etc.). 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. The new agreement stipulates the same terms with only one difference which relates to the annual minimum order level.

Inventory produced by Patheon is recorded as finished good and valued at standard cost determined once per year by Oxurion. Actual invoiced costs are recorded directly to the cost of sales. Any difference between standard and actual cost is allocated to the finished good at each reporting date, as part of the standard inventory costing procedure. Net realizable test is carrying out each reporting date as well.

License, Development and Commercial Agreement

Alcon/Novartis

INITIAL AGREEMENT (2012 – SEPTEMBER 2017)

In March 2012, Oxurion signed a 375 million euro strategic license agreement with Alcon/Novartis, the global leader in eye care, under which Alcon/Novartis was entitled and obligated to register, develop and commercialize JETREA® outside the US. Upon execution of the license agreement, Oxurion received an upfront payment of 75.0 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/Novartis amounting to 90.0 million euro in aggregate. The agreement also stipulated additional sales milestones, and royalty on net sales. Under IAS 18 "Revenue", the following revenue recognition policy was applied:

- Upfront payment was recognized at the point in time as license income, as it relates to delivered right to use an asset to Alcon/Novartis. The sale of the license was completed in full with the transfer of the license to Alcon/Novartis in March 2012. From that moment on, Alcon/Novartis controlled and had the risks and rewards from operating the license. There were no additional obligations for Oxurion in connection with the transfer of the license or other services after the receipt of the payment.
- The milestones relating to regulatory approval were not probable until approval was obtained. The milestone was recognized as revenue when regulatory approval was received. There were no pending obligations for Oxurion in connection with the transfer of the license or other services after the receipt of these milestone payments.
- The sales milestone was not recognized as revenue as the sales targets were not reached.
- Revenue from sale of commercialized product was recognized as revenue upon delivery to Alcon/Novartis, as this was when Oxurion has transferred the significant risks and rewards to Alcon/Novartis.
- Any royalty income was recognized as revenue when the underlying sales were made by Alcon/Novartis, since the probable inflow and reliable measurement recognition criteria were unlikely to be met before the sales were made.

Oxurion did not have any sale of vials to Alcon/Novartis under this initial agreement in 2017, until settlement date. Subsequent sales were made under the new profit transfer agreement, of which the terms are explained further below.

SETTLEMENT AGREEMENT (SEPTEMBER 2017)

Since January 2015, the Company was involved in a nascent dispute with Alcon/Novartis, concerning costs to be paid by Alcon/Novartis for the drug product JETREA® under the licensing agreement. On September 15, 2017, the parties entered into a contractual settlement arrangement on the basis of which the licensing agreement was terminated and Oxurion regained full global rights to JETREA®. Under the terms of the settlement agreement, Alcon/Novartis will work closely with Oxurion to ensure continuity and access to JETREA® for existing and future customers during a transition period of up to two years. As a settlement, Oxurion received a cash amount of 53.7 million euro and an equity investment of 10.0 million euro in Oxurion capital from Novartis Pharma AG. Equity increase was made at the market price of the shares. The cash settlement of 53.7 million euro relates to:

- 3.2 million euro of compensation for historical purchase price adjustments and was recorded in revenue in 2017.
- 4.5 million euro were received for intervention in obsolescent drug materials and was recorded in other income, as this is a compensation for historical obsolete inventory. The sharing of these costs was agreed in the settlement negotiations.
- 45.0 million euro were received from Alcon/Novartis in compensation respectively for ending the JETREA® ex-US commercialization agreement and this was recorded under other income

All these payments are non-refundable payments, related to a compensation for past events, and there are no performance obligations for Oxurion in relation to these payments. This settlement agreement supersedes the initial license and distribution agreement signed in March 2012. As from the date of the settlement agreement in September 2017, there are no performance obligations for any party under the terms of the initial license and distribution agreement. Therefore, this settlement agreement is to be considered as a legal extinguishment, and income was fully recognized in 2017.

PHASE-OUT PERIOD 1 (SEPTEMBER 2017 – MARCH 2019)

Phase 1 period is defined as a period from September 15, 2017 to March 15, 2019, or earlier, in which Alcon/Novartis will still distribute the product in twelve European countries, as well as in Australia/New Zealand, Switzerland and Canada but under the new terms. Alcon/Novartis will earn a 9% handling fee, and a supply price of 129,88 euro/vial, contractually defined as a profit transfer mechanism. At the end of the new term, Alcon/Novartis will transfer back the marketing and distribution rights to Oxurion, as well as the remaining inventory at the purchase price minus any given discounts. Upon delivery of the products to Alcon/Novartis, Alcon/Novartis bears the inventory risk. No royalties will be charged, as they are replaced by the profit transfer mechanism.

Based on IFRS 15, there is only one performance obligation for Oxurion which is to deliver the product to Alcon for further distribution to end-customers. Revenue is recognized once the performance obligation is satisfied - upon delivery to Alcon, which is when Alcon obtains the control over the asset. A right of return is not a separate performance obligation, but it affects the estimated transaction price for transferred goods. Revenue is only recognized for those goods that are not expected to be returned. In order to achieve that, Oxurion needs to assess, based on its historical information and other relevant evidence, if there is a minimum level of sales for which it is highly probable that there will be no significant reversal of cumulative revenue, as revenue needs to be recorded for those sales. At year-end 2018, no countries remain in Phase 1.

PHASE-OUT PERIOD 2 (MARCH 2019 – SEPTEMBER 2019)

Phase 2 period is defined as a short transition period from approximately March 15, 2019 (or earlier) to September 15, 2019 or earlier. Amended terms will apply during this period according to which Oxurion will ship JETREA® to Alcon/Novartis, but ownership in JETREA® will remain with Oxurion, and Alcon/Novartis will provide packaging and distribution services on behalf of Oxurion. Alcon/Novartis will only earn the packaging fee.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to end-customer (through Alcon/Novartis). Revenue will be recognized at the point in time, upon delivery to end-customer, which is when the end-customer obtains the control over the asset.

At year-end 2018, one country, Australia, remains in Phase 2.

POST-ALCON/NOVARTIS PERIOD

After Phase 2 is completed, Oxurion will distribute the products to end-customers outside of US by engaging new distributors, such as Eumedica, ICare and others. At year-end 2018, this is already the case for Germany, Austria, United Kingdom, Ireland, Belgium, Luxemburg, Portugal, Italy, Spain, Switzerland, Greece and Canada. Refer to more information below on arrangements with these distributors.

At year-end 2018, the Group has considered all inventory held at Alcon /Novartis or delivered by Alcon/Novartis to the new distri-

butors, and whether such inventory may be returned by Alcon/Novartis, based on Phase 1 or Phase 2 terms. A return accrual of 0.191 million euro has been established, in order to accrue for any inventory at Alcon/Novartis for which buy-back and/or destruction is expected. The estimate was made by using the expected value method.

EUMEDICA

In June 2018, Oxurion and Eumedica have signed a Commercial Agreement, where Eumedica will provide the distribution services for JETREA®. Eumedica will act as an agent of Oxurion, as Oxurion has a primary responsibility for the product quality, inventory risk, and discretion in establishing the sales price. The arrangement has the characteristics of a consignment arrangement where Eumedica does not have a control of the product, and Oxurion can direct its use and ask for the return. Eumedica will collect the payments from end-customers for Oxurion. Eumedica will charge a monthly distribution fee that covers services provided: customer service, shipment preparation fees, packaging, storage, labeling/repackaging, administration, destruction & waste handling, etc.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to the end-customer. This performance obligation is satisfied when Eumedica transfers (delivers) the product to the end-customer, as this is the moment when the customer obtains the control over the product. Therefore, revenue is recognized at the point in time upon delivery to end-customer for the price of the product. While inventory is located at Eumedica, it is recognized as inventory of Oxurion due to consignment terms. Eumedica fees are recognized partly under distribution costs and partly under selling expenses, as they are charged on a monthly basis. For 2018, Oxurion paid 0.032 million euro for distribution costs, 0.211 million euro for selling expenses and received 0.805 million euro revenue for the select number of markets served by Eumedica.

ICARE PHARMA DISTRIBUTORS PTY LTD (ICARE)

In June 2018, Oxurion and ICare signed an agreement, where ICare obtains the license from Oxurion to market, promote, and sell JETREA® in New Zealand and Australia. ICare will bear all costs of commercialization. JETREA® is not yet registered in New Zealand and all costs of registration will be borne by ICare. The contract became effective on July 1, 2018, when existing marketing approval was transferred from Alcon/Novartis to ICare for Australia.

Oxurion will deliver the product to ICare on DDP incoterms, and ICare will bear the inventory risk from the moment of receiving the product. ICare will purchase the product at agreed purchase price, and also pay royalties to Oxurion based on a fixed price per vial sold by Oxurion to ICare. ICare will invoice the end-customer, and deal with any governmental discounts/rebates, and returns. ICare is acting as a principal in this arrangement.

Under IFRS 15, Oxurion will have only one performance obligation, which is to deliver the product to the distributor, ICare. This performance obligation is satisfied when Oxurion transfers (delivers) the product to ICare, as this is the moment when ICare obtains the control over the product. Therefore, revenue is recognized at the point in time upon delivery to ICare for the price of the product. Royalty revenue is recognized on a quarterly basis upon ICare reports on the sales to end-customers.

ICare's distribution fees are recognized under selling expenses, as they are charged on a monthly basis.

US SALES – LOGISTICS AND DISTRIBUTION AGREEMENTS WITH ICS, BESSE, MCKESSON, AND WALGREENS

Oxurion has engaged ICS as a logistic provider for the US market, in order to perform warehousing, marketing, and contract administration services. JETREA® product is shipped from manufacturing site of Patheon to ICS in the US, where it is held on a consignment. ICS receives monthly compensation for these services. Oxurion has engaged three distributors for the US market: Besse, McKesson and Walgreens, who distribute the product to end-customer. These distributors earn a distribution fee and are acting as agent of Oxurion. Oxurion has only one performance obligation – to deliver the product to the end-customer. Therefore, revenue is recognized at the point in time upon delivery to end-customers. Return accrual is established at each reporting date based on the expected value method.

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 preclinical characterization of two of the programs under license with this institute, i.e. Anti-PlGF and PlGF.

In September 2017, Oncurious NV, an affiliate of Oxurion NV, and VIB entered into a research collaboration and license agreement on the basis of which Oncurious acquired exclusive licenses to a portfolio of five unique next generation immune-oncology assets, based on seminal work originating from the VIB-KULeuven laps of Massimiliano Mazzone and Gabriele Bergers, and from the the VIB-VUB lab of Jo Van Ginderachter.

On December 12, 2017, VIB made a contribution in kind into the share capital of Oncurious by contributing an asset – an IP license. To further account for this equity-settled share-based transaction under IFRS 2, Oncurious had to measure the received asset (license) and the corresponding increase in equity, directly, at the fair value of the goods received, unless that fair value cannot be estimated reliably. The fair value of the contribution in kind was determined at 0.857 million euro (which represent 857 shares), which represents the fair value of the IP license transferred, as determined by an independent valuation report and which is capitalized according to paragraph 25 of IAS 38. An increase in equity has been recognized accordingly. VIB already had 125 shares in Oncurious, and after this contribution, the number was increased to 982 shares, representing 18.33% of ownership of Oncurious. Remaining 4,376 shares are owned by Oxurion, that has 81.67% of ownership.

If a proof of concept is reached, VIB has the option to increase its participation in Oncurious to a maximum of 30%. The contract also provides for royalties once sales are achieved.

At year-end 2018 and year-end 2017, the net carrying amount of the VIB IP license amounted 0.982 million euro, as no amortization has been recorded yet. During 2018 and 2017, Oxurion has paid 0.398 million euro and 0.106 million euro of R&D costs respectively to VIB in relation to this research program.

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 (AS AT 31 DECEMBER)	2018	2017
Less than one year	507	504
More than one year but less than 5 years	156	37
Total	663	541

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 0.627 million 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.

Oxurion 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.

On January 29, 2018, ThromboGenics, Inc. has concluded a new operating lease relating to a building involving a commitment of 0.127 million USD (approximately 0.114 million euro) for a period less than one year and a commitment of 0.184 million USD (approximately 0.156 million euro) until 31 May 2021.

Other Commitments

Research and development commitments

As at December 31, 2018, the Group had commitments outstanding in the context of research and development agreements amounting to 7.730 million euro compared to 8.764 million euro in 2017, 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 VLAIO, as a government grant. Contracts with VLAIO 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, VLAIO has the right to reclaim the funds previously granted. Oxurion NV Group considers this as a remote possibility. Please refer to the accounting policy described in section 5.5.3 and the rationale used in order to recognize grant income over the course of the project. Total amounts received in 2018 with respect to government grants from VLAIO amount to 0.081 million euro, compared to 0.271 million euro in 2017.

On December 12, 2017 Oxurion NV has granted a loan facility to Oncurious to further develop and commercialize TB-403 for an

amount of 2.103 million euro. At year-end 2018, an amount of 1.0 million euro was facilitated.

Related parties

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

Subsequent events

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

Done on March 7, 2019,

On behalf of the Board of Directors

6. Statutory auditor's report to the general shareholders' meeting of the company as at 31 December 2018

In the context of the statutory audit of the consolidated financial statements of Oxurion NV (the Company) and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of 3 May 2016, following the proposal formulated by the board of directors issued upon recommendation of the audit committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on 31 December 2018. We have performed the statutory audit of the consolidated financial statements of the company Oxurion NV for nine consecutive years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income , the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements s, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of 114.864 (000) EUR and for which consolidated income statement and other comprehensive income shows a loss for the year of 38.779 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31 December 2018, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTING TREATMENT OF NEW REVENUE STREAMS SUBSEQUENT TO REGAINING THE GLOBAL RIGHTS TO ITS PRODUCT JETREA (OCRIPLASMIN)

Discussion of the matter

Subsequent to an agreement made in 2017 with Alcon/Novartis to regain the global rights to its product JETREA (ocriplasmin), Oxurion has entered into a new commercial, services and distribution agreements to provide support to Oxurion regarding the sale and distribution of products outside the US.

These agreements and the accounting treatment was significant to our audit procedures, because these are new revenue streams for the company.

Procedures performed
Our audit procedures included, amongst others:

- We have analyzed the agreements, assisted by experts in IFRS at our firm, to create an understanding of the impact on the financial statements and its disclosures.
- We have reviewed the accounting treatment as presented by the management, and in particular the revenues recognized in line with the accounting and valuation rules as adopted by the Company in accordance with IFRS.
- We assessed the adequacy of the Company's disclosures in Note 5.6.1 of the Consolidated Financial Statements.

IMPAIRMENT OF ASSETS

Discussion of the matter
The intangible fixed assets include capitalized development costs relating to JETREA® sVMA/VMT. These fixed assets are amortized over their estimated economical lifetime, and an additional impairment was recorded in 2016. The company tested these assets for impairment at the end of 2018, in accordance with IAS 36. This impairment test did not result in the need for an additional impairment, since the carrying value did not materially deviate from the realizable value, as described in Note 5.7.2.1. of the Consolidated Financial Statements.

The valuation of these intangible assets is significant to our audit because of the potential impact on the financial statements and the fact that the impairment test contains key judgmental areas that are affected by assumptions.

Procedures performed
Our audit procedures included, among others:

- We have analyzed and reviewed the Company's impairment model including the significant underlying assumptions described in Note 5.7.2.1 and checked whether an adequate valuation model was applied.
- We have assessed whether the cash generating units were defined in accordance with IFRS.
- We consulted a valuation expert in our firm to assess the methodology and discount rate as applied in the model.
- We reviewed the sensitivity analysis prepared by management to understand the effect of changing assumptions.
- We considered all available information provided to us by the Company to assess potential additional impairment triggers.
- We reviewed the completeness and adequacy disclosures in Note 5.7.2.1 of the Company's Financial Statements.

Responsibilities of the board of directors for 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 (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control identified during the audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter.

Statutory auditor's report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the contents of the management report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) that is supplementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, as well as to report on these elements.

Aspects related to the management report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 119 of the Company Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, namely:

- Chapter 3.1 Key Figures
- Chapter 3.2 Activities of Oxurion
- Chapter 3.3 Comments to Consolidated Financial Statements
- Chapter 3.5 Description of the Principal Characteristics of the Company's Risks

contain a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

We do not express any form of assurance whatsoever on the management report on the consolidated financial statements nor on the other information contained in the annual report on the consolidated financial statements.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of annual accounts and our audit firm remained independent of the Company during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 134 of the Company Code were duly itemised and valued in the notes to the consolidated financial statements.

Other statements

- This report is in compliance with the contents of our additional report to the audit committee as referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 3 April 2019

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

7. Abbreviated statutory Financial Statements

The Annual Accounts of Oxurion 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:

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

There is also an electronic version of the full Statutory Annual Report and the reports which can be obtained via the internet from the Oxurion's website (www.oxurion.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 Oxurion NV

IN '000 EURO (AS AT 31 DECEMBER)	2018	2017
ASSETS		
Fixed Assets	27,693	30,182
Intangible fixed assets	20,852	24,005
Tangible fixed assets	577	913
Financial fixed assets	6,264	5,263
Current assets	92,339	123,896
Amounts receivable after more than one year	2,404	4
Inventories and work in progress	1,099	2,268
Amounts receivable within one year	3,289	3,202
Current investments	20,465	52,449
Cash and banks	64,451	62,402
Deferred charges and accrued income	630	3,572
TOTAL ASSETS	120,032	154,078
LIABILITIES		
Equity	111,057	137,898
Capital	147,977	162,404
Share premium account	13	157,661
Accumulated profits (losses)	-36,933	-182,168
Amounts payable	8,975	16,180
Amounts payable after more than one year	0	0
Amounts payable within one year	6,974	14,304
Accrued charges and deferred income	2,001	1,876
TOTAL LIABILITIES	120,032	154,078

7.2. Income statement of Oxurion NV

IN '000 EURO (FOR THE YEAR ENDED 31 DECEMBER)	2018	2017
Operating income and charges		
Gross margin	-5,592	55,347
Remuneration, social security costs and pensions	-7,471	-7,607
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	-22,550	-20,759
Amounts written down stock, contracts in progress and trade debtors - Appropriations (write-backs)	-2,005	-1,608
Other operating charges	-861	-648
Non-recurring operating charges / operating income	5	0
Operating profit (loss)	-38,474	24,725
Financial income	1,072	251
Financial charges	-287	-1,152
Profit (loss) for the period before taxes	-37,689	23,824
Income taxes	756	0
Profit (loss) for the period	-36,933	23,824
Profit (loss) for the period available for appropriation	-36,933	23,824

7.3. Appropriation account of Oxurion NV

IN '000 EURO (FOR THE YEAR ENDED AT 31 DECEMBER)	2018	2017
Profit (loss) to be appropriated	-219,100	-182,167
Gain (loss) to be appropriated	-36,933	23,824
Profit (loss) to be carried forward	-182,167	-205,991
Transfers from capital and reserves	182,167	0
from capital and share premium account	182,167	0
from reserves	0	0
Profit (loss) to be carried forward	-36,933	-182,167

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.

Oxurion has capitalized ocriplasmin clinical study costs since 2008 due to the fact that this project was at that moment in Phase 3 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 3.

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:

- Property, plant and equipment: 3 to 5 years
- Furniture and fittings: 3 to 5 years

The depreciation and amortization methods, useful life and residual value are revalued 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 stated at the lower of cost or net realizable value. Inventory costing system is based on the FIFO-method.

Goods in process and finished goods are stated at the standard manufacturing cost or net realizable value. Inventory costing system is based on the FIFO-method.

Net realizable value test is performed each reporting period. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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 is compared to the actual manufacturing price on annual basis. The difference results in an adjustment of the value of the inventory.

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. Allowance for bad debt is booked on the basis of an estimate of lifetime ECLs at each reporting, taking into account the payment history of the other party. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Impairment losses are generally recorded on receivables in the event of insolvency or similar proceedings being launched, financial restructuring at business partners, or the initiation of enforcement measures. Payment history and past-due receivables are also analyzed, with customer-specific facts assessed in each case.

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.

TAX CREDIT RECEIVABLES AFTER MORE THAN ONE YEAR

In the past, the tax credit to be received was recorded under accrued income (#491). As from 2018, based on the CBN opinion 2018/02, published on March 21, 2018, the tax credit to be received within one year will be recorded under taxes and witholding taxes to be recovered (#412) and to the extent that the repayment is estimated to occur only after more than one year, this receivable will be recorded as other receivables after more than one year (#291). 2018 amount reclassed from accrued income to tax credit receivables after more than one year amounts to 2.173 million euro.

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 Macular Edema (DME)	A complication of diabetic retinopathy and characterized by an accumulation of fluid in the macula. It can occur at any stage of the disease. The macula is responsible for the sharp vision and therefore swelling results into debilitating progressive vision loss that greatly affects patients' quality of life (such as reading and driving).
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.
ECL	Expected credit losses on financial assets.
EMA	European Agency of Medicinal Products.
FDA	US 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
OCI	'Other comprehensive income' is a commonly used term within IFRS which represents the certain gains and losses of the company not recognized in the statement of profit and loss and are often the result of changes in the value of assets or liabilities.
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
Preclinical 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.
VLAIO	Flanders Innovation & Entrepreneurship
VMA	Vitreomacular adhesion.
VMT	Vitreomacular traction.

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