2016

2016
ANNUAL REPORT

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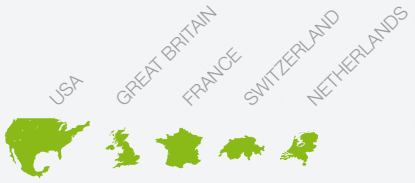
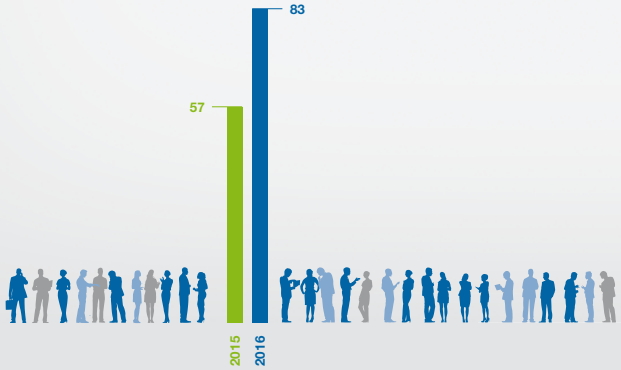


SUBSIDIARIES

5 NEW WHOLLY-OWNED SUBSIDIARIES



+46%

HEADCOUNT

26 NEW EMPLOYEES
46 % INCREASE

GEAR

ACQUISITION

GEAR FOR EXPANDING CONTENT LEADERSHIP

Nº 150 +47%

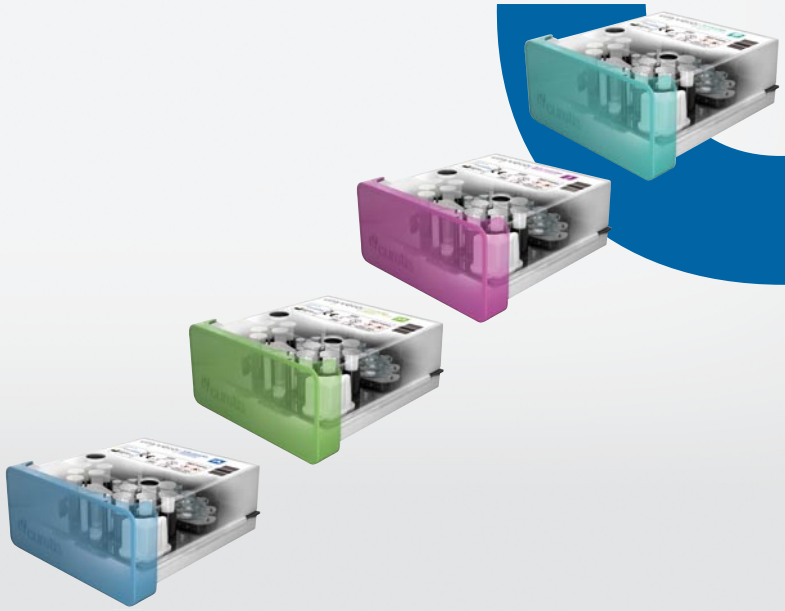
GLOBAL INSTALLED BASE

47% GROWTH IN GLOBAL
INSTALLED BASE
OF UNYVERO ANALYZERS
AS OF 31 JANUARY 2017

3

NEW CARTRIDGES

3 NEW UNYVERO TESTS



25 MIO. EUR

ADDITIONAL FINANCING

UP TO EUR 25 MILLION AVAILABLE
THROUGH NON-DILUTIVE
DEBT FINANCING FROM EIB

ACQUISITION

GYRONIMO FOR EXPANDING
UNYVERO TO ANY-PLEX

GYRONIMO

I MANAGEMENT REVIEW

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This annual report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should", and include statements the Company makes concerning the intended results of its strategy. By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's actual results may differ materially from those predicted by the forward-looking statements. The Company undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by law.

INTRODUCTION

Curetis N.V. (hereinafter “Curetis”) is a publicly listed molecular diagnostics company, which develops and commercializes innovative diagnostic solutions for severe infectious disease testing. The solutions are designed to improve treatment and medical outcomes for hospitalized patients. The Unyvero Solution is a CE-marked three device- and PCR-based platform complemented by indication specific tests (syndromic cartridges). It allows for rapid and comprehensive identification of pathogens and antibiotic resistance markers. Current CE-marked Unyvero Applications target severe cases of pneumonia, implant and tissue infections as well as bloodstream-associated infections. A fourth application for critical intra-abdominal infections has completed development in the first week of January 2017. Unyvero’s advantage is the timely access to comprehensive and actionable data (4-5 hours for Unyvero versus 24-72 hours for traditional microbiology) and its reliability. The platform is based on intelligently integrated proven technology, its ability to process a variety of native patient samples and on an intuitive workflow.

Curetis’ headquarters are based in Holzgerlingen, nearby Stuttgart in Southern Germany. In addition, Curetis wholly owns six subsidiaries which are located in San Diego, CA (U.S.), London (U.K.), Strasbourg (France), Holzgerlingen (Germany), Amsterdam (The Netherlands) and Zug (Switzerland). Founded in 2007, Curetis has raised EUR 44.3 million in an IPO on Euronext Amsterdam and Euronext Brussels (ticker symbol “CURE”) and private equity funds of over EUR 63.5 million. Furthermore, Curetis has entered into a debt financing facility with the European Investment Bank for up to EUR 25 million.

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CURETIS AT A GLANCE

- **Commercialized Products:** Unyvero Platform and three syndromic Unyvero Cartridges for pneumonia, implant and tissue infections (second generation) and blood-stream infections (CE-IVD in EU)
- **Strong R&D Pipeline:** Numerous syndromic Unyvero Cartridges for intra-abdominal infections (development completed) and sepsis host response, extended respiratory panel, cardiology-related infections, pediatric infections in development
- **Successful Acquisitions:** GEAR NGS database and IP from Siemens and real-time qPCR platform Gyronimo from Carpegen and Systec
- **Strong Presence:** Headquarters and production facility in Germany and wholly-owned subsidiaries in France, Switzerland, the Netherlands, United Kingdom and United States
- **Market Access:** U.S. FDA regulatory trial completed with positive topline data, Chinese FDA regulatory trial being run and financed by partner Beijing Clear Biotech (BCB), trial data filed for Singaporean approval
- **Growing Installed Base:** 142 Unyvero Analyzers by the end of 2016; surpassed 150 installed Analyzers in January 2017 (n.b. the installed base includes commercial systems as well as clinical trial systems and demo units for evaluation by future potential customers and thus only a part of these installed base systems are revenue generating at this stage)
- **Expanding Commercial Network:** Direct Sales in Western Europe and the U.S., growing network of distribution partners in Europe, Middle East, and Asia
- **Strong Partnerships:** Heraeus Medical (co-marketing in orthopaedics) and pharmaceutical companies
- **Lean Organization:** 83 employees as of 31 December 2016
- **Strong Cash Position:** EUR 24 million in cash and cash equivalents and a VAT refund receivable, excluding EIB debt financing facility of up to EUR 25 million (31 December 2016)

2016 IN BRIEF

ACHIEVEMENTS Q4-2016

- Installed base of Unyvero Analyzers increased to 151 by year-end of 2016 and early January 2017, a 47 % growth rate from 103 at the end of year 2015 (n.b. the installed base includes commercial systems as well as clinical trial systems and demo units for evaluation by future potential customers and thus only a part of these installed base systems are revenue generating at this stage)
- Successfully acquired the qPCR platform Gyronimo
- Secured up to EUR 25 million debt financing from the EIB (European Investment Bank)
- Announced positive topline data from U.S. FDA trial and prepared FDA submission
- Completed development of Unyvero Intra-Abdominal Infection (IAI) Cartridge

ACHIEVEMENTS Q3-2016

- Acquired the GEAR database and IP from Siemens
- Launched the second generation of CE-IVD marked ITI Unyvero Cartridge with a significantly broadened panel
- Appointed Christopher M. Bernard as President & CEO of the newly-formed U.S. subsidiary
- Completed build-out of EMEA Direct Sales teams and commercial subsidiaries in UK, France, Benelux, Switzerland

ACHIEVEMENTS Q2-2016

- Completed patient sample enrollment for the U.S. FDA trial with Unyvero LRT Cartridge
- Curetis' partner Acumen submitted a filing to the regulatory authorities in Singapore with the goal of achieving regulatory clearance for the Unyvero Hospitalized Pneumonia Cartridge
- Decision by the Japanese Patent Office to grant a key patent for the Unyvero Platform combining PCR amplfication and array-based detection in the Unyvero Cartridges
- Launch of the CE-IVD marked BCU Unyvero Cartridge for severe bloodstream infections
- Prabhavathi Fernandes, Ph.D., elected as member of the supervisory board
- Entered into a multi-market European distribution agreement with Axonlab covering Central and Eastern European countries including Austria, the Czech Republic, Slovakia, Slovenia and Croatia.

ACHIEVEMENTS Q1-2016

- Hired Willem Haagmans as Head of Sales EMEA
- Established Medical Advisory Board with leading experts from different fields
- Co-signed the "Davos Declaration" for supporting the battle against antimicrobial resistance

MESSAGE FROM THE CEO

Dear Shareholders,

2016 has been another transformational year for Curetis. Not only did we meet the major strategic milestones laid out during our IPO, but also did we manage to acquire additional non-dilutive financing with a debt facility from the European Investment Bank (EIB) of up to EUR 25 million. This has allowed us to make some strategic acquisitions to further accelerate the growth and expand the commercial potential of Curetis in the long-run. With the purchase of world-leading GEAR database of proprietary antibiotic resistance markers from Siemens, and the Gyronimo platform acquisition in December, Curetis will be able to offer differentiated content, including proprietary resistance marker assays. With integration of the new assets, Unyvero will be transformed into a platform spanning from low to medium all the way to very high multiplexing of over 100 diagnostic targets and has therewith the high potential to become the diagnostic platform of choice.

One of the major value drivers for Curetis is the U.S. FDA clearance of the Unyvero System with our lower respiratory tract (LRT) cartridge. To that end, we had completed patient enrolment on schedule by mid 2016, presented strong top line clinical performance data in fall and have prepared the complete FDA submission package as expected by year-end 2016. On 5 January 2017, the FDA submission was filed with the U.S. FDA and we are now awaiting additional feedback from a planned face-to-face meeting at the agency in the coming weeks.

In anticipation of a possible 2017 FDA clearance decision we have already built a strong core leadership team at our newly founded commercial subsidiary Curetis USA Inc. in San Diego, California. Chris Bernard our President & CEO of Curetis USA, Inc. has assembled a very experienced team of senior marketing, sales and scientific affairs executives who are now preparing the expected launch and commercial roll-out of Unyvero in the U.S. market later in 2017.

In the EMEA region – in line with our guidance during the IPO – we have built direct sales and marketing operations in key territories such as the United Kingdom, France, Benelux, Switzerland and have also reorganized our German commercial team. In each of the direct selling markets we have established small, wholly-owned sales subsidiaries to allow operating locally according to best practices in each of the markets. Overall our European commercial team has almost doubled in size during 2016 and our gobal installed base of Unyvero Analyzers has reached 142 by the end of 2016 and hit the target 150 Analyzers in 31 January 2017, however, not all of them revenue generating yet.

With three completed development projects of highly multiplexed Unyvero Cartridges we have exceeded the targets set at IPO. Unyvero has become a truly versatile platform with three commercially available cartridges in Europe and a fourth cartridge having completed development already. A strong pipeline of further applications has been mapped out for development over the coming years. We thank all of you, our shareholders, for your continued support in 2016 and look forward to providing you with regular updates on our corporate and commercial developments in 2017 and beyond.

Yours sincerely,
Oliver Schacht, Ph.D.

LETTER FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Curetis Shareholders,

Having now had one full year as chairman of the Supervisory Board, I am pleased to update you on Curetis' achievements during our first year as a publicly-listed company. My fellow Board members and I continuously strive to support the company's plans and strategic objectives in the best interests of you, our shareholders, as well as our customers and other stakeholder groups, including physicians, patients, our international partners and, very importantly, our employees.

We have been working very closely with the Management Board to ensure consistent and effective execution of our strategy. Regular face-to-face meetings and telephone conferences between the entire Supervisory Board and the Management Board form the backbone of this close interaction. In addition, there are regularly scheduled, bi-weekly calls between our CEO and me, to ensure open and timely dialogue.

Together we are making certain that the Supervisory Board is continuously informed and updated, and that everyone is included in discussions of all material aspects of the business and corporate development.

Looking back, 2016 was a year of strategic expansion for Curetis: commercial expansion, product development, acquisitions and additional financing. Together with the Management Board, the Supervisory Board has been monitoring the company's commercial progress and organizational growth and we have been working closely together to refine and evolve Curetis' corporate strategy. This includes critically analyzing and challenging Curetis' management on proposed acquisitions. These robust discussions eventually led to the unanimous decision to acquire the next generation sequencing-based GEAR database from Siemens and the real-time PCR Gyromino platform from Carpegen and Systec.

We feel that these are important strategic moves, allowing us to evolve the Unyvero Platform. We are adding important new targets and extending our platform's reach to be closer to the patient's bedside in critical situations. Not only are we expanding the Unyvero Cartridge Pipeline, but also enhancing its utility from a high-plex to a much more comprehensive high-, medium- and low- multiplex solution. The Supervisory Board and I closely followed, monitored and advised Curetis throughout these negotiations, leading to the successful acquisition of both assets.

Being able to fund growth is always on the minds of management, and Curetis has now positioned itself well for the coming years. We have the option to draw down up to EUR 25 million under a non-dilutive financing agreement with the European Investment Bank (EIB), which was reached in 2016. This is in addition to the capital we had already raised through our public listing. The Supervisory Board was involved in all steps and discussions around non-dilutive debt financing and advised the Management Board on term sheet and contract negotiations.

The Supervisory Board and its audit committee also worked very closely with our auditors at PwC during our first ever public company financial reporting and general shareholder meeting. The Supervisory Board is also very closely monitoring the corporate risk management process and risk reporting, and is advising the Management Board on further refinements to these activities. The Supervisory Board is also closely collaborating with and I am in regular dialogue with the chairpersons of its subcommittees.

Curetis is in the exciting yet challenging early phases of commercial launch. As with any new innovative product, there are often lengthy sales cycles to contend with, and continuous improvements to the overall product offering's quality need to be implemented as experience is gained. As we grow, we will continue to actively recruit, motivate and incentivize top talent in newly established commercial functions internationally, and the Supervisory Board has placed major emphasis on gaining early visibility around all key company performance indicators, so that we insure the organization is prepared to succeed.

With the impending U.S. FDA clearance of Unyvero and the lower respiratory tract infection cartridge, the accelerated commercial roll-out in key EMEA markets, further expected regulatory approval in Singapore for the ASEAN region, as well as the launch of new products, 2017 is promising to be another milestone-driven year for Curetis. The Supervisory Board and I are looking forward to continuing to support Curetis in its strategic growth plans and to ensure that all measures and steps taken, are pursued in the best interests of our shareholders and all stakeholder groups.

Yours sincerely,
William (Bill) E. Rhodes, III

OPERATIONAL REVIEW 2016

NEW PRODUCT LAUNCHES

In April 2016, Curetis launched the BCU Blood Culture Cartridge which is addressing bloodstream infections. With its next generation Unyvero ITI Cartridge for implant and tissue infections Curetis launched in September its second Unyvero test in 2016. The CE performance evaluation study was successfully completed and demonstrated an overall average sensitivity for all pathogens of 86.9% and an overall average specificity for all pathogens of 99.2% in a total of 1,100 samples. The next-generation cartridge now covers a total of 102 diagnostic targets (up from 80 in the first generation), comprising 85 of the most clinically relevant pathogenic microorganisms, including Gram-positive and Gram-negative bacteria, several fungi, and 17 related antibiotic resistance markers.

Furthermore, Curetis has progressed the development of its fourth Unyvero Application, the IAI Intra-Abdominal Infection Cartridge, which was completed during the first week of January 2017. In addition, the fifth Unyvero Cartridge, a partnered Sepsis Host Response program (with anticipated completion not before the end of 2017) is progressing according to plan.

MARKET ACCESS

UNYVERO U.S. FDA REGULATORY TRIAL

Curetis has successfully completed the U.S. FDA trial for the Unyvero Platform and its LRT Application in lower respiratory tract infections. Positive top line data were reported in October 2016 which was followed by the FDA submission of Curetis´ (de novo) 510(k) data package to the U.S. FDA filed on 5 January 2017. FDA feedback and potential clearance for Unyvero and subsequent start of commercialization are expected in 2017.

The prospective and retrospective study met its primary endpoint by demonstrating an overall weighted average sensitivity of 91.4% and an overall weighted average specificity of 99.5% (99.8% after discrepant result resolution). These data are fully consistent and in line with the performance evaluation previously conducted by Curetis for CE-IVD marking in Europe, as well as published data from various European KOLs and customer sites. A total of 2,202 prospective and retrospective samples have been tested at nine trial sites across the U.S. resulting in more than 350,000 data points from Unyvero Cartridges, from microbiology culture and from independent molecular testing using PCR and sequencing. Curetis has begun preparations for U.S. FDA trials for its next U.S. product. To that end, Curetis submitted a so-called pre-submission package to the U.S. FDA, which outlines the intended use claims and a proposed study design for a U.S. version of its Unyvero ITI Cartridge.

UNYVERO CHINESE REGULATORY TRIALS

Curetis and its partner BCB are progressing the development and studies required prior to beginning regulatory trials for product clearance in China. In the second half of 2016, BCB initiated the collection of important data and preclinical parts of the trial under the auspices of the Beijing Institute of Medical Device Testing of the Beijing Center for Medical Device Quality Supervision and Testing of the Chinese State Food and Drug Administration (CFDA). Commercial efforts in Hong Kong and Taiwan, which are not subject to first obtaining CFDA approval, have already begun with a first commercial installation at a major hospital in Hong Kong, which was successfully completed in July.

UNYVERO SINGAPOREAN REGULATORY APPROVAL

The Unyvero HPN (Hospitalized Pneumonia) Application, which is equivalent to the current P55 Pneumonia Cartridge, is in the regulatory approval process in Singapore. Acumen has also filed documents for the Unyvero BCU Blood Culture Application and has started its preparations to apply for clearance of the ITI Application after the CE-IVD marking of the second-generation in Europe. Regulatory approval for the Unyvero Platform and a first application cartridge is possible in 2017.

UNYVERO JAPANESE PATENT

The Japanese Patent Office has granted a key patent for the Unyvero Platform combining PCR amplification and array-based detection in the Unyvero Cartridges. In August 2016, the patent became effective with the issuance of an official note by the Japanese patent office.

COMMERCIAL EXPANSION

UNITED STATES

Curetis hired Christopher M. Bernard into the newly-created role of President and Chief Executive Officer of Curetis USA, Inc. in San Diego, CA. During the third quarter and into the fourth quarter of 2016, the company has been building its

senior leadership and core U.S. commercial team for the North American market. The U.S. subsidiary was founded to drive the future commercial development and sales of the Curetis' Unyvero Platform in North America. Curetis is planning direct commercialization of all Unyvero Products in the U.S. hospital market.

EUROPE

Curetis has made excellent progress in expanding its commercial footprint in its direct sales territories. To this end, Curetis has established four new wholly-owned commercial subsidiaries in Europe covering the UK, the Netherlands for the Benelux area, France and Switzerland. Moreover, Curetis has hired senior market development managers and key account managers from industry leaders such as Roche, Cepheid, Abbott and others.

INSTALLED BASE

Curetis increased its worldwide installed base of Unyvero Analyzers by 47 % within a year, growing it from 103 to 142 as of 31 December 2016 and 151 by 31 January 2017 (n.b. the installed base includes commercial systems as well as clinical trial systems and demo units for evaluation by future potential customers and thus only a part of these installed base systems are revenue generating at this stage)

ACQUISITIONS

GYRONIMO – qPCR BASED PLATFORM

In December 2016, Curetis acquired the real-time qPCR-based Gyronimo platform from joint owners Carpegen GmbH and Systec GmbH. The transaction allows Curetis to transform Unyvero into a uniquely broad platform offering with capabilities ranging from rapid 1 hour testing for 10+ diagnostic targets to highly multiplexed syndromic testing panels delivering results for over 100 diagnostic targets in 4 to 5 hours. Integrating Gyronimo into the Unyvero Platform for infectious disease testing will also allow Curetis to significantly expand its product portfolio into novel application areas such as infection control, viral testing and central nervousy system infections, as well as applications for immunocompromised patients.

Under the terms of the agreement, Curetis is acquiring all Gyronimo platform assets, including fully functional prototype systems and the entire intellectual property portfolio comprised of several patent families pending and a key patent granted in the U.S., Canada and China, and allowed in Europe. Curetis will also obtain exclusive Gyronimo know-how and a non-exclusive license to background intellectual property and know-how. Curetis will be granted exclusive worldwide rights to the platform, including the right to sublicense, partner or sell it, with an exemption for Carpegen and Systec in dental testing as well as in environmental and food safety testing.

In exchange for these assets, Curetis made a one-time upfront cash payment of EUR 5.0 million. Carpegen and Systec are eligible for two discrete, one-time milestone payments upon platform and first cartridge CE-marking and FDA clearance, respectively, totaling up to EUR 2.5 million with the potential for a royalty-based earn-out of up to EUR 9 million at an industry-typical mid-single digit percentage rate.

GEAR – NGS DATABASE AND IP

In September 2016, Curetis acquired sole commercial rights from Siemens Technology Accelerator to the GEAR (GEnetic Antibiotic Resistance and Susceptibility) platform and database with all of its content, numerous GEAR-related patents and patent applications, as well as all corresponding know-how. The acquisition gives Curetis sole worldwide product development and commercial rights, including the right to sublicense in the fields of human and animal diagnostics as well as food safety testing. Furthermore, Curetis has secured the exclusive rights to leverage the GEAR assets in collaboration with pharmaceutical companies for the development of novel antimicrobial drugs for human and animal health.

The state-of-the-art bioinformatics database comprises NGS and antibiotic susceptibility data of more than 11,300 bacterial strains that have been collected at more than 200 sites on 5 continents over 30 years. The next generation sequencing (NGS) data with 0.4 trillion reads is a wealth of comprehensive and internationally relevant information amounting to 30 terabytes in total.

GEAR will allow Curetis to rapidly identify potential novel biomarkers, biomarker combinations, and algorithms predicting antibiotic resistance, as well as potential novel targets for antimicrobial drugs. The acquisition adds significantly to the leadership position that Curetis has established in the area of genetic antimicrobial resistance biomarker testing with its Unyvero Cartridges. Curetis will further expand and mine the GEAR database in collaboration with leading academic institutions as well as pharmaceutical and diagnostics companies, and leverage those into commercial products on its Unyvero Molecular Diagnostics Platform and beyond.

FINANCING

EUROPEAN INVESTMENT BANK (EIB)

In December 2016, the EIB granted Curetis a facility of up to EUR 25 million senior, unsecured loan. This was the first growth capital loan granted under the European Growth Finance Facility (EGFF). The EIB provides EUR 10 million immediately, with a further EUR 15 million available upon meeting certain milestones.

The debt facility features typical market interest rates with more than half of the interest payments deferred into the repayment at maturity. The funding can be drawn in up to five tranches within the next 24 months; each tranche is to be repaid upon maturity five years after draw-down. The flexible terms allow Curetis to fund up to 50% of its expected medium-term R&D project requirements (incl. R&D staff costs, external R&D operating expenses, corresponding capital expenditures for R&D etc.) and will enable Curetis to fund the strategic expansion and enhancement of its Unyvero Platform and products.

Specifically, the funds will allow the further development and validation of complementary technology assets and corresponding IP, and the funding of clinical trials. In addition, the funds will support the integration of the recently acquired GEAR database and assets.

GENERAL MEETING

During the General Meeting held in Amsterdam on 16 June 2016, shareholders approved all items on the agenda of the General Meeting, including the election of Dr. Prabhavathi Fernandes (former CEO of Cempra Pharmaceuticals, Inc., Chapel Hill, NC, U.S.) as a member of Curetis Supervisory Board for a three-year term until 2019. Prabhavathi Fernandes has profound knowledge in infectious diseases and antibiotics, as well as experience in successfully founding, developing and leading several biotech companies and taking one public on Nasdaq raising more than 500 million dollars.

Moreover, Dr. Holger Reithinger and Dr. Rudy Dekeyser were re-elected for another one-year term, respectively. The proposed resignation of Dr. Frank Mühlenbeck, the creation of a new Stock Option Program for the Company and associated changes to the Supervisory Board remuneration policy as well as changes to the Management Board's Remuneration Policy and Stock Option grants were also approved by the shareholders.

COLLABORATIONS AND STRATEGIC ALLIANCES

DISTRIBUTION AGREEMENTS

In 2016 and going forward, Curetis has established new collaborations and strategic alliances including new distribution agreements with Helix Squared covering Greece, Axonlab for Austria, Czech Republic, Slovakia, Slovenia and Croatia; Eldan covering Israel, Synttergie Consult for Romania and Technomed for Hong Kong. For details on partnerships and collaborations, please see page 24.

MEDICAL ADVISORY BOARD

In January 2016, Curetis established a Medical Supervisory Board (MAB) which is expected to meet several times per year and chair roundtables with further key opinion leaders in the field. Goal of the MAB is to advise Curetis on important trends and issues in clinical microbiology as well as novel product concepts addressing high medical need questions in the diagnosis of severe infections in hospitalized patients. Curetis expects the MAB to provide valuable insight and guidance along the entire value chain of innovative molecular diagnostics products including concept, definition, clinical validation, and positioning.

At its foundation, the MAB consisted of four leading experts in their respective fields: Dr. Reno Frei (former Head of the Division of Clinical Microbiology, University Hospital Basel, Switzerland), Prof. Mathias Pletz, MD (Jena University Hospital, Germany), Prof. Jean-Louis Vincent, MD, PhD (Hôpital Universitaire Erasme, Brussels/Belgium), and Prof. Robin Patel, MD (Mayo Clinic, U.S.), who also served as Principal Investigator of Curetis' U.S. FDA trial, which was completed in 2016. In April 2016, Dr. Laurent Poirel (Associate Professor in the Microbiology Unit, Department of Medicine, University of Fribourg, Switzerland) joined the MAB. In March of 2017 the MAB was expanded to also include Dr. Melissa Miller (UNC School of Medicine, Chapel Hill, NC, U.S.).

FINANCIAL REVIEW 2016

- Revenue for 2016 was EUR 1.3 million versus EUR 2.1 million in 2015. Revenues of 2015 included an exceptional EUR 1.3 million in revenues from pharma as well as Asian partners who will now have to achieve regulatory approvals in China and ASEAN markets before being allowed to commercialize the Unyvero Platform.

- Gross profit decreased from EUR -74 thousand in 2015 to EUR -290 thousand in 2016 due to less revenues.

- Distribution costs increased from EUR 2.8 million in 2015 to EUR 5.1 million in 2016 while R&D expenses increased from EUR 6.7 million in 2015 to EUR 7.0 million in 2016.

- Operating loss totaled EUR -15.2 million in 2016 compared with EUR -12.1 million in 2015 due to the commercial expansion, R&D and pipeline expansion efforts.

- Net loss for 2016 was EUR -15.2 million compared to a net profit for 2015 of EUR 13.8 million. This difference is due to the finance income of EUR 27.8 million net, resulting mainly from the fair value measurement of the preferred and common shares of Curetis AG, triggered by the corporate reorganization of the Company.

- On 31 December 2016, Curetis Group's cash, cash equivalents and financial assets amounted to EUR 22.8 million (excluding EIB loan facility of up to EUR 25 million) compared with EUR 46.1 million on 31 December 2015.

- Total assets in 2016 were EUR 42.8 million compared to EUR 57.4 million in 2015.

- Inventory levels increased from EUR 2.8 million at the end of 2015 to EUR 5.9 million at the end of 2016. This was predominantly driven by increasing numbers of Unyvero Systems installed yet still owned by Curetis.

- Trade receivables as of 31 December 2016 were EUR 101 thousand versus EUR 1,072 thousand at the end of 2015. This was mainly due to the fact that in December of 2015 a total of 19 Unyvero Systems had been sold to China and ASEAN distribution partners with no such corresponding transaction in late 2016.

- Equity in 2016 was EUR 40.4 million compared to 2015 at EUR 54.8 million.

- Net cash flow from operating activities was at EUR –15.7 million in 2016 compared to EUR -8.5 million in 2015, while net cash flow used in investing activities was EUR –7.4 million in 2016 compared to EUR -1.1 million in 2015, mainly resulting from the acquisitions of the GEAR database and Gyronimo platform, respectively.

- In 2016, we saw a net decrease in cash and cash equivalents of EUR 23.3 million compared to a net increase in cash and cash equivalents or EUR 43.1 million in 2015 due to the IPO that year.

- With the cash available at year-end 2016 (plus a VAT receivable amount of EUR 1.2 million) in combination with the EUR 10 million debt from EIB that are immemdiately available for draw-down without the need for meeting any additional miletsones, we believe to be well-funded for at least the next 12 to 18 months.

OUTLOOK 2017 / 2018

Later in 2017, we expect further FDA feedback on our submission as well as a possible clearance decision for our Unyvero Platform and LRT Cartridge in the U.S., followed by the launch and commercial roll-out of Unyvero in the U.S. market. To that end, we have already built our senior commercial leadership team of six individuals in the U.S. by the end of 2016. Once we have gained visibility and clarity on the FDA decision making process and likely timelines, we would begin adding the sales force and support organization of an estimated 20 additional new hires in the U.S. so that we can launch quickly upon FDA clearance. Within the first 12 to 18 months of launch, our U.S. commercial team will strive to establish a significant footprint of installed Unyvero Analyzers at important key accounts and with early adopters.

Furthermore, Curetis expects to initiate its second U.S. FDA clinical trial for one of its other Cartridges and the aim of completing this trial in 2018. Further U.S. FDA trials will follow to continue expanding the portfolio of available differentiated testing applications in the U.S. as well.

Continued focus and attention will be on our EMEA commercial roll out and growing the installed base of Unyvero Analyzers. Following a year 2016 during which we built a sales organization and installed 48 net new Analyzers by the end of January 2017, the focus will now shift to commercial conversions of these new accounts, driving cartridge utilization with an ever-growing menu of Unyvero Cartridges. This focus on conversion aims to support top-line revenue growth in addition to continuing the drive towards expanding our installed base.

In 2017, we expect first regulatory clearance of the Unyvero Platform in the ASEAN region and initial commercial roll-out. We also expect to complete all steps required by the CFDA from our partners and us in terms of preclinical work needed in the first half of 2017 for our Chinese partner to initiate prospective clinical trials in China in the second half of 2017. Our partner intends to run multiple clinical CFDA trials for the pneumonia implant and tissue infection and bloodstream infections cartridges, respectively. Such trials will likely not be completed before 2018 with subsequent CFDA submission and approvals needed before being able to launch and commercialize broadly in the Chinese market.

Following the successful technology transfer of the GEAR database and assets in late 2016, we plan to build a small core-team for the GEAR Bio-IT activities in early 2017. With Dr. Andreas Posch joining us from Siemens as the team's director we have ensured strong leadership for this GEAR Bio-IT team. This team will not only help fuel our own Unyvero development pipeline with unique resistance marker content, but will also leverage the GEAR assets for additional non-dilutive grant financing, licensing deals and R&D collaboration agreements and the future monetization of any non-core applications of GEAR in the coming years.

In the first half of 2017, we plan to complete the technology and asset transfer of the Gyronimo platform such that development of the integrated Unyvero 2.0 platform based on the Gyronimo technology and prototypes can begin seamlessly. We target a completion of development of the instruments and cartridge technology in 2018, in time for first assays to be developed and established on the platform by end of 2018 for a European commercial launch in early 2019.

GEAR

By adding further differentiated Cartridges to the portfolio of the Unyvero Solution in 2017 and 2018, Curetis aims to accelerate customer utilization on the respective installed base of Unyvero Systems. In the coming years, Curetis expects to launch several CE-IVD marked products in Europe, including Unyvero Cartridges for urinary tract infections, sepsis host response, cardiology-related infections and an expanded respiratory panel. These will be complemented by additional new cartridges on the Gyronimo module for indications such as infection control, viral testing, immunocompromised patients, central nervous system infections and others.

Curetis will also continue to evolve its shareholder base from its historic venture capital investors to a more diversified blue-chip, long-term institutional investor base and to improve liquidity and free float for its stock. Curetis also strives to continue evolving the composition of its Supervisory Board to include additional independent members with relevant industry experience. The close collaboration with its Supervisory Board is a key element of Curetis' strategy to become an important player in the fast growing molecular diagnostics market and to generate significant value for its current and future shareholders in the coming years.

Given the typical cash-flow pattern of an early stage commercial MDx company with an impending launch in the U.S., it is only natural that Curetis considers all tactical and strategic financing options available to it in the debt and equity capital markets globally. Curetis is also pursuing various non-dilutive financing mechanisms such as government grants or licensing and partnering models to partially fund some its operations in 2017 and 2018. With access to a total of up to EUR 49 million of cash at year-end 2016 (including the maximum up to EUR 25 million EIB debt financing facility) management believes that Curetis is well funded for the years ahead. Nonetheless, building a direct sales and marketing organization not only in key EMEA markets but also the U.S. while at the same time progressing multiple development programs is a costly endeavor and may thus require additional capital inflow in the future.

BUSINESS AND PRODUCT OVERVIEW

The following sections provide an overview on Curetis' strategy, its products and pipeline as well as its partnering agreements.

STRATEGY

Curetis' goal is to become a leading molecular diagnostics provider for critical hospital infections. Simplifying diagnostics – Curetis intends to make reliable and relevant microbial information available in an acceptable time frame, thereby allowing clinicians to adapt therapy at an earlier point in time in the care cycle, translating into better patient outcomes, savings for healthcare providers and contributing to the preservation of antibiotics and its effectiveness. Curetis believes that to optimize treatment of microbial infections, it is crucial to have timely access to relevant information on pathogens and their antibiotic resistance markers. Considering that empirical treatment is estimated to be inadequate in up to 45% of patients [1], optimized and more targeted antibiotic treatment regimens improve patient outcomes and lower mortality rates while providing cost savings to healthcare providers through shorter ICU and hospital stays and reduced use of antibiotics.

Curetis' operational and financial objectives are to broadly establish the Unyvero Platform in hospitals in Europe, in other markets accepting the CE-IVD mark as well as the U.S. and Chinese markets upon clearance by respective authorities. Curetis aims to drive top line revenue growth by placing and / or selling Unyvero Systems in more and more geographies and selling an increasing number of Unyvero Cartridges on these systems. With the exception of instrument manufacturing, Curetis is a fully integrated molecular diagnostics company addressing all aspects of the value chain covering in-house cartridge development and manufacturing and as well as commercialization and distribution of Unyvero products.

To that end, Curetis follows a dual strategy of direct commercialization in some key markets and distribution partnerships in others. The progress in implementing this strategy is measured by tracking revenue growth, increase in installed base of Unyvero Analyzers, and number of countries and accounts covered either directly or via partners. Additional parameters include the number of cartridges commercially available and the number of countries they are available in.

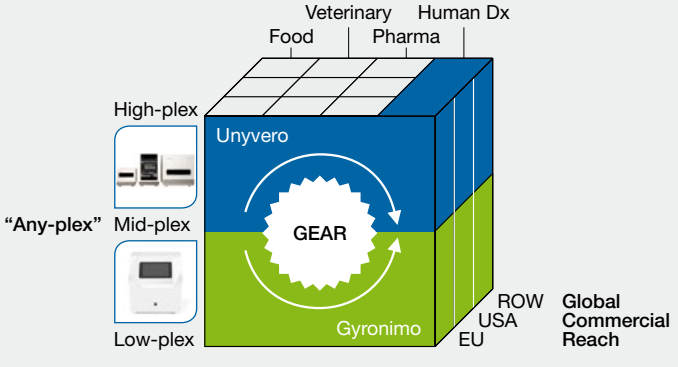
With its current Unyvero Solution, Curetis addresses severe infections in hospitalized patients, such as pneumonia, implant and tissue infections, bloodstream infections with positive flagged blood culture, intra-abdominal infections, etc., that require complex multi-plexing answers on underlying pathogens and resistances to antibiotics. Therewith, Curetis positions itself in the high-end segment of the market with broad syndromic panels which will be expanded to panels requiring lower plexing by integrating the Gyronimo platform.

Curetis has continuously worked on expanding its commercial reach as well as enhancing its Unyvero Platform and expanding its pipeline of unique Unyvero Applications. The acquisitions of the NGS database GEAR and the Gyronimo Platform present assets to advance and diversify Unyvero in the medium to long term and they are expected to lead to a Unyvero 2.0 Platform. Using the wealth of genetic and antibiotic resistance (GEAR) data collected at more than 200 sites on five continents over 30 years, Curetis aims to expand its content leadership in this area. The development and seamless integration of the Gyronimo platform, currently in prototype stage, will allow Curetis to expand from a high- multiplex to 'any-plex' provider by providing solutions for medium- and low-plex needs. Curetis expects these transactions and acquisitions to have the potential to double peak sales in the long-term, leveraging the existing infrastructure, accessing new customer segments, and several future value-inflection points. The commercial trajectory post these two acquisitions is expected to facilitate multiple additional product launches and regulatory approvals, as well as new deal making opportunities. Curetis will continuously provide updates on relevant associated milestones over the coming years.

The image below gives an overview of the dimensions of product and commercial reach opportunities through integrating Unyvero, Gyronimo and the GEAR database content.

UNYVERO, GYRONIMO AND THE GEAR

ACROSS MDX & CDX APPLICATIONS



[1] *Kollef et al. (1999) 'Inadequate antimicrobial treatment of infections: a risk factor for hospital mortality among critically ill patients', American College of Chest Physicians 115 (2): pp.462-474.*

UNYVERO PLATFORM

The Unyvero Platform comprises the Unyvero System, proprietary software, and single-use application-specific cartridges.

The Unyvero System is based on multiplexed end-point polymerase chain reaction with an array-based detection process. The smart integration of established robust molecular diagnostic technologies in the Unyvero Solution enables very high multiplexing capabilities. Furthermore, Unyvero can test a broader range of native patient sample materials compared to competing platforms.

Sample lysis, DNA extraction, polymerase chain reaction and result read-out are operated fully automatically. The walk-away solution requires only 4 to 5 minutes hands-on-time by non-specialized laboratory or clinical personnel. It can be placed both in patient-near settings such as intensive care units as well as in a laboratory environment such as the microbiology laboratory.

UNYVERO CARTRIDGES

With eight parallel and fully independent multiplex endpoint PCR chambers, the single-use, disposable and sealed Cartridges facilitate the identification of a broad range of disease relevant microorganisms and antibiotic resistance markers in a closed system, thereby enabling truly syndromic infectious disease testing.

The P55 Pneumonia Cartridge marketed in EMEA and Asia comprises 20 microorganisms and 19 antibiotic resistance markers. The Unyvero LRT (Lower respiratory Tract), the U.S. Version of P55 that was recently submitted for US-FDA review and clearance. The LRT panel includes up to 36 analytes for all key pathogens and antibiotic resistances in this indication area.

The second generation ITI Cartridge launched in September 2016 encompasses 85 microorganisms and 17 antibiotic resistance markers, broadening the first generation panel from 80 to 102 diagnostic targets. The Unyvero BCU Cartridge launched in April 2016 to address severe bloodstream infections covers 103 diagnostic targets with 87 pathogens and 16 resistance markers. The recently developed IAI (Intra-Abdominal Infection) Cartridge is expected to cover up to 112 diagnostic targets.

All cartridges have the same physical design and format, and contain a DNA extraction and purification column with silica membrane, all required reagents and buffers, a mixing vessel for PCR set-up, a waste chamber, and eight fully independent PCR chambers with integrated multiplex end-point PCR amplification and array-based detection. Unyvero Cartridges differ only in the primer composition in the eight PCR chambers, in the detection probes on the specific detection arrays in each PCR chamber and in the indication and sample selection protocols (software), as well as Cartridge execution protocols and labelling. Each cartridge has two specific loading slots: one for the sealed Unyvero Sample Tube, containing the lysed patient sample, and the other for the sealed Unyvero Mastermix Tube. All cartridges are pre-filled with all required reagents except for the PCR Mastermix and have a self-contained fluidic system, significantly reducing the contamination risk. The single-use cartridge can be handled as standard waste in hospitals.

DIAGNOSTIC SYSTEMS

The Unyvero Cartridges are processed on the commercially available CE-marked Unyvero System. In future, dedicated cartridges will also be developed for being processed on the Gyronimo analyzer module, currently in prototype stage.

THE UNYVERO SYSTEM

The Unyvero System consists of three devices: L4 Lysator, C8 Cockpit and A50 Analyzer.The Unyvero L4 Lysator is used for sample pre-processing and pathogen lysis. Up to two L4 Lysators can be attached to a single C8 Cockpit allowing to process up to eight samples simultaneously within 30 minutes, combining mechanical, thermal, enzymatic and chemical lysis steps. The L4 Lysator allows the use of a very wide range of native sample types due to a proprietary sample processing method (several patents pending).

The Unyvero C8 Cockpit is the control panel for the L4 Lysator and A50 Analyzer and displays the results of patient sample analysis. Step-by-step instructions guide the user from preparing a test to executing the fully automated process in the Analyzer in just a few minutes. The results display, storage of results and data storage, as well as information about the performed tests including the cartridges' shelf-life and lot numbers, are generated automatically and can be exported in various standard formats.

The Unyvero A50 Analyzer consists of mechanical, electronic, pneumatic and optical elements and enables a fully-automatic random-access processing of the Unyvero Cartridges. Once a run is started, the Analyzer automatically executes and controls all sample processing and analysis steps inside the sealed cartridge. For safety and robustness, all fluids are collected and remain within the sealed cartridge, which can be disposed in the standard hospital waste. Up to eight A50 Analyzers can be attached to a single C8 Cockpit allowing to process up to 16 samples simultaneously within four to five hours.

THE GYRONIMO ANALYZER MODULE (PROTOTYPE STAGE)

Curetis acquired the Gyronimo analyzer from Carpegen and Systec in December 2016. Currently in prototype stage, Curetis intends to fully and seamlessly integrate the Gyronimo platform into its Unyvero Platform suite of products with respect to system architecture, design, software and handling. In doing so, Curetis believes to add to its competitive advantages, expanding its platform to Unyvero 2.0 with 'any-plex' capabilities, addressing new market segments and diversifying the application pipeline.

Gyronimo offers a rapid time to result (potentially as fast as 60 minutes), qualitative and, where needed, quantitative real-time PCR testing in a cartridge format that can provide up to 10 parallel multiplex qPCR reactions from one sample. As such, it lends itself to medium- and low-plexing applications with a potential of up to 30 diagnostic targets. Importantly, the new Unyvero module will leverage the unique capabilities of the Unyvero Cockpit and Lysator for seamless workflow integration and flexible handling of very challenging and diverse native patient samples. In addition, all-in-one stand-alone modules are envisaged for certain future applications.

With Unyvero 2.0, Curetis will offer a comprehensive and flexible solution that can be tailored to customer needs. Unyvero and Gyronimo could be either used as stand-alone systems for high-and medium multiplexing, respectively, or in a mixed installation set-up, the customer could take advantage of the sample preparation and interface by combining the Lysator, Cockpit and Gyronimo. By choosing a fully integrated solution such as Unyvero 2.0, customers are fully flexible and can take advantage of the 'any-plex' capabilities and system modularity for a broad range of throughput needs, making the Unyvero Solution potentially suitable for a variety of application settings such as the microbiology laboratory or near-patient testing.

Over the next two years, Curetis expects to complete the IVD development and industrialization as well as OEM manufacturing of Gyronimo analyzers, develop the first Gyronimo cartridges and establish in-house cartridge production. The Company expects completion of development and CE IVD marking not before late 2018. COGS of the Gyronimo cartridges are expected to be considerably lower than those for Unyvero Cartridges and other MDx multiplexing systems, opening attractive commercial opportunities in the medium multiplexing infectious disease testing market segment.

Lower, medium and high multi-plexing

Lower and medium multi-plexing

Lower and medium or high multi-plexing

Low — Multi-plexing Capacity — High

PRODUCT PIPELINE

Curetis develops, manufactures and commercializes cartridge tests for severe infectious diseases in hospitalized patients with a high unmet medical need and significant prevalence in developed countries that require the detection of a broad range of pathogens (bacteria, fungi and, in the future, potentially also viruses, toxins and parasites) and antimicrobial resistance markers.

The patients targeted by Unyvero cartridges are often hospitalized in intensive care units and, due to the severity of their infection combined with the burden of their primary condition, suffer from high mortality rates, posing an economic challenge to the hospital. Timely diagnosis of the underlying pathogens and their resistances can greatly improve outcomes and likely provide net savings to the hospital. Current culture-based diagnostic methods, however, only deliver results within 48 to 72 hours limiting the ability to make informed decisions at the start of therapy. Curetis aims to improve on this standard-of-care by offering comprehensive molecular information in a timely manner that allows for improved treatment as well as clinical and health economic outcomes.

All current Unyvero Cartridges deliver results within 4 to 5 hours depending on indication area, on over 100 diagnostic targets, all of which are clinically validated. The broad Unyvero test panels allow the identification of microorganisms overlooked in culture, as well as rare but critical pathogens. Furthermore, the multiplexing capabilities allow inclusion of a large number of validated genetic resistance markers (typically 15 to 20 on each cartridge covering major classes of antibiotics) for delivery of additional information critical to clinical decision making. Importantly, the System is designed to process any kind of native sample and positive flagged blood cultures, making it easy to integrate into established workflows in the clinical routine.

With many years of experience at major medical device and MDx companies such as Hewlett Packard, Agilent and Philips, Curetis' Application Cartridge development team is able to develop Unyvero Cartridges entirely in-house for manufacturing at Curetis' own dedicated cartridge manufacturing site in Germany.

The Unyvero Applications are designed for specific indications with the intent to cover all relevant pathogens and their associated antibiotic resistance markers, therefore enabling a comprehensive diagnosis of the majority of relevant cases of a specific disease. Currently, Curetis is commercializing the P55 (pneumonia), the ITI (implant and tissue Infections) and the BCU (blood culture) Cartridges in Europe and other markets that accept CE-IVD-marking.

Curetis is continuously expanding its product portfolio by adding new cartridges every year. Moreover, the Company is continuously updating and evolving its existing cartridges' content and performance to meet future market needs and reflect the dynamically changing pathogen and antibiotic resistance landscape.

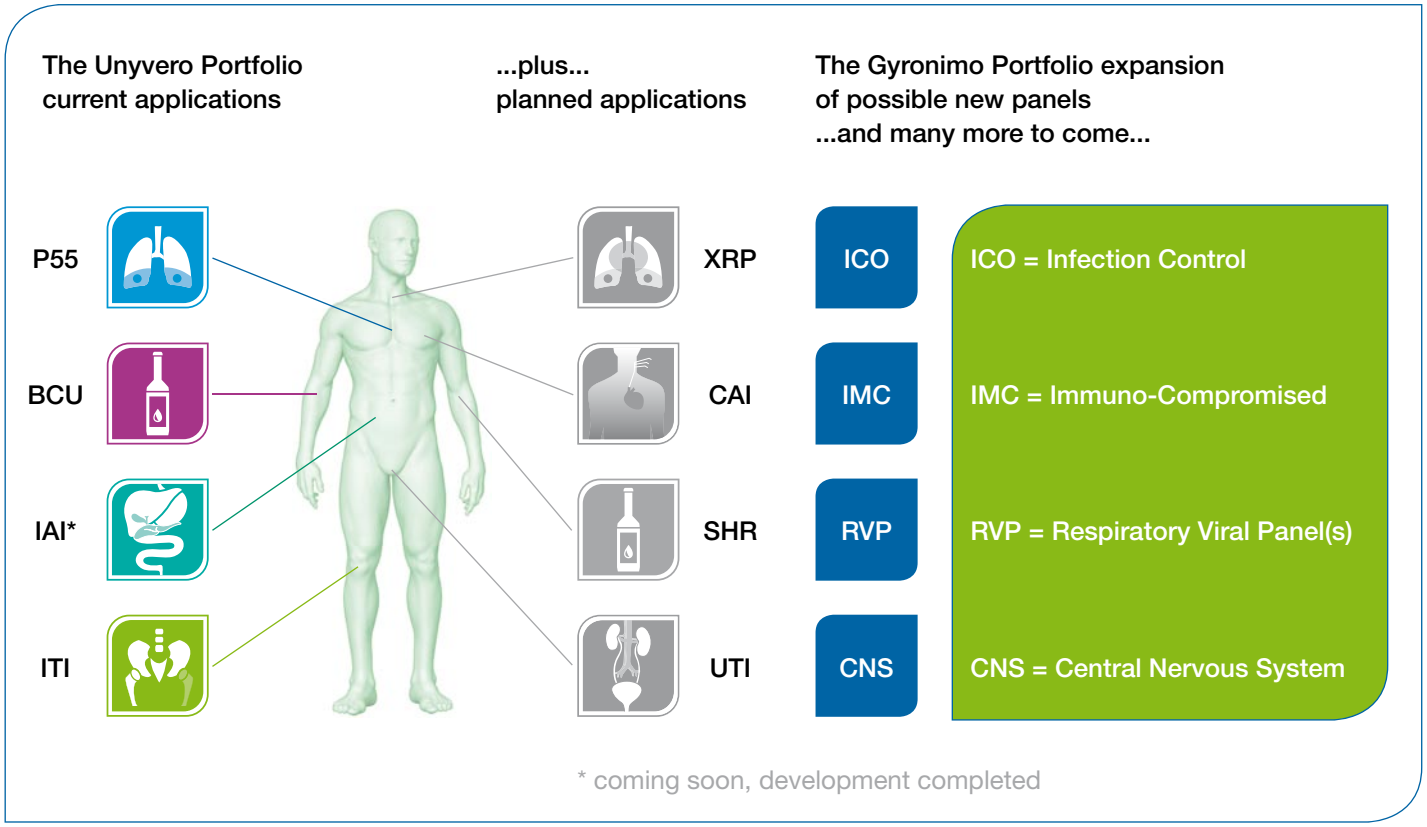
As the next product in the pipeline, the IAI (intra-abdominal infection) Cartridge's development was completed in early January 2017 and has entered final clinical performance evaluation with clinical partners. The development of an Application for sepsis host response (SHR) with its Singaporean partner Acumen is progressing as planned. Further, Curetis' product pipeline features applications for urinary tract infections (UTI), cardiological-related infection panels (CAI) and an extended respiratory panel (XRP).

Integrating the Gyronimo analyzer modules, which is not expected to be complete before the end of 2018, will further broaden the future pipeline by extending it to indication areas that require medium-level multiplexing. Potential new products could include a respiratory viral panel (RVP), and panels for immunocompromised patients (IMC), central nervous system (CNS) infections, and infection control (ICO).

UNYVERO PNEUMONIA (P55) APPLICATION CARTRIDGE (CE-IVD MARKED) AND LRT (SUBMITTED TO U.S. FDA)

- Indication area: most severe cases of pneumonia – healthcare-associated pneumonia (HCAP), hospital-acquired pneumonia (HAP), ventilator-associated pneumonia (VAP), severe community-acquired pneumonia (sCAP)
- Number of targets: 39, i.e. 20 microorganisms and 19 antibiotic resistance markers
- Sample types: sputum, broncho-alveolar lavage, tracheal aspirate
- High clinical sensitivity (94%) and clinical specificity (99.4 %)
- Lower Respiratory Tract Infections panel (U.S. equivalent to pneumonia application) filed for 510k clearance with the U.S. FDA authority with 36 targets

The following figure gives an overview of Curetis' current and potential future Cartridge Pipeline:



* coming soon, development completed

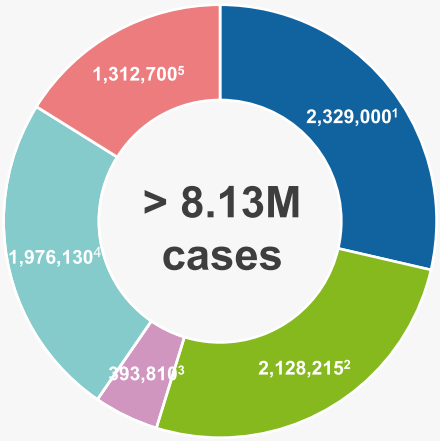
UNYVERO IMPLANT AND TISSUE INFECTION (ITI) CARTRIDGE (CE-IVD MARKED)

- Indication area: most severe cases of implant and tissue infections – prosthetic joint infections (PJI), surgical site infections (SSI), diabetic foot ulcers, catheter-associated infections, deep skin and tissue infections, cardiology-related infections, other implant infections and burn-wound infections
- Number of targets: 102, i.e. 85 microorganisms and 17 antibiotic resistance markers
- Sample types: sonication fluid, synovial fluid, swabs, tissue, pus, aspirate / exudate, etc.
- High clinical sensitivity (86.9%) and clinical specificity (99.2%)

UNYVERO INTRA-ABDOMINAL INFECTION (IAI) CARTRIDGE (DEVELOPMENT COMPLETED)

- Indication area: severe intra-abdominal infections – peritonitis, appendicitis, acute abdomen, acute pancreatitis, megacolon
- Number of targets: up to 112, i.e. 74 bacterial pathogens, 13 fungi, 3 toxins and 22 resistance markers
- Potential sample types: paracentesis fluids, biliary fluids, peritoneal fluids, drainage fluids, retroperitoneal fluids, pus, swabs, samples from positively flagged blood culture bottles inoculated with other fluids than blood (IAI fluids such as ascites)

TOTAL POTENTIAL AVAILABLE MARKET FOR UNYVERO (EUROPE AND U.S.)



[1] CDC (2010); ECDC (2008); Chalmers et al. (2014)

[2] Margolis et al. (2011); American Diabetes Association (2014); Diabetes Deutschland (2012); Richard et al. (2011); Livesly and Chow (2002); Dorner et al. (2009); Deutsche Gesellschaft für Verbrennungsmedizin (2014); Mayhall (2003); Klevens et al. (2007) in Jhung (2009); Geffers (2001); Brun-Buisson (2011); Michelotti et al. (2012); Sunderlin (2006)

[3] Martin (2012); Statista (2015); Dellinger et al. (2013)

[4] HCUP (2013a); CDC (2010)

[5] Martin (2012); Statista (2015)

INDUSTRIAL PARTNERSHIPS

Curetis has entered into a number of strategic and commercial partnering agreements.

DISTRIBUTION

Curetis addresses key markets in Western Europe through its own sales force directly and has established subsidiaries in France, Switzerland, the Netherlands and the United Kingdom. Furthermore, it relies on distribution partners to expand its commercial reach into other geographies.

Currently, Curetis has signed up distribution partners in Europe for Austria, Bulgaria, Croatia, the Czech Republic, Greece, Italy, Portugal, Romania, Slovakia, Slovenia and Spain. Outside of Europe, Curetis has distribution partners covering Belarus, China, Hong Kong, Indonesia, Israel, Kazakhstan, Kuwait, Malaysia, Russia, Singapore, Taiwan, Thailand, UAE, Ukraine and Qatar. In 2016, Curetis entered into additional distribution agreements with, Axonlab, Eldan, Helix Squared, Synttergie Consult and Technomed.

The Company entered into important distribution agreements with Acumen Research Laboratories for the ASEAN region and Beijing Clear Biotech for Greater China in 2015.

ACUMEN. In October 2015, Curetis and Acumen entered into a distribution agreement under which Acumen will become the exclusive distributor of Unyvero Systems and P55 and ITI Application Cartridges in Singapore, Malaysia, Thailand and Indonesia.

AXONLAB. In June 2016, Curetis and Axonlab signed an exclusive, three-year distribution agreement for Curetis' Unyvero products in Central and Eastern European countries, including Austria, the Czech Republic, Slovakia, Slovenia and Croatia. The agreement also includes contractual minimum purchase commitments by Axonlab. Through the partnership, Curetis expands its distribution network by four additional countries and transfers the commercialization responsibilities for one of its former direct selling territories (Austria) to Axonlab. The agreement is part of Curetis' expanded commercial effort in Western Europe and allows the companies to leverage Curetis' existing installed base in Austria, with Axonlab acquiring multiple commercially installed Unyvero Systems for cash up-front.

Axonlab will deploy a core team of several dedicated molecular diagnostics commercial representatives covering these markets. This deployment structure will ensure optimal resource allocation for Curetis in the region. Axonlab has dedicated microbiology and molecular diagnostics franchises and direct offices in each of the countries covered under the agreement, and it is well positioned to accelerate the commercial launch of Unyvero in the CEE markets.

BEIJING CLEAR BIOTECH (BCB). In September 2015, Curetis and Beijing Clear Biotech entered into an exclusive international distribution agreement for seven years, under which BCB acts as the exclusive distributor of Unyvero Systems and the P55 and ITI Cartridges in the People's Republic of China (China) and Republic of China (Taiwan). In order to obtain CFDA registration, Beijing Clear Biotech will also be responsible for conducting, implementing and fully funding comprehensive CFDA clinical trials of the Unyvero System and the P55, ITI and BCU Cartridges according to CFDA guidelines.

TECHNOMED. In March 2016, Curetis and Technomed, belonging to the same company group as Beijing Clear Biotech (BCB), signed an exclusive distribution agreement with Curetis assuming all rights and duties of the exclusive International Distributor Agreement between Curetis and BCB for Hong Kong. BCB will continue to be responsible for the CFDA clinical trials and filing of Unyvero Solution with the CFDA.

ELDAN. In January 2017, Curetis and Eldan signed a three-year distribution agreement for Curetis' Unyvero products in Israel. Established in 1960, Eldan operates in the marketing and sales of equipment, instrumentation and consumables for healthcare and life science. The company employs over 90 people specializing in the area of healthcare, chemistry and biology as well as 21 experienced and trained service engineers. The company is exclusive distributor for leading healthcare companies, including GE Healthcare, Agilent Technologies, Fresenius Medical Care, Qiagen, etc. Eldan is a member of the Neopharm group, which is one of Israel's leading providers of innovative integrated solutions across the spectrums of healthcare and life science.

HELIX SQUARED. In January 2016, Curetis and Helix Squared signed an exclusive, three-year distribution agreement for Curetis' Unyvero products in Greece. Helix is part the company group Rontis Corporation and focuses primarily on the distribution of innovative molecular diagnostics solutions.

SYNTTERGY CONSULT. In January 2017, Curetis and Synttergy Consult signed an exclusive distribution agreement for Unyvero products in Romania. The contract regards an intial term of three years and includes certain minimum purchase commitments by Synttergy Consult. Synttergy Consult is Distribution Company specialized in medical devices for

ER, intensive care units and laboratories. Furthermore, the company acts as exclusive distributor of Mitsubishi Chemical Europe, Accriva Diagnostics and Thermofisher Scientific (automated microbiology division).

CO-MARKETING

HERAEUS MEDICAL. In 2012, Curetis and Heraeus Medical GmbH entered into an R&D collaboration and commercial agreement on the development and commercialization of the ITI Cartridge for use on the Unyvero System. Heraeus Medical had co-funded the development work of the ITI Cartridge and, since the launch of this application, collaborates on the commercialization of the prosthetic joint infection application. This allows Curetis to leverage on Heraeus Medical's sales organization across the EU markets. In return, Heraeus Medical is eligible to certain sales commissions when successfully referring customers to Curetis.

LICENSING

ACUMEN (Sepsis Host Response Panel). In addition to the distribution agreement, Curetis and Acumen entered into a non-exclusive patent license and research collaboration agreement, under which Curetis has obtained a limited, royalty- bearing, non-exclusive, non-transferrable, non-sublicensable license to Acumen's proprietary sepsis biomarker panel for detection of sepsis host response in blood samples. Under this agreement, the parties further agree to a research and development collaboration, in which Acumen is expected to further develop its technology underlying the license and Curetis is expected to develop products based on such technology and develop a novel sepsis host response Cartridge which the parties will jointly validate in a series of clinical studies.

PARTNERSHIPS WITH PHARMACEUTICAL COMPANIES

CEMPRA PHARMACEUTICALS ("Cempra"). In July 2012, Curetis and Cempra Pharmaceuticals, Inc. entered into a collaboration agreement for the use of Unyvero Pneumonia Application Cartridges and reference lab testing services by Curetis for Cempra's global phase III trial for solithromycin capsules for the treatment of community-acquired bacterial pneumonia (CABP). The agreement, inter alia, specifies the transfer of the resulting microbiology information and clinical data, pursuant to which Curetis shall generate the Cartridge data, which it may publish after consultation with Cempra. Both Cempra and Curetis may use the material and data to support its clinical trials and regulatory submissions (including, but not limited to FDA submissions) for their respective products. In total, data has been generated from measuring more than 800 clinical sputum samples from over 100 trial sites globally. Upon successful completion of the phase III trial and some top line data having been presented by Cempra at ECCMID 2015 in Copenhagen, Curetis is closely collaborating with Cempra on final data analysis for the Cempra filing with the FDA for clearance of their drug and joint as well as individual publications.

Undisclosed Pharmaceutical Company. On 28 May 2015, Curetis and an undisclosed pharmaceutical partner entered into an agreement on the purchase and use of Unyvero Systems and P55 Cartridges as well as certain services and support activities to be delivered by Curetis as part of the ongoing global phase III clinical trial for the drug Amikacin. Under this agreement, Curetis will deliver, install and service a number of Unyvero Systems across multiple Western European countries and sites of the pharmaceutical company. The project is expected to last for up to two years until its completion. The duration of the phase III trial is expected to be 19 months. At the end of the trial, the pharmaceutical company has the option (but not the obligation) to sell some or all of the Unyvero Systems back to Curetis at a pre-determined residual value.

THE MOLECULAR DIAGNOSTICS MARKET

Molecular diagnostics comprises methods, technologies and products for identifying and analyzing nucleic acids or proteins, metabolites and biomarkers at the molecular level. Having access to molecular information permits clinicians to determine disease predisposition, to detect disease at its earliest stages, as well as to diagnose and to classify disease in tremendous detail. It also can be utilized for predicting a patient's likelihood of responding to therapeutic treatment and for monitoring disease recurrence post-intervention.

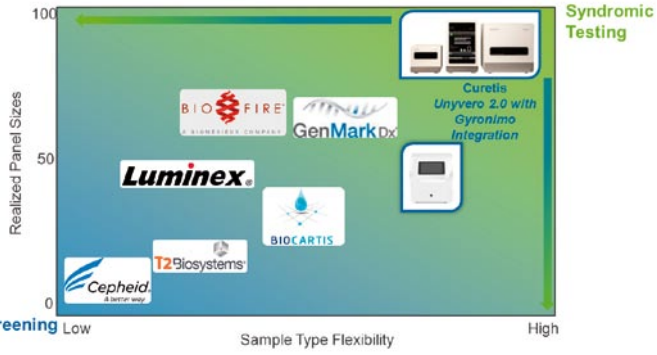
The molecular diagnostic market is a rapid growing market, which is expected to increase at a CAGR of 9.7% from USD 5 billion in 2013 to USD 7.9 billion in 2018. Segmented by application as of 2013, the market splits into 6 key indication areas with the largest being infectious diseases (45.3%), followed by oncology (14.5%), blood screening (14.4%), genetics (9.4%), microbiology (9.1%) and others (6.0%).[2]

Conventional molecular diagnostics methods required highly skilled and trained laboratory technicians to perform manual, labor- and cost-intensive handling steps in laboratory settings. Therefore, smaller and mid-sized hospitals outsourced molecular testing to independent laboratories leading to increased time-to-result – considering logistics and multiple hospitals ordering tests etc. – and delaying access to relevant treatment information for the physician, causing a potential delay in the initiation of adequate therapy.

Automated sample-to-answer platforms increasingly allow moderately trained staff to perform more tests in shorter time while hands-on time has been reduced to minutes. Highly integrated and fully contained tests have given rise to decentralization of molecular testing, so that tests can also be performed at or near the point of need, e.g. directly in an ICU or ward. Initially, MDx tests for identifying single viruses or bacteria were prevailing and used to screen larger populations. With the shift to personalized healthcare, syndromic-based multiplexed MDx tests are becoming increasingly important.[3] These multiplexed tests are designed for identifying large numbers of biomarkers in parallel and can provide a detailed picture of those microorganisms underlying an individual patient's infection including their antibiotic resistance pattern. As such, they facilitate a personalized approach to treatment with anti-infectious agents at the earliest stage of care.

CURETIS' POSITIONING

In terms of realized panel size and proven sample type flexibility, Curetis aims to position itself in the high-end segment, providing a comprehensive solution offering information on both pathogens and antibiotic resistance markers for severe infectious diseases in hospitalized patients.



Based on its corporate market analysis, Curetis believes that its Unyvero Platform offers significant advantages, e.g.

- Higher multiplexing capacity: simultaneous execution of eight independent multiplex PCR reactions and eight array-hybridization detections enable detection of an unprecedentedly broad range of microorganisms and antibiotic resistance markers in a single run,
- Higher multiplexing range: through seamless integration of the qPCR Gyronimo analyzer module into the Unyvero Platform, Curetis will add medium-plexing capabilities to its current set-up,
- The ability to process a broader variety of native sample types, even difficult and blood contaminated samples, than competing platforms with no sample preparation or pre-culturing required,
- Relevant information accessible in an acceptable time frame for critically ill patients with 4-5 hours (as low as 60 minutes on Gyronimo) as opposed to 24-72 hours with traditional microbiology.

[2] *Markets and Markets (2014) 'Molecular Diagnostics Market – Global Forecasts To 2018'.*

[3] *Laroy (2015) 'Next in line: Personalized Healthcare', available at: http://phar-in.eu/wpcontent/uploads/2015/07/EIPG25_complete.pdf [Accessed: 12 September 2015].*

Considering its panel design, Curetis believes that no directly comparable assays to its P55 and ITI Unyvero Cartridges are commercially available to date that would offer disease-directed coverage of such a broad range of bacterial markers combined with antibiotic resistance markers. With its BCU Unyvero Cartridge, Curetis has entered a competitive indication area for which the Company believes it can offer a more comprehensive panel with the advantage of being able to work with blood culture bottles from different manufacturers compared to competitors.

For Curetis' P55 Cartridge, Curetis believes that it currently has no direct competitor as there is presently no other company offering a Cartridge covering such a broad range of bacteria and other atypical pathogens (excluding viral targets), fungi and antibiotic resistance markers. Other companies, such as bioMérieux, Luminex (formerly Nanosphere), GenMark, Seegene, Genomica, Miacom, PathoFinder, Fasttrack, Randox, ArcDia and Icubate are primarily targeting the upper respiratory tract with their panels. Their panels mainly cover viruses and a few bacteria and at times a limited number of antibiotic resistance markers only.

For Curetis' ITI Cartridge, Curetis believes that it currently has no direct competitor as Mobidiag is currently developing a soft tissue and skin application on its new platform Novodiag. In terms of pathogen panel composition, assays of competitors are very different and Curetis' ITI Cartridge covers the broadest range of antibiotic resistance markers. However, Diaxonhit is developing a serological test for prostethic joint infections and bioMérieux is also currently developing a test. For both tests panel composition are not yet publicly known.

For Curetis' BCU Cartridge, GenMark, BioFire (BioMérieux), Luminex (former Nanosphere) offer competing panels. However, compared to Unyvero BCU, they are less comprehensive and in the case of GenMark and Luminex, the customer has to use two cartridges as Gram positive and Gram negative pathogens are split up into different panels while Unyvero BCU targets both Gram-positive and Gram-negative pathogens at once. Compared to BioFire Curetis' Unyvero panel is more comprehensive and has more resistance markers. Besides being the most comprehensive panel on the market, Curetis believes that Unyvero's ability to use samples from different blood culture bottles presents an advantage.

STRENGTHS

Curetis believes that the following strengths will enable it to execute its strategy and to develop the Unyvero Platform into a premium solution for diagnosing infectious diseases and detecting antibiotic resistance markers in hospitalized patients:

- Commercial stage: already selling molecular diagnostics in Europe, and the Middle East
- Clear focus on severe infections in hospitalized patients
- Flexible Unyvero Platform dealing with various sample type and covering more microorganisms and resistance markers than competing platforms
- Strong pipeline of high-value products addressing significant unmet medical need
- Unyvero Platform validated by extensive clinical studies and endorsed by key opinion leaders and a top-tier investigator base
- U.S. clinical trials completed with positive topline data and subsequent FDA submission to support U.S. FDA clearance in 2017 and subsequent U.S. commercialization
- Unyvero Platform supports a likely reduction of hospital costs by allowing effective treatment to be administered more quickly
- Management team combining decades of operational and commercial experience
- Controlling all key aspects of its value chain

II

CORPORATE GOVERNANCE


curetis

RISK MANAGEMENT PROCEDURES

Curetis may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to Curetis' business, results of operations, financial position and prospects.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although Curetis believes that the risks and uncertainties described below represent the major and material risks and uncertainties relating to Curetis, other risks, facts or circumstances not presently known to Curetis, or hat it currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on Curetis' business, results of operations, financial position and prospects. The value of the Shares could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and prospective investors could lose part or all of their investment.

Within the scope of its business activities Curetis is exposed to a number of significant risks and uncertainties. Curetis considers a risk to be an event which can result from a amanagement decision (strategic), an action (operative) or an external circumstance and, in case it occurs, causes negative deviations from the planned result (e.g. EBIT or cash flow). In order to realize opportunities, risks must be consciously taken into account to an adequate extent. Possible security measures include loss prevention or minimization measures, the creation of adequate safety reserves or the transfer of individual risks to third parties (e.g. insurance companies).

Short-term deviations from the economic targets are identified at an early stage using a detailed uniform and timely reporting in the accounting and financial controlling system, which includes all relevant information with regard to the assessment of Curetis' position.

Using existing opportunities is the primary task of each company. The early and regular identification and assessment of opportunities is the task of all employees but, in particular, the duty of the management. The planning and forecasting process, regularly held supervisory board meetinigs, and the regular communication with the persons responsible for the cost centers are essential cornerstones in this respect. Systematic knowledge management, and the promotion of creative employees form the basis for the identification of opportunity potential.

During 2016 Curetis has defined and implemented a corporate risk management policy and regular quarterly corporate risk reporting procedures. This system will continue to evolve and be fine-tuned on an ongoing basis at Curetis and has a high priority for the Management and Supervisory Boards, respectively. Based on this, the principal risk factors will be determined, as well as the risk mitigation measures for those principal risk factors.

Below, the risk factors and risk management approach as well as the analysis of sensitivity of Curetis' financial and operational results to various extraneous factors and variables are described in more detail. Curetis' internal control system, identified risks and their management have been discussed with the Supervisory Board's Audit Committee, the Supervisory Board and the external auditors. Most of the risk factors have the potential either individually or in any combination to impact on timelines, costs, and the ability to reach objectives in the following areas: operational, commercial, financial, strategic, compliance and reliability of financial reporting. If one or more of these major risk factors were to occur it is likely that there will be a material adverse result on Curetis' revenue generating potential, cost structure, ability to achieve profitability and / or to remain profitable. A detailed sensitivity analysis across all risk factors and all scenarios is beyond the scope of a small company and has therefore not been conducted. However, going forward into 2017 the Management Board has established a systematic corporate risk management policy and procedure that allows the analysis of risk factors and sensitivities of their impact. For a summary of financial risk (such as market risk, foreign exchange risk, other market risk, credit risk and liquidity risk) refer to section Financial Risk Management within the consolidated financial statements.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
PRODUCT DEVELOPMENT RELATED RISKS			
Clinical trial risks	So far, Curetis has only limited experience with large clinical trials (LRT clinical trial in the U.S. is first FDA clinical trial). Possible risk of non-compliance with implicit and explicit (presub communication) FDA expectations in terms of documentation, data quality or size and design of study;	This may lead to delayed, limited (e.g. in claim set / intended use statement etc) or even denied regulatory clearance. Alternatively, being compliant may lead to longer, larger and more complex and more expensive clinical trials than expected.	Interaction with FDA (presub interaction), using top CROs and external advisors and regulatory experts to ensure best possible quality in planning, execution and submission of results of clinical trial.
Platform development risks	The Unyvero Platform may lose its broad / unique panel competitive edge compared against competitors' products with similar or disruptive new technologies, may be considered too slow, too large, too expensive by customers or may not fulfil throughput or other customer needs.	Additional effort, resources, costs may be incurred or required in the future to remain compliant with upcoming regulations (EU IVD, UDI labeling etc.) and retain a competitive platform.	Continuous improvement of existing processes (e.g. reduce run-time, COGS further reduction), cartridge performance and add new / updated pipeline products (lifecycle management) – acquired GEAR and Gyronimo.
REGULATORY RISKS			
U.S. FDA clearance	LRT trial data will be the basis for 510k clearance. We may have too few cases for some analytes, and only / mostly contrived specimen for some others; analytical and clinical sensitivity varies across analytes. The link between resistance markers and AST may be too weak for some markers.	The FDA may not clear all sample types and/or not all 36 analytes that were submitted and if important ones were missing this might seriously hamper the ability to commercialize the product in the U.S. The FDA may require additional data analysis, additional testing and possibly additional studies to be conducted prior to clearing the platform and LRT product.	Clinical data from the trial looks strong and analysis and documentation have been done on a reasonable best efforts basis on prospective as well as retrospective samples. The contrived study also shows strong agreement and we have an overall strong data set from trial and had significant support from regulatory advisors and consultants in the FDA submission process. We are working in an interactive review mode with the FDA review team and have a scheduled face to face "submissions issues meeting" with the FDA to discuss and potentially resolve any open items.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
CFDA clearance	Curetis relies on its partner in China to execute retgulatory trials and obtain CFDA clearance for marketing its products in China, the second most important market for Curetis after the U.S. BCB has limited experience in IVD regulatory approvals of such complex MDx platforms. Curetis has no own experience with CFDA and limited resources to support our partners from a regulatory and R&D perspective.	This a significant risk to appoval timeline, may lead to delays, additional work and resource requirements and may ultimately also impact the success of getting this CFDA approved with a broad enough claim set.	Hired Chinese native application specialist to ease communication and facilitate support for our partners durting all phases of the CFDA trials and regulatory process. Regular and frequent communication with our partners, the CFDA and state labs. Very regular contact and communications and on site visits to China are also key.
CE-IVD regulations tightening	There is an EU wide agreement to significantly tighten and make more stringent requirements for CE-IVD marking (new directive).	Depending on risk classification of our devices this will have more or less impact. It could lead to delays, higher costs, additional resource requirements and the risk of not getting CE-IVD mark or not getting the scope of intended use that we aim for. It is still unclear at this stage whether it will come into effect in 2017 and what the final grace period (3 years or 5 years) will be.	Our RegAff team has been preparing for this attending many seminars and trainings; Curetis is already working with a notified body e.g. For HPN and we have been running trials and RegAff on an “as if this had already been in effect” for a while.
Other regulatory	Many international markets require regulatory clearance (e.g. Singapore / ASEAN, Russia etc); these national requirements vary and are diverse and subject to change. Curetis has limited knowledge on such international regulations and we have high reliance on our distribution partners.	Depending on risk classification of our devices in the respective territory this will have more or less impact. It could lead to delays, higher costs, additional resource requirements and the risk of not getting local approvals or not getting the scope of intended use that we aim for.	Curetis works very closely with its distribution partners (e.g. Acumen for Singapore, BioLine for Russia / Belarus etc); we have hired additional experienced RegAff talent into our team for international filings and support; Curetis also uses outside consultants wherever necessary or useful to reduce these regulatory risks.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
OPERATIONAL RISKS			
Manufacturing	Staff: well trained and experienced staff is key for manufacturing Unyvero Cartridges in larger volumes with constant high quality.	Sickness or loss of key staff could lead to significant risks for constant high quality production, delay output and thus could lead to out of stock situations and thereby hamper our commercial sales and product development timelines.	Hiring of experienced staff, thorough training of new employees, rotating jobs (ensure that always more than one worker is trained on each and every manufacturing step and production equipment), keep staff highly motivated by creating an inspiring and rewarding work environment.
	Production Infrastructure: Unyvero Cartridge production requires a signifcant amount of highly automated and tailor-made, dedicated equipment and clean room environment.	Any fault in the manufacturing line could lead to an immediate production stop, leading to supply shortage, loss in revenue or delays to internal development programs.	Curetis has put in place service agreements with its manufacturing line equipment suppliers. Also, at least yearly maintenance and calibration for key equipment, surveillance and alarm systems for freezers, monitoring of all relevant cleanroom parameters, stocking of a minimum amount of finished products for immediate customer shipments is used to minimize this risk. Curetis also carries a business interruption insurance policy at commercially reasonable levels.
	Processes: Many production steps use sophisticated processes where already slight deviations from the nominal parameters may lead to faulty products.	Any process deviation or non compliance in the manufacturing could lead to contaminated or faulty and non-functional or inferior product, leading to supply shortage, loss in revenue or delays to internal development programs.	All of Curetis' manufacturing processes are validated for repeatability and robustness, key process parameters are regularly monitored, process validations are also implemented at key suppliers, process improvements or changes are only implemented after process validation.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Manufacturing	Quality: Unyvero Cartridges are complex products using many diverse parts and processes in clean room environments during manufacturing. Slight degradation of one component or small process variations may alrady lead to faulty or deficient products. The same holds true for even the slightest contamination of a component.	Any quality issue in the manufacturing could lead to contaminated or faulty and non-functional or inferior product, leading to supply shortage, potential product recalls and customer information and / or filings with relevant regulatory authorities (e.g. BfArm) loss in revenue or delays to internal development programs.	At Curetis we strictly enforce following all of our production, hygiene and quality processes, executing NCMR and CAPA processes, very close collaboration with key suppliers etc.
Dependence on third parties	As a small company Curetis depends on third parties for many aspects of its value chain: suppliers, OEM partners, logistics providers, distribution partners, development partners, advisors etc. Thus a lot of aspects of our value creation are not fully under our control.	Any failure of any of our business partners that we depend on to deliver on time, to the required and agreed upon quality standards and at the prices and conditions agreed may cause significant harm to our business in terms of lost revenues, higher costs, lower margins, inability to deliver products etc.	Curetis is working very closely and in a collaborative manner along our entire value chain with all our partners. We have clearly assigned contact persons and responsible managers at the interfaces. A regular review, audits of 3rd party service providers and suppliers and regular management reviews all help mitigate these risks. Wherever feasible and commercially reasonable we also identify second source suppliers and alternative partners to minimize dependence on any one partner.
Growth risks	Bringing on board a significant number of new staff in a short period of time puts a lot of stress on the organization; training new staff binds resources, creates inefficiencies and certain growth frcitions are to be expected. New entities, new languages, new regulatory and legal requriements etc add to the stress on the organization; organizational complexity has been added with the acquisitions of GEAR and Gyronimo. Allocating resources across multiple teams and projects (e.g. Unyvero and Gyronimo) may result in additional risk and resource competition.	This could lead to loss of key personnel, additional costs, delays and inefficiencies in overall operations and impact our financials and earnings potential.	Systematic training programs for all new staff have been implemented with pooling of teams for training; We use outside advisors internationally in many HR and legal as well as financial matters. We also offer leadership coaching and coaching on customer related processes (where growth is strongest).

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Losing Key personnel	Risk of losing key employees, key contributors or managers – a phase of accelerated growth may create opportunities for some but may also lead to a situation where others no longer feel they can contribute as much and may leave the organization.	This could lead to loss of key personnel, additional costs in recruiting and training new staff, delays and inefficiencies in overall operations and impact our financials and earnings potential.	In our HRM we strive to identify high potentials and work towards long term retention. We have created a stock option based retention program. We also strive to create stimulating work environment and assign key employees to the most challenging, mission critical and most rewarding projects. So far Curetis has had virtually no unwanted fluctuation in almost 10 years!
Suboptimal on-boarding	Due to many new hires in a short period of time with monthly training sessions there may be a lack of on-boarding. We have limited resources for training. Any key aspects not conveyed and not trained early on may significantly slow down or hamper overall onboarding and ultimaltely performance of new staff.	This could lead to lower operational efficiencies, additional costs, delays in programs and worst case to staff leaving the company which in turn would lead to additional recruiting costs, delays and impact on our financials.	Curetis uses systematic training plans and schedules for all new staff. We have defined a mandatory set of trainings for all new employees in their first couple of weeks. In 2016 Curetis has created a dedicated HR function and team and strengthened overall G&A support team.
Recruiting Risks	It may take significantly longer than expected to fill new positions with highly qualified staff; some positions may not be filled in time for contribution early enough in any given fiscal year / period; it may take higher recruiting efforts and costs (e.g. headhunter fees) to get the right staff on board and packages may need to be bigger than originally expected with a follow-on risk for skewing the overall compensation structure.	Delays in operating projects, higher than expected costs for recruiting and higher than budgeted staff costs may impact our operational and financial performance.	Curetis aims to build teams from the top down (i.e. Starting with the respective leadership) and then build teams via these new managers' networks to maximize probability of success and minimize recruiting costs; all key positions in EMEA and USA have been successfully filled with top candidates in 2016!
Loss of whole teams	Due to having hired whole teams via some key leadership personnel there is a possible risk that in case such leaders were to ever leave Curetis that their teams might also follow suit in due course.	This could lead to loss of key personnel, additional costs in recruiting and training new staff, delays and inefficiencies in overall operations and impact our financials and earnings potential.	At Curetis we strive to create individual perspectives and onboard every individual. Retention programs are in place for all key personnel.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
MARKET RISKS			
Customer uptake	Customer uptake in EMEA direct selling markets, in which Curetis pursues a direct sales approach, may be slower than expected as it requires changing medical practice based on limited available evidence for medical and health economic benefit and securing funding for our comparatively pricey IVD products. Quality issues can also lead to delays in commercial conversion of customer accounts.	Lower installation rates, delayed commercial conversions, less cartridge utilization per system, lower than expected revenues and margins, impact on earnings and cash consumption, delayed revenue ramp and thus higher financing needs.	Creating sales-relevant evidence through post-marekting studies with international and regional KOLs; generation of reference customers; review of and where needed revising pricing strategy to the extent economically possible and required. Curetis has also hired a sales force with relevant expertise and experience and continuously refines its sales approach to all relevant stakeholders; swiftly resolving anmy quality related issues with strong focus on customer service and satisfaction.
Price erosion	With more and more competitors entering the market offering similar platforms and potentially overlapping applications and increasing cost savings pressure in the healthcare market, a price errosion for multiplexed PCR assay is likely to occur over time.	Lower prices would lead to lower revenues at same utilization, lower margins, delayed or reduced earnings potential etc.	Focus on unique applications for high medical need questions; increasingly engage in lobbying for adequate reimbursement.
Competing products	More and more competitors with sample-to-answer multiplex PCR systems entering the market that may over time begin to offer directly competing applications (e.g. Biomérieux LRT panel in the pipeline!). Unyvero may become technically outdated in terms of assay technology, turn-around-time, throughput, and foot-print.	This may limit Curetis' market penetration and market share leading to lower revenues and margins with impact on earnings and financing requirements.	Focus on applications that play to the strength of Unyvero; continously update and improve applications in markets where regulatory wise this is feasible; Curetis aims to create content leadership by increasingly including proprietary content into our panels. Create additional more competitive platform options; strive to bundle Unyvero with additional products into workflows. GEAR and Gyronimo acquisitions provide Curetis with added content leadership and flexibility on menu, multiplexing and pricing.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Reimbursement	Curetis current reimbursement concept relies on tapping the DRG budget (EMEA as well as U.S.) for patients. However, most DRGs in markets currently addressed by Curetis do not consider multiplex PCR as part of the regular patient care; further, labs cannot easily access the DRGs directly as they are considered cost centers with a fixed budget. These circumstanaces may pose a significant risk to securing funding for Unyvero by Curetis' customers.	Lack of reimbursement might lead to lower installation rates, less cartridge utilization per system, lower than expected revenues and margins, impact on earnings and cash consumption, delayed revenue ramp and thus higher financing needs.	Curetis works with its customers to secure provisional funding through research budgets; Increasingly we also work through clinicians and hospital administrations to address the funding issue. There is a constant need to refine and apply sales pitch to hospital administrations; lobbying for inclusion of multiplex PCR into the DRGs and working with dedicated reimbursmenet consultants.
Distributor performance	Curetis' distributors are expected to invest in market development for Unyvero to achieve contractually agreed annualk minimum commitments; distributors may not be able or willing to take such investements or may not succeed in any given year and hence may lag behind contracually agreed commitments or do not perform at all.	Lower installation rates in distributor territories, less cartridge utilization per system, lower than expected distributor revenues, impact on earnings and cash consumption, delayed international distributor revenue ramp and thus higher financing needs.	Choose distributors based on thorough due diligence; tightly manage and coach them; monitor performance closely; replace when consistently underperforming (e.g. Romanian distributor partner to be replaced rercently by a new, larger and stronger distributor).
Partnering Risks (Pharma)	Curetis' short term revenue planning partially relies on revenue from pharma services; these deals are difficult to plan as they require active drug development programs in the appropriate phase of development; further pharmaceutical companies favor FDA-cleared IVDs based on the perception that investigational use devices cannot be used for patient enrolement into a drug trial. Hence, our ability to secure pharma deals may be limited.	Lower pharma partnering revenue or only very lumpy one-time revenue. This can lead to lower than planned revenues, loss of margins; sometimes projects may be terminated due to the drug in development failing a clinical phase endpoint.	Clarify regulatory aspects through consultants; Curetis continues a systematic outreach to pharma companies; dedicated marketing materials and tailored offerings; attending pharma meetings; strenghten KOL network.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Partnering Risks (Content & Technology)	To secure and grow its market position in the face of increasing competition, Curetis will increasingly have to rely on third party technology and content; such partnerning deals may put considerable strain on Curetis' cash position.	Such deals may lead to higher than expected casn outflows, shorter cash reach, increased R&D expenses, higher financing needs, delays to reaching break even, and such deals not always deliver the value appreciation as planned. Subsequent product development programs on acquired technology and assets may take longer and cost more than anticipated.	Curetis runs a systematic corporate development process with thorough assessment of its technology and content needs; in depth due diligence is conducted using outside support wherever needed; negotation and transaction discipline paired with a focus on cash-saving backloaded deals with strong success-based components; stringent alliance management. Leveraging deals already done, such as GEAR and Gyronimo into new business development opportunities that help monetize these assets and create incremental value.

U.S. COMMERCIAL & STRATEGIC RISKS

Customer uptake	U.S. FDA may clear Unyvero with a limited intended use and fewer analytes.	Based on FDA indication claim and sample type approval, could slow instrument uptake (no sputum samples, narrower LRT vs P55 / HPN panel) and reduce cartridge utilization. This would lead to lower revenue, lower margins, and a negative impact on the financial performance of our U.S. business.	Tailored U.S. marketing / postioning and a highly experienced U.S. commercial team should mitigate this risk.
Competing products	Biofire looking to launch LRT panel in the future with a much higher installed base of platform systems.	Based on competitive threat this could slow instrument uptake and reduce cartridge utilization. This would lead to lower revenue, lower margins, and a negative impact on the financial performance of our U.S. business.	Curetis expects to have a window of ca. 12-18 months post FDA approval to place as many units as possible while being first to market and best in class.
Reimbursement	There are no current CPT codes that would be directly applicable for U.S. reimbursement. However, Unyvero is a pure economic sell to U.S. hospitals.	Based on required funding out of MS-DRGs this could slow instrument uptake and reduce cartridge utilization. This would lead to lower revenue, lower margins, and a negative impact on the financial performance of our U.S. business.	Need economic model data which will be generated in close collaboratrion with KOL sites and collaborators in the U.S.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures

LEGAL & COMPLIANCE RISKS

Insurance Risks	Risks of product liability, loss of property, product transports, interruption of business, clinical trials, car insurance, D&O etc. Insurance risk is hence the risk to have inadequate insurance protection for any of the risks, e.g. because a risk is not covered at all or only covered insufficiently.	Liability claims, loss of property, business interruption with ongoing operating expenses, image loss or damage and material financing risk.	Significant risks of Curetis that can be insured will be insured within commercially reasonable terms shall be insured at reasonable levels to protect against major or catastrophic losses. At least annual review of all material insurance contracts and regular discussion with insurance broker regarding the adequacy of our insurance coverage and new products – e.g. addition of possible IP insurance policy mitigates growing IP portfolio risk.
D&O Risks	Specific risks pertaining to the directors and officers of a publicly listed company in the context of an ever more complex regulatory environment.	Claims against any of the directors or officer of the company and its affiliates.	Maintaining corporate governance policies and strictly enforrcing them: e.g. code of conduct, insider trading policy, whistleblower policy, clarity of roles and responsibilities for MB and SB; Curetis has obtained D&O insurance from a blue chip insurance company at industry typical levels and standards.
Fraud	Any employee, officer or director of the company acting in a fraudulent manner to their own benefit or anyone acting on behalf of the company towards the outside world in a fraudulent manner, misrepresenting etc.	This could not only lead to a financial loss, but also be causing major harm to the reputation, financials and causing legal repercussions.	Curetis has establidhed and is enforcing a rigorous code of conduct, has a compliance manager, insider trading policy, whistelblower policy, stringent 4-eye principle, clearly defined signature authorities; treasury and cash pooling in combination with regular review of all company group accounts by Director Finance, Accounting, CEO with regular oversight by the MDs of Curetis GmbH and its affiliates, MB and SB of Curetis N.V.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Compliance Risks	Post IPO listing requirements by AFM and FSMA – Dutch corporate governance codex and other compliance rules on the accounting and legal side.	Any non compliance could lead to fines being imposed by regulatory authorities, legal proceedings, additional costs and distraction and image harm.	In order to avoid non compliance we have established a Compliance Management function via our in house legal counsel; on any issue that has the potential for non-compliance we also involve outside counsel (legal, tax etc) to ensure the highest levels of compliance; regular compliance trainings to all staff with special focus also on sales & marketing teams.
International Subsidiaries' Risks	Given the complex nature of many different applicable national standards of legal and compliance issues (e.g. Dutch, German, UK, French, Swiss, U.S. etc) there is a risk that as a small company with rather limited resources we may not always be aware of all requirements and may inadvertently be in non-compliance of certain requirements.	Any non compliance to any of the local / national regulatory and legal frameworks could lead to fines being imposed by regulatory authorities, legal proceedings, additional costs and distraction and image harm. These could have a negative financial impact at any level of the organization and the group as a whole.	Curetis has hired an in house team with a lot of experience in the international context of setting up and running international subsidiaries; Curetis and its national affiliates are also working with specialised legal and tax / accounting / HR advisors in each of the countries to ensure best possible compliance with local national laws and regulations.
Data Protection	Curetis' risk to all data: loosing data due to theft, fire, manipulation, hacking, viruses etc.	This could lead to incremental costs of data recovery, or if lost for good, material delays or disruptions to the business and operations with a negative impact on financials.	Curetis has established a data security and protection concept with, guidelines/policies; In 2016 we added in-house IT capacity and expertise to minimize these risks.
Data Protection	Risk of non-adherence of data security and protection laws; legal basis for storing and transfering personal data to the U.S.	Any non compliance could lead to fines being imposed by regulatory authorities, legal proceedings, additional costs and distraction and image harm.	Curetis has added relevant clauses in its templates for contracts. We have executed addendums to current contracts especially employment contracts; we enforce strict access control to all of Curetis' premises; in 2016 we decided to appoint an internal expert as data protection officer for 2017 and will ensure proper training.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
IP RELATED RISKS			
IP Related Risks	Risk to lose Curetis' proprietary IP by dilution or unwanted transfer.	Any loss of IP might lead to lower barriers to entry for competitors, less likelihood of maintaining cutting edge technologically as well as possible price erosion once IP prrotected products become commmoditized. These would in turn lead to lower revenues, smaller margins, negative impact on earnings, possibly higher IP legal costs etc.	Curetis conducts surveillance of current and new filings by internal IP experts as well as via external patent counsel; regular collision reporting and where needed conducting coexistence agreements. Protective clauses against unwanted IP-transfer are in place in all material contracts; using external IP counsel on due diligence projects such as e.g. GEAR and Gyronimo IP portfolios
	Failure to obtain or maintain IP protection for critical own inventions in relevant geographies.	Any loss of IP might lead to lower barriers to entry for competitors, less likelihood of maintaining cutting edge technologically as well as possible price erosion once IP prrotected products become commmoditized. These would in turn lead to lower revenues, smaller margins, negative impact on earnings, possibly higher IP legal costs etc.	Use of high quality patent firm for all filing and patent prosecution. Conscious management decisions on countries where to file and prosecute on a case by case basis.
	Failure to obtain or maintain IP protection for critical acquired IP in relevant geographies.	Any loss of IP might lead to lower barriers to entry for competitors, less likelihood of maintaining cutting edge technologically as well as possible price erosion once IP protected products become commmoditized. These would in turn lead to lower revenues, smaller margins, negative impact on earnings, possibly higher IP legal costs etc.	IP due diligence for acquired IP with high quality patent firm.
	Legal prosecution for patent infringement	Might lead to additional costs, legal proceedings, distraction and resource constraints and would hurt the financials of the company.	Consider creative approaches to IP litigation, add new IP Insurance, consider change of design to prevent patent infringement etc.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Contract Related Risks	Contracts "missing" or automatically extending without knowledge.	Might lead to added costs, unwanted contractual situations and may harm the financials of the company.	Via new in house legal counsel have established proper archiving process, where each and every contract shall be archived in a central electonic contract archive with specific access priviliges. Systematic contract monitoring and management from legal side.
Insider Trading	Any employee or next of kin or other insider (ab)using such insider info to trade in the stock of Curetis; many members of the Curetis teams will at one point or another be privy to material non public information and hence insiders.	Legal prosecution of any insider trading would lead to costs, distraction, image harm and may negatively impact financials for the company.	Curetis established and is enforcing an insider trading policy; training of all staff on this policy is ensured, for new employees and at regular intervals; establishing financial calendar with block out periods.

FINANCE RISKS

Capital Market Regulations	AFM and FSMA regulations apply to us as a listed company on Euronext AMS and BRUS; especially notification on any stock price sensitive information is a critical risk; delays in such notifications might result in fines and investigations.	Any non compliance may lead to fines being imposed, legal proceedings (e.g. shareholder lawsuits), additional costs and negative image impact.	All material info is being kept in tight circle; Curetis in-house general counsel maintains defined insider lists; processes for PR / IR announcements and ad hoc announcements have been well established and described; Curetis is working with internal as well as external providers on legal and corporate communications side to ensure compliance with regulations.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Financial Reporting Risks	Curetis has the obligation to publish financial statements (audited annual reports and unaudited half-year financials) within a given timeframe to meet the requirements of EURONEXT / stock exchange authorities and the capital markets. Additionally Curetis' finance department must keep all data up to date continuously to support management decisions, secure liquidity planning and to be able to give data to analysts and investors. With the incorporation of 5 additional sales-subsidiaries in less than one year the consolidation scope now comprises 7 companies. It requires a lot of resources at peak times (closing periods) and several adjustments to ERP-system to keep all these accounting areas up to date to be able to consolidate the numbers quarterly.	Given the limited resources any illness or other absence reasons of key employees could lead to delays or incremental costs for short term interim support by external service providers.	Curetis has hired additional staff in 2016 to strengthen the accounting and finance team and has also begun to outsource tasks to advisors. Curetis expects to continue hiring additional expertise and capacity (e.g. senior accountant for 2017).
National reporting, tax and disclosure obligations	With the incorporation of sales subsidiaries in different countries, Curetis entered into national reporting-, tax- and disclosure obligations. As Curetis has so far very limited international experience with such possible national regulations in UK, France, Benelux, CH and the U.S. there is a risk of acting in a non-compliant manner or to miss one of such (unknown) regulations.	Any non compliance may lead to fines being imposed, legal proceedings (e.g. shareholder lawsuits), additional costs and negative image impact.	Curetis works closely with national advisors and constantly interacts with its service-providers. Specific matters (like payroll accounting or national GAAP-financial statements) have been outsourced to specialized service providers.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Payment and approval process	Each Curetis-subsidiary needs its own (national) bank account. Not all banks support the EBICS-standard and therefore can not be implemented in the e-banking-software of Curetis (multicash). This requires separate approval-processes and additional time to maintenance the account.	Any non compliance might lead to delays in payment processing, inadequate sign-offs and loss of mmanagement oversight and could potentially harm the company financially.	Curetis maintains a continued 4-eyes-principle for payment-approvals also for all of its subsidiaries. Selected best suitable banks to minimize risk. Also ensured that always one local MD signs with one of the Curetis GmbH parent company MDs.
Equity capital raising risks	Curetis may not be able to raise additional capital in the public capital markets at the time or at the price points and conditions desired.	This would put the cash run rate and further growth of the company and execution of the ambitious business plans at risk and could cause either delays, budget reduction needs, higher than desirable dilution and subsequent financing needs.	Curetis maintains tight monitoring of its cash burn and maintains tight fiscal discipline; Curetis is in continuous dialog with several banks and brokers on possible future financing scenarios, timelines and events that might allow for capital raises in the future. Regular non deal road shows to educate potential new investors and generate buy side demand for stock.
Debt financing risks	So far Curetis does not have any debt on its balance sheet, however, has secured an up to EUR 25 million debt financing facility from EIB – if and when drawn down, any tranche needs to be repaid in full inclusing deferred interest at maturity (5 years after draw down).	Risk might be that the debt that cannot be repaid in time / in full and this in turn might require refinancing measures at unfavorable terms; in a worst case scenario debt may force company into a possible distress situation, fire sale or even bankruptcy.	So far there is no debt on Curetis' balance sheet! The EIB debt financing structure is extremely flexible.
Stock Price risks	CURE stock is thinly traded and relatively illiquid, with heavily concentrated stock holdings and an overhang of VC investors who at some point will require an exit; furthermore competitors in MDx have seen their stock prices under significant pressure in recent quarters.	Reduced stock prices may lead to financing situations where insufficient capital can be raised, dilution will be higher and the equity story will lose investor interest / analyst support.	For us at Curetis delivering on fundamentals is key – growing the commercial teams in EU and U.S. is a prerequisite to achieving significant top line revenue growth in the future; Curetis' U.S. FDA clearance is absolutely mission critical; we will continue to evolve our shareholder base over time to diversify and reduce overhang.

STATEMENT OF THE MANAGEMENT BOARD

In accordance with Article 5:25c paragraph 2 sub c of the Financial Supervision Act the Management Board of Curetis confirms that, to the best of their knowledge, (i) the financial statements in this Annual Report 2016 give a true and fair view of our assets and liabilities, the Group's financial position as at 31 December 2016, and the results of its consolidated operations for the financial year 2016; and (ii) the Report of the Management Board includes a fair review of the position as at 31 December 2016, and the development and performance during the financial year 2016 of Curetis and the undertakings included in the consolidation taken as a whole, and describes the principal risks that Curetis faces. The names and positions of the members of the Management Board can be found below (current composition of the Management Board).

MANAGEMENT STRUCTURE

Curetis has a two-tier board structure consisting of the Management Board (bestuur) and the Supervisory Board (raad van commissarissen). The Management Board is, among other things, responsible for the day-to-day management, formulating strategies and policies, and setting and achieving Curetis' objectives. The Supervisory Board supervises and advises the Management Board.

Set out below is a summary of certain information concerning the Management Board, the Supervisory Board and corporate governance. It presents a summary of certain provisions of Dutch corporate law as in effect on the date of this Annual Report as well as relevant information of the Articles of Association, the Management Board Rules, the Supervisory Board Rules and the Committee Rules.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Annual Report and the Articles of Association, the Management Board Rules and the Supervisory Board Rules as in effect upon conversion. Complete versions the Articles of Association in the governing Dutch language and in an unofficial English translation thereof, Management Board Rules, the Supervisory Board Rules, Committee Rules and further details on corporate governance are publicly available at the corporate website www.curetis.com/en/investors.html

MANAGEMENT BOARD

RESPONSIBILITY, POWERS AND FUNCTIONING

The Management Board is responsible for the management of Curetis' operations, subject to the supervision of the Supervisory Board. The Management Board's responsibilities include, among other things, defining and attaining Curetis' objectives, determining the its strategy and corporate risk management policy, and day-to-day management of the operations. The Management Board may perform all acts necessary or useful for achieving Curetis'objectives, with the exception of those acts that are prohibited by law or by the Articles of Association. Pursuant to the Management Board Rules, the Managing Directors will divide their tasks among themselves in mutual consultation, subject to the approval of the Supervisory Board. In performing their duties, the Managing Directors must carefully consider and act in accordance with the interests of Curetis and the business connected with it, taking into consideration the interests of all the stakeholders of Curetis (which includes, but is not limited to its customers, its employees, the shareholders, business partners and others).

The Management Board shall provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board in a comprehensive and timely manner. The Management Board is required to notify the Supervisory Board in writing of the main features of Curetis' strategic policy, general and financial risks and management and control systems, at least once per year. The Management Board must submit certain important decisions to the Supervisory Board and/or the General Meeting for approval, as more fully described below. Subject to certain statutory exceptions, the Management Board as a whole is authorized to represent Curetis. Each Managing Director, acting jointly with another Managing Director, has the authority to represent Curetis. In addition, pursuant to the Articles of Association, the Management Board is authorized to appoint proxy holders *(procuratiehouders)* who are authorized to represent Curetiswithin the limits of the specific delegated powers provided to them in the proxy.

MANAGEMENT BOARD RULES

Pursuant to the Articles of Association, the Management Board may adopt rules of procedure that regulate internal matters concerning its functioning and internal organization (the "Management Board Rules"). The Management Board Rules have come into effect upon the IPO in 2015 and can be found on Curetis' website under www.curetis.com/en/investors.html

COMPOSITION, APPOINTMENT AND REMOVAL

The Articles of Association provide that the Management Board shall consist of two or more members and that the Supervisory Board determines the exact number of Managing Directors after consultation with the Management Board. Currently, the Management Board consists of four Managing Directors.

The General Meeting appoints the Managing Directors. The Supervisory Board shall make a non-binding nomination in case a Managing Director is to be appointed. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, which is also considered to be the case if the Supervisory Board's vote on the nomination ties, this must be stated in the notice. However, the General Meeting is not bound by a nomination and may appoint a Managing Director at its discretion, provided a proposal to appoint another person has been put on the agenda of the relevant General Meeting or, failing that, the entire issued capital is represented at the General Meeting and the resolution to appoint the alternative Managing Director has been adopted unanimously. The Supervisory Board may appoint one of the Managing Directors as Chief Executive Officer, or grant any other title to a Managing Director.

A resolution of the General Meeting to appoint a Managing Director in accordance with the nomination of the Supervisory Board shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Managing Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting shall require an absolute majority of the votes cast representing at least a third of Curetis' issued share capital.

The General Meeting may at any time and at the proposal of the Supervisory Board suspend or dismiss a Managing Director. Should the General Meeting wish to suspend or dismiss a Managing Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by an absolute majority of the votes cast, representing at least a third of Curetis' issued capital. The Supervisory Board may at all times suspend but not dismiss a Managing Director. A General Meeting must be held within three months after a suspension of a Managing Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension, for a maximum period of another three months. The suspended Managing Director must be given the opportunity to ac-

count for his or her actions at that meeting. If neither such resolution is adopted nor the General Meeting has resolved to dismiss the Managing Director, the suspension will cease after the period of suspension has expired.

TERM OF APPOINTMENT

The Managing Directors will be appointed for a term of not more than four years. A Managing Director may be reappointed for a term of not more than four years at a time. The Supervisory Board has prepared a resignation schedule for the Managing Directors which is reflected in the right hand column labelled 'Term' of the table under the heading *" – Managing Directors"* below.

MEETINGS AND DECISION-MAKING

Pursuant to the Management Board Rules, the Managing Directors shall endeavor to achieve that resolutions are as much as possible adopted unanimously. Where unanimity cannot be reached, and the law and the Articles of Association or the Management Board Rules do not prescribe a larger majority, resolutions of the Management Board are adopted by a majority vote. In the event of a tied vote, the resolution will be decided on by the Supervisory Board.

Pursuant to the Articles of Association, the Management Board shall furthermore require the approval of the Supervisory Board for a number of resolutions, which include inter alia:

- the issue and acquisition of any of Curetis' shares or debt instruments, or of debt instruments issued by a limited partnership or general partnership of which Curetis is a fully liable partner;
- the application or the withdrawal for quotation in the listing on any stock exchange of Curetis' shares or debt instruments, or of debt instruments issued by a limited partnership or general partnership of which Curetis is a fully liable partner;
- the entry into or termination of a long-term cooperation of Curetis or a dependent company with another legal entity or company or as fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of major significance to Curetis;
- the participation for a value of at least one-fourth of the amount of the issued capital with the reserves according to the most recent adopted balance sheet (whether consolidated or not) with explanatory notes of Curetis or by a dependent company in the capital of another company, as well as a significant increase or reduction of such a participation;
- investments involving an amount equal to at least the sum of one-fourth of Curetis' issued capital plus the reserves as shown in its most recent adopted balance sheet (whether consolidated or not);
- a proposal to amend the Articles of Association;
- a proposal to dissolve (ontbinden) Curetis;
- a proposal to conclude a legal merger (juridische fusie) or a demerger (splitsing);
- application for bankruptcy (faillissement) or for suspension of payments (surséance van betaling);
- the termination of the employment of a considerable number of employees of Curetis or of a dependent company at the same time or within a short period of time;
- far-reaching changes in the employment conditions of a significant number of employees of Curetis or of a dependent company; or
- a proposal to reduce the issued share capital.

Dutch law and the Articles of Association provide that decisions of the Management Board involving a significant change in Curetis' identity or character are subject to the approval of the General Meeting.

Such changes include in any event:

- the transfer of all or substantially all of Curetis' business to a third party;
- the entry into or termination of a long-term cooperation with other legal entities or companies, or as a fully liable partner in a limited partnership or a general partnership, if such cooperation or termination thereof is of material significance to Curetis; or
- the acquisition or disposal by the Company or Curetis GmbH of a participation in the capital of a company with a value of at least one-third of the sum of the assets of Curetis according to Curetis' consolidated balance sheet including the explanatory notes in its last adopted annual accounts.

In addition, pursuant to the Articles of Association, the Supervisory Board may determine that other resolutions of the Management Board are subject to its approval, such resolutions must be clearly defined in a resolution adopted by the Supervisory Board and should be notified to the Management Board.

Pursuant to the Articles of Association and the Management Board Rules, resolutions can also be adopted without holding a meeting, provided those resolutions are adopted in writing or in a reproducible manner by electronic means of communication and all Managing Directors entitled to vote have consented to adopting the resolutions outside a meeting.

In each of the abovementioned situations, the lack of approval (whether of the General Meeting or of the Supervisory Board) does not affect the authority of the Management Board or the Managing Directors to represent Curetis.

MANAGING DIRECTORS

Curetis strives towards having a diverse set of skills, experiences, backgrounds and gender also in its Management Board. While Curetis currently has two founders and engineers, one molecular biologist and a finance professional in its Management Board with rather diverse experiences in large as well as small companies in different geographies, all current Management Board Members are male. The Supervisory Board and Curetis will continue to carefully assess additional diversity in the future if and when an opportunity arises to bring a female candidate onto the Management Board or otherwise enhance its diversity.

At the date of this Annual Report, the Management Board is composed of the following four members:

Name	Nationality	Age	Position	Date of initial Appointment	Term
Mr. Oliver Schacht, Ph.D.	German	46	Chief Executive Officer	8 October 2015	until 31 December 2018
Mr. Johannes Bacher	German	47	Chief Operating Officer	8 October 2015	until 30 June 2019
Mr. Anderas Boos	German	56	Chief Technology Officer	8 October 2015	until 30 June 2019
Mr. Dr. Achim Plum	German	48	Chief Commercial Officer	8 October 2015	until 31 December 2018

OLIVER SCHACHT, PHD

Mr. Oliver Schacht, an expert in the diagnostics industry, has been CEO of Curetis since April 2011 and prior to that was a Supervisory Director of Curetis AG from mid-2010 to end of the first quarter of 2011. He was a co-founder and the CFO of Epigenomics AG in Berlin and the CEO of the U.S. subsidiary Epigenomics Inc. (Seattle, USA). Mr. Schacht has extensive experience in developing and implementing commercial strategies and financing measures (including two IPOs), as well as in finance, M&A transactions and alliance negotiations. During his time at Epigenomics AG (1999-2011), he headed all central business functions, including corporate finance, investor relations, PR, marketing and business development at the Berlin headquarters. Mr. Schacht also serves on the Board of BIO Deutschland e.V. as treasurer and on the Supervisory Board of Protagen AG (Dortmund, Germany). Mr. Schacht obtained his Diploma in European Business Administration at the European School of Business in Reutlingen and London in 1994 as well as a Master's degree and a Ph.D. at the University of Cambridge (UK). During his time at Mercer Management Consulting (1995-1999), he worked on projects in the fields of M&A, growth strategies and re-organization in the pharmaceutical, biotechnology and other industries. He has co-founded several start-up companies in biotech, IT and education in Europe and the U.S.

The Company's registered address:
Max-Eyth-Straße 42, 71088 Holzgerlingen, Germany,
serves as the business address for the Managing Directors.

JOHANNES BACHER

Mr. Johannes Bacher combines over 20 years of R&D and managerial experience with extensive expertise in the fields of international project management, operatrions, and the design and management of diverse interdisciplinary teams and building of organizational structures. Hence, the Curetis co-founder is ideally suited to managing all R&D operations and clinical trials of Curetis. Mr. Bacher has a degree in Electrical Engineering (Dipl. Ing.) and has already worked for several international medical technology companies, including Hewlett Packard, Agilent and Philips Medical Systems.

ANDREAS BOOS

With over 25 years of professional experience at Hewlett Packard, Agilent and Philips, Curetis co-founder Mr. Andreas Boos brings a wealth of international experience in developing and implementing solutions for patient monitoring and on-site molecular diagnostics. As a graduate Electrical Engineer (Dipl. Ing.), Mr. Boos has successfully applied his project management skills to lead the development of several innovative and commercially successful medical devices for the global markets. In addition to his extensive knowledge of customer requirements, Mr. Boos brings to Curetis a comprehensive understanding of quality systems, standards and global regulatory approval procedures. At Curetis, he holds overall responsibility for manufacturing as well as continuous product improvements and further development of the Unyvero Platform e.g. via Gyronimo.

DR. ACHIM PLUM

Dr. Achim Plum joined Curetis in 2015 as Chief Commercial Officer overseeing all commercial activities including global marketing and sales, business development (including the GEAR Bio-IT team) and scientific & medical affairs. He joined from a senior management position with Siemens where he was responsible for the assessment and development of novel approaches to the in vitro diagnostics market. Prior to Siemens, Dr. Plum worked for eight years with the publicly traded German-American molecular diagnostics company Epigenomics AG, most recently as Senior Vice President Business and Strategy. At Epigenomics, he built sales and marketing teams and distribution networks in Europe and the U.S., negotiated strategic commercial agreements with leading diagnostics industry players and led Epigenomics' corporate communications and compliance functions. Following undergraduate studies at the University of Bonn (Germany) and the University of East Anglia in Norwich (UK), Dr. Plum obtained his PhD in Molecular Genetics from the University of Bonn in 1999 for developing and studying novel genetic models of human diseases.

SUPERVISORY BOARD

RESPONSIBILITY, POWERS AND FUNCTIONING

The Supervisory Board is responsible for supervising the conduct and policies of the Management Board and of the general course of affairs of Curetis and its business enterprise. The Supervisory Board also provides guidance, feedback and advice to the Management Board.

In performing their duties, the Supervisory Directors are required to be guided by the interests of Curetis and its business enterprise, taking into account the interests of Curetis' stakeholders (which include but are not limited to Curetis' employees and the shareholders). The Supervisory Board will also observe the corporate social responsibility issues that are relevant to Curetis' business. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board may, at Curetis' expense, seek the advice of external experts and service providers, which it deems desirable for the correct performance of its duties.

The Supervisory Board has drawn up a profile *(profielschets)* for its size and composition taking into account the nature of Curetis' business, the Supervisory Board's activities and the desired expertise and background of the Supervisory Directors. The Supervisory Board must discuss the profile at the occasion of its adoption and review it annually and each amendment of the profile must be discussed in the General Meeting.

SUPERVISORY BOARD RULES

Pursuant to the Articles of Association, the Supervisory Board may adopt rules of procedure concerning the division of its duties and its working methods ("Supervisory Board Rules") and that of its committees as described below. The Supervisory Board Rules, in effect since the IPO, were amended in Art. 6.22 and adopted at the Supervisory Board meeting on 06 April 2016 and can be found on Curetis' website under www.curetis.com/en/investors.html.

COMPOSITION, APPOINTMENT AND REMOVAL

The Articles of Association provide that the Supervisory Board must consist of a minimum of three members, with the exact number of Supervisory Directors to be determined by the Supervisory Board. As of the date of this Annual Report, the Supervisory Board consists of six members. Only natural persons may be appointed as Supervisory Director. Whilst the current composition of the Supervisory Board is in line with the characteristics outlined in the "Supervisory Board Profile", there is a continued effort to increase the number of independent Supervisory Directors, e.g. by some of the investor representatives stepping down over the course of the coming General Meetings and new, independent Supervisory Directors being identified and proposed for election at an upcoming General Meeting. Special attention in Supervisory Director searches will be given to enhancing the diversity in terms of gender, professional experience and expertise as well as geographic coverage. A dedicated search process to identify additional Supervisory Directors is ongoing at this point under the auspices of the Supervisory Board's Nomination Committee. For an explanation of any deviation from the Dutch Corporate Governance Code with regards to Supervisory Directors, please also see the relevant section below.

The General Meeting appoints the Supervisory Directors upon a non-binding nomination of the Supervisory Board. Any nomination by the Supervisory Board must be drawn up with due observance of the profile (profielschets) for the size and the composition of the Supervisory Board. The nomination must specify the reasons for the nomination. If no nomination has been made, which is also considered the case if the Supervisory Board's vote on the nomination ties; this must be stated in the notice. However, the General Meeting is not bound by a nomination and may appoint a Supervisory Director at its discretion, provided a proposal to appoint another person has been put on the agenda of the relevant General Meeting or, failing that, the entire issued capital is represented at the General Meeting and the resolution to appoint the alternative Supervisory Director has been adopted unanimously.

A resolution of the General Meeting to appoint a Supervisory Director in accordance with the nomination of the Supervisory Board shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting shall require an absolute majority of the votes cast representing at least a third of Curetis' issued share capital. The Supervisory Board shall appoint one of its Supervisory Directors as Chairman and shall appoint one of its Supervisory Directors as Vice-Chairman.

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or dismiss a Supervisory Director. Should the General Meeting wish to suspend or dismiss a Supervisory Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by an absolute majority of

the votes cast representing at least a third of Curetis' issued share capital. A General Meeting must be held within three months after a suspension of a Supervisory Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension for a maximum period of another three months. The suspended Supervisory Director must be given the opportunity to account for his or her actions at that meeting. If neither such resolution is adopted nor the General Meeting has resolved to dismiss the Supervisory Director, the suspension will cease after the period of suspension has expired.

TERMS OF APPOINTMENT

Supervisory Directors are appointed for a maximum period of four years, provided that, unless a member of the Supervisory Board resigns at an earlier date, his or her term of office lapses on the day of the first General Meeting to be held in the fourth year after the year of his or her appointment. A Supervisory Director may be reappointed for a term of not more than four years at a time, with due observance of the provision in the previous sentence. A Supervisory Director may be reappointed for a total of three consecutive four-year terms, which period may or may not be interrupted, unless the General Meeting resolves otherwise. The term for each Supervisory Director is shown on the table below under "Supervisory Directors".

MEETINGS AND DECISION-MAKING

According to the Supervisory Board Rules, resolutions of the Supervisory Board can only be adopted in a meeting at which at least the majority of the Supervisory Directors is present or represented, provided that any member of the Supervisory Board with a direct or indirect personal conflict of interest (as specified in the Supervisory Board Rules) with Curetis, is not taken into account when establishing this quorum.

The Supervisory Board holds at least four meetings per year, or more often as deemed necessary or desirable by one or more Supervisory or Managing Directors. Meetings of the Supervisory Board are attended by the Managing Directors, unless the Supervisory Board decides otherwise and save for certain meetings as described in the Supervisory Board Rules.

Pursuant to the Articles of Association, resolutions of the Supervisory Board will be adopted both at and outside a meeting by an absolute majority of the votes cast. In case of a tied vote, the proposal shall have been rejected. The Articles of Association specify that the Supervisory Board Rules may provide that resolutions can only be adopted if one or more Supervisory Directors with a specific function vote in favor of a specific proposal. The Supervisory Board Rules contain such a provision (see next paragraph).

Pursuant to the Supervisory Board Rules, the Supervisory Directors shall endeavor to achieve that resolutions are as much as possible adopted unanimously. Where unanimity cannot be reached and if no larger majority is required by law, the Articles of Association or the Supervisory Board Rules, the Supervisory Board may adopt resolutions by an absolute majority of the votes cast at the meeting. In the event of a tie in voting, the proposal shall have been rejected.

SUPERVISORY BOARD REPORT

In 2016 the Supervisory Board held five meetings (6 April, 20 May, 16 June, 7 September, 6 December) and in addition two extensive telephone conference calls were held (17 August, 10 November). Typically, the face to face Supervisory Board meetings were held at Frankfurt Airport Conference Center with the exception of the Supervisory Board meeting on 16 June 2016 which was held right after the General Meeting at Schiphol Airport, the Netherlands. All Supervisory Directors and all members of the Management Board attended these meetings as well as on a case by case basis individual guests were invited for certain topics. None of the Supervisory Directors have been absent from the Supervisory Board meetings held.

The meetings in spring were heavily focused on the preparation of the agenda and decision proposals to our shareholders at the General Meeting. On 6 April the entire Supervisory Board reviewed the audit of the 2015 FY financials and 2015 Annual Report with our external auditors at PwC. All material items of the 2015 statements were discussed and all questions answered before approving the 2015 statements. Furthermore, the initial build-up of our EMEA Direct Sales team was discussed in depth and the FDA trial enrolment and execution was closely monitored. Early on in the year, the Supervisory Board together with the Management Board discussed the corporate strategy including the proposaed "buy & build" strategy of making certain strategic asset acquisitions. The Supervisory Board in all of its meetings also assessed and the main business risks, which are mostly ongoing issues throughout the whole year, and hence established a set of KPIs and metrics that were tracked monthly to monitor the early phases of the commercial roll-out in the EMEA direct selling territories.

Also, in close interaction between the Supervisory and Management Boards, the strategy of Curetis of a "build & buy" combination of further developing Unyvero and adding assets that are complementary and can fuel future growth via external acquisition, was discussed and vetted in depth. The GEAR asset acquisition opportunity was examined and the Supervisory Board encouraged management to submit a first non-binding bid. In light of that strategic discussion, additional financing opportunities such as potential debt financing were also discussed. Another key area of these Supervisory Board meetings in Q2-2016 was the recruiting process for our Curetis USA, Inc. CEO.

The June meeting was used to welcome, introduce and on-board our new Supervisory Director Prabhavathi Fernandes. It was also the constitutional meeting of the newly elected Supervisory Board and William Rhodes was elected as chairman, Werner Schäfer as vice chair and the committee chairpersons and members were also confirmed (see also page 54). Furthermore, it reviewed the completion of enrolment into our FDA trial in June 2016.

The August telephone conference was used to discuss, review and approve the H1-2016 earnings and financial statements. Updates to all operational areas were discussed and due diligence outcomes on the strategic asset acquisition opportunities as well as debt financing reviewed. The negotiation status of the GEAR acquisition as well as several potential platform deal opportunites were discussed in more detail during the September Supervisory Board meeting. Again, key area of attention was the commercial execution and early traction in terms of funnel development, sales KPIs. Following the hire of Chris Bernard as CEO of our Curetis USA, Inc. subsidiary, he was introduced to the Supervisory Board and outlined his strategy for building a core team of executives in the U.S. in H2-2016. Strategic product pipeline decisions and a roadmap towards a broader and more comprehensive infectious disease testing menu was debated. In September the Supervisory Board also approved the GEAR acquisition from Siemens, which was announced on 7 September 2016 immediately following the decision.

The telephone conference in November and the Supervisory Board meeting in December in addition to quarterly numbers for Q3 and tracking KPIs and progress with the FDA trial data analysis and submission preparation were primarily focused on the completion of due diligence and negotiation of the Gyronimo acquisition and EIB debt financing facility, respectively. Also the build-out of the U.S. team was an area of close monitoring and discussion in the Supervisory Board. The December meeting was not only used to discuss final details of the deals but also debate and agree on the final budget for 2017, including the next development programs in Europe as well as next U.S. FDA trial. The Q4-2016 Supervisory Board sessions also revolved around the expiry of the lock up agreements as of 13 November 2016 and related investor relations activities and plans going forward. The Supervisory Board was constantly apprised of the latest operational and commercial developments as well as PSOP Roll-Over agreements, carve-out agreement between the pre-IPO shareholders with Dr. Werner Schäfer and the required delivery of shares or cash by these shareholders to Dr. Schäfer upon expiry of the lock-up.

AUDIT COMMITTEE REPORT

The audit committee held several meetings and telephone conferences during 2016. On 4 March 2016, the audit priorities and areas of focus for the audit were discussed with PwC. On 31 March 2016, the auditors at PwC reported their findings and discussed the financial statements and annual report and their Dutch auditors' opinion in detail with the Audit Committee. On 9 August, an Audit Committee telephone conference was convened to discuss the H1 financials and to approve the H1 financial statements for publication. In November and December, the core audit topics for the 2016 FY financials were discussed in detail with PwC. In addition to these formal meetings or telephone conferences with the full Audit Committee there has been and continues to be a very regular, informal and interactive communication between management and the Chairman of the Audit Commmittee. Early on in January 2017, the Audit Committee also discussed a series of questions and responses by Curetis to a memo from the AFM on a number of clarification issues of the 2015 annual report.

REMUNERATION COMMITTEE REPORT

Following a recommendation by the Remuneration Committee the Supervisory Board on 16 January 2016 approved the bonus payout decisions for the Management Board based on the analysis of 2015 goal achivements. Also goals for 2016 were discussed and defined for Curetis as a whole but also for each member of the Management Board individually. These were formally approved on 6 April 2016. Furthermore, the creation of a simple stock option plan was approved for inclusion into the General Meeting agenda. Details of this stock option program were discussed and approved by the Remuneration Committee in a telephone conference on 4 March 2016. The key terms and conditions for the Curetis stock option plan can be found in a term sheet published on Curetis' website under www.curetis.com/en/investors.html

During Q2 there were several discussions between the Remuneration Committee, the Management Board and external advisors around the issue of equity linked compensation for Supervisory Directors. A new Remuneration Policy for the Supervisory Board was proposed to and approved by the General Meeting on 16 June 2016. However, upon proposal by the Remuneration Committee the Supervisory Board on 16 June also decided not to grant any stock options to any Supervisory Board directors in 2016 and to review and revisit the issue for 2017. In the Supervisory Board meeting on 23 February 2017, based upon a proposal by the Remuneration Committee, it was unanimously decided to propose to the General Meeting for voting and approval, that each Supervisory Director shall be granted up to 15,000 stock options under the existing Stock Option Plan as of 1 July 2017. The Remuneration Committee and Supervisory Board shall review any future amendments to the Remuneration Policy and will make proposals for 2018 at a later date.

Other topics for the Remuneration Committee in Q2 were the recruiting of and compensation package for the President & CEO of Curetis USA, Inc. In November 2016 the issue of equity linked was taken up again by the Remuneration Committee in the context of another Supervisory Board search process initiated by the Nomination Committee. Between the formal meetings and telephone conferences of the Remuneration Committee, which on 16 January 2017 also reviewed the 2016 goal achievements and made a proposal to the Supervisory Board for bonus payout of the members of the Management Board which was unanimously approved by the Supervisory Board.

NOMINATION AND APPOINTMENT COMMITTEE

On 7 January 2016 the Nomination Committee initiated the search for a new U.S. based Supervisory Director in a telephone conference with Management Board and external search firm support. Throughout Q1-2016 several telephone conferences were held between the Nomination Committee and the search firm involved as well as management. In a telephone conference on 22 March 2016 the decision was taken to interview a finalist candidate for the open Supervisory Director position and following an in-person meeting in Amsterdam to interview Prabhavathi Fernandes, Ph.D. as the top ranked candidate, the Nomination Committee proposed and the Supervisory Board resolved to invite Dr. Fernandes to join the Supervisory Board and to include the resolution into the agenda for the June 2016 General Meeting. Following a series of informal discussions held by the Nomination Committee and its chairman with management in Q4-2016, on 9 January 2017 a telephone conference was held to kick off the search process for the next potential independent Supervisory Director. An individual review on the functioning of the Supervisory Board, its committees as well as each Supervisory Board and Management Board member performance and contribution in 2016 was completed by the Nomination Committee and discussed in the Supervisory Board meeting on 23 February 2017.

More on the different Committees see below in section “Supervisory Board Committees”.

DIVERSITY AND LIMITATION OF SUPERVISORY POSITIONS

Although the former requirements of Dutch legislation limiting the number of supervisory positions to be occupied by male Supervisory Directors lapsed, best practice provision III.3 of the DCGC provides that the Supervisory Board shall aim for a diverse composition of the Supervisory Board, including in terms of gender and age. Until the General Meeting held on 16 June 2016, all of the Supervisory Directors of Curetis had been male. Since then with Prabhavathi Fernandes, Ph.D. joining, the first female Supervisory Director is now on board. And in the recruitment procedure for future appointments of Supervisory Directors, sincere efforts will be made to find Supervisory Directors of the female gender. The Supervisory Board endorses the aim of diversity and shall continue to strive for the appointment of female Supervisory Directors when vacancies have to be filled to the extent that such candidates are the best qualified for the position at that time.

SUPERVISORY DIRECTORS

At the General Meeting 2016 Dr. Frank Muehlenbeck's term expired and he decided not to run for reelection. Ms. Prabhavathi Fernandes, Ph.D., was elected as a Supervisory Director. At the date of this Annual Report, Curetis' Supervisory Board therefore is composed of the following six Supervisory Directors:

Name	Nationality	Age	Position	Date of most recent Appointment	Term
Mr. William E. Rhodes, III	U.S. American	62	Chairman of the Superviory Board	10 November 2015	End of General Meeting held in 2019
Mr. Mario Crovetto	Italian	63	Member of the Supervisory Board and Chairman of the Audit Committee	10 November 2015	End of General Meeting held in 2019
Mr. Dr. Werner Schäfer	German	68	Vice-Chairman of the Superviory Board	10 November 2015	End of General Meeting held in 2018
Ms. Prabhavathi Fernandes, Ph.D.	U.S. American	68	Member of the Supervisory Board	16 June 2016	End of General Meeting held in 2019
Mr. Dr. Rudy Dekeyser	Belgian	54	Member of the Superviory Board	16 June 2016	End of General Meeting held in 2017
Mr. Dr. Holger Reithinger	German	50	Member of the Superviory Board	16 June 2016	End of General Meeting held in 2017

The Company's registered address:
Max-Eyth-Straße 42, 71088 Holzgerlingen, Germany,
serves as the business address for the Managing Directors.

WILLIAM E. RHODES, III

Mr. William E. Rhodes, III, serves as Chairman of the Supervisory Board since the IPO. Mr. Rhodes is a healthcare executive with more than 30 years of experience in the healthcare industry. During his 14-year career at Becton, Dickinson and Company (BD, 1998-2012), Mr. Rhodes held several senior leadership positions, including roles as Worldwide President of BD Biosciences (2009-2011), a greater than USD 1 billion revenue segment of BD. Mr. Rhodes was also an Executive Officer of BD, and was responsible for corporate strategy and merger and acquisition functions for all of BD's businesses. Furthermore, he founded BD Ventures, the venture capital arm of Becton, Dickinson and Co. Prior to Becton Dickinson, he served in senior business development positions at Johnson & Johnson and Pfizer Inc. Mr. Rhodes also served as President at The William-James Co. and has a track record of over 20 successful acquisitions and divestitures. He was director of Andor Technologies plc (2013-2014), and has served on the boards of Novocell Inc., Conticare Medical, Vitagen Inc., Cellector Inc. and the California Healthcare Institute, BIO, the San Jose State University Research Foundation and Silicon Valley Leadership Group. He currently serves as Director of Third Day Advisors LLC (since 2013), as Director of Omega Group plc (since 2013), Paramit Corporation LLC (since 2014) and as a member of the Advisory Board of Cayuga Venture Fund (since 2013). Mr. Rhodes has a number of advisory roles with Cornell University, including serving on the Advisory Councils of the McGovern Family Center for Life Sciences (since 2013) and Entrepreneurship at Cornell (since 2015). He also was appointed to the Cornell College of Agriculture and Life Sciences Dean's Council (2016) and serves as a Venture Consultant for Cornell's Blackstone Launchpad (2016). Moreover, he is on the Editorial Board of the journal Clinical and Translational Medicine. Mr. Rhodes holds a Master's degree in International Business from Seton Hall University and a BSc degree from Cornell University. He originated eleven US patents for novel topical drugs and has been a lecturer on entrepreneurship in life sciences, innovation technology and M&A at Cornell University, Seton Hall University and San Jose State University.

MARIO CROVETTO

Mr. Mario Crovetto has been appointed as the Chairman of the Audit Committee upon the IPO. Mr. Crovetto has been working as an independent advisor on M&A and corporate projects, notably integrations, divestments and financing since 2011. From 1999 to 2011, he was the CFO of Eurand NV (Specialty Pharmaceuticals), which he took public on NASDAQ in 2007. From 1990 to 1999, he held various senior business positions at Recordati (Pharmaceuticals), including VP of Corporate Development, Division Manager of Diagnostics and CFO. Prior to that, he held various positions at Montedison (Speciality Chemicals), Digital Equipment Corporation, Mobil and SIAR (Management Consulting). Mr. Crovetto holds a BSc degree in Economics from the Università Cattolica del Sacro Cuore, Milan and a Master's degree in Business Economics from Harvard University, Cambridge, MA.

DR. WERNER SCHÄFER

Dr. Werner Schaefer has been elected Vice Chairman upon IPO. He is a specialist in the in-vitro diagnostics industry and he has nearly 30 years of management experience in in-vitro diagnostics, holding various international leadership positions throughout his career – including general management, marketing and R&D at major companies such as Behringwerke/Hoechst, Abbott, Boehringer Mannheim and Roche Diagnostics. At Boehringer and Roche, he led the laboratory systems business unit and he served also as a member of the Executive Board of Roche Diagnostics GmbH until 2001. Since then, he has worked as a consultant and serves on various executive boards and supervisory boards in highly specialized diagnostics and medical technology companies. He was a member of the Supervisory Board of BRAHMS AG (2002 to 2009, sold to Thermo Fisher), mtm laboratories AG (2003 to 2011, sold to Roche), Vivacta Limited (2006 to 2012, sold to Novartis), Signature AG (2012-2013), Genomatix Software GmbH (2011 to 2013) and Cognoptix Inc. (2009 to 2014). He currently serves as a member of the Advisory Board of Human GmbH (since 2005), as the Chairman of the Board of Directors of ProteoMediX AG (since 2012) and as Vice-Chairman of Curetis (previously Curetis AG – since 2014). Dr. Schaefer has a Ph.D. in Chemistry from Philipps University Marburg.

PRABHAVATHI FERNANDES, PH.D.

Dr. Prabhavathi Fernandes has been appointed member of the Supervisory Board at the General Meeting held in June 2016. Until her retirement in December 2016, she was President and Chief Executive Officer and a member of the Board of Directors of Cempra Pharmaceuticals, a company she has founded. In 2012, she led the initial public offering and listing on Nasdaq for Cempra, and has successfully raised over half a billion dollars to date for the company. Her career of more than four decades has focused on anti-infectives, first in clinical microbiology and infectious diseases and then in pharmaceutical discovery and development. Prior to Cempra, Dr. Fernandes held executive leadership positions at pharmaceutical corporations including Bristol-Myers Squibb Pharmaceutical Research Institute, Abbott Laboratories and The Squibb Institute for Medical Research. She founded and led three biotechnology and CRO companies. She serves on the Editorial Board of several journals and she has authored over 250 publications and numerous reviews and book chapters.

DR. RUDY DEKEYSER

Dr. Rudy Dekeyser is a non-executive director of the issuer. Dr. Dekeyser joined LSP in 2012 to become managing partner of LSP's Health Economics Fund. His prime focus and responsibility within LSP is the investment in unlisted securities. Prior to joining LSP, Dr. Dekeyser was Managing Director of VIB (1995 to 2012), the Flanders Institute for Biotechnology, which he helped establish in 1995. Under his leadership, the institute has grown to become one of Europe's most successful incubators in the area of life sciences. Over the years, Dr. Dekeyser has been appointed as Director of many biotech and medtech companies and has been a Senior Advisor to a number of investment firms. He currently serves as a member of the Supervisory Board of Sequana Medical AG (since 2014), Celyad SA (since 2005), reMYND NV (since 2009) and EMBLEM GmbH (since 2001). Since November 2014, he has been a member of the supervisory board at Curetis. Dr. Dekeyser has a Ph.D. in Molecular Biology from Ghent University.

DR. HOLGER REITHINGER

Dr. Holger Reithinger has been a General Partner and Head of the Munich office of Forbion Capital Partners since April 2010. Previously, he was Principal and subsequently Partner at Global Life Science Ventures, a well-established life sciences-focused partnership with offices in Switzerland and Germany. He started his career in venture capital in 1997 as an Investment Manager at Technologieholding VC GmbH, which at that time was one of the leading German venture capital firms. Technologieholding was acquired by 3i Group in early 2000, when Dr. Reithinger became a Director at its Germany's healthcare practice. Prior to this, Dr. Reithinger gained operational experience as a Product Development Manager at Biometra/Whatman Plc (now part of GE Healthcare). Dr. Reithinger has served on the boards of numerous life sciences companies including Epigenomics (IPO 2004), MBT (assets sold to Medigene AG), 4SC (IPO 2005), Fibrex Medical (assets licensed to Ikaria Inc.), Agendia BV, Santaris A/S (sold to Roche 2014) and Cellnovo Limited (2014-2015). Dr. Reithinger currently holds board seats at Curetis N.V. (previously Curetis AG - since 2011), Cellnovo Group S.A. (since 2015, IPO 2015), Allecra Therapeutics GmbH (since 2013), Rigontec GmbH (since 2015) and cataIYm GmbH (since 2016). Dr. Reithinger studied Molecular Biology/Microbial Biology and Biochemistry at the Universities of Heidelberg and Munich. He holds a Ph.D. in Biochemistry, which he obtained under the supervision of Prof. Dr. Arne Skerra (founder of Forbion's portfolio company Pieris AG) in the department of Prof. Dr. Hartmut Michel (Nobel Laureate 1988) at the Max-Planck-Institute of Biophysics.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board is supported by the Remuneration Committee, the Audit Committee and the Nomination and Appointment Committee. Each of the committees has a preparatory and/or advisory role to the Supervisory Board. In accordance with the Supervisory Board Rules, the Supervisory Board has drawn up respective rules on each Supervisory Board committee's role, responsibilities and functioning, which have been published online on the corporate website and is available at www.curetis.com/en/investors.html. As of the date of this Annual Report, the committees consist of three Supervisory Directors each. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making.

REMUNERATION COMMITTEE

The Remuneration Committee is a standing committee within the Supervisory Board and advises the Supervisory Board on the exercise of its duties regarding the remuneration policy of the Managing Directors within Curetis', including analyzing developments of the Code, and preparing proposals for the Supervisory Board on these subjects.

THE MEMBERS OF THE REMUNERATION COMMITTEE ARE:

- Prabhavathi Fernandes, Ph.D.
- Dr. Rudy Dekeyser
- Mr. William E. Rhodes (Chairman)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The following presents a summary of the remuneration committee's terms of reference. The complete version is available at the companies' website.

Working within the Supervisory Board, the Remuneration Committee has the following duties:

- preparation of proposals of the Supervisory Board on the remuneration policy for the Managing Directors to be adopted by the General Meeting;
- drafting of proposals on the remuneration of the individual Managing Directors to be determined by the Supervisory Board (including the remuneration structure; and the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation awarded, as well as the performance criteria and their application);
- monitoring and analysis of developments of the Dutch Corporate Governance Code;
- applicable laws and regulations in relation to remuneration policies;
- preparation of the Remuneration Report;
- proposals to the Supervisory Board for the remuneration of the individual Supervisory Board Directors to be adopted by the General Meeting;
- review of the Management Board's proposals on the annual remuneration and bonuses of all employees.
- The Remuneration Committee meets at least three times every year. Meetings of the Remuneration Committee are in principle called by the Company Secretary on behalf of the Chairman of the Remuneration Committee, in consultation with the Chairman of the Remuneration Committee.

AUDIT COMMITTEE

The duties of the Audit Committee include the supervision and monitoring as well as advising the Management Board and each Managing Director regarding the operation of Curetis' internal risk management and control systems.
The members of the Audit Committee are:

- Dr. Holger Reithinger
- Dr. Rudy Dekeyser
- Mr. Mario Crovetto (Chairman)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Set out below is a summary of the terms of reference of the Audit Committee which can be obtained in a full version from the corporate investor website.

Working within the Supervisory Board, the Audit Committee is charged in particular with the supervision of the Management Board concerning

- the operation of the internal risk management and control systems;
- the provision of financial information by Curetis (including the choice of accounting policies, application and assessment of the effects of new rules, information about the treatment of estimated items in the Annual Accounts, forecasts, work of internal and external auditors, etc.);
- compliance with recommendations and observations of internal and external auditors;
- the role and functioning of the internal audit function;
- the policy of Curetis on tax planning;
- relations with the External Auditor, including, in particular, his independence, remuneration and any non-audit services for Curetis;
- the financing of Curetis; and
- application of information and communication technology.

The Audit Committee also provides advice to the Supervisory Board on the nomination by the Supervisory Board to the General Meeting for the appointment of the External Auditor. Furthermore, the Audit Committee makes proposals to the Supervisory Board on the policy applied of the External Auditor's independence. The preparation of Supervisory Board meetings for discussion of the annual report, the Annual Accounts and half-yearly and quarterly financial figures, the annual budget and major capital expenditures are further duties of the Audit Committee.

Furthermore, the Audit committee has duties towards

1. The External Auditor, i.e.
    a. In acting as the principal contact of the External Auditor if irregularities in the financial reports' content is discovered;
    b. In providing advice to the Supervisory Board on the External Auditor's remuneration;
    c. Determining the External Auditor's involvement in content and publication of financial reports except the Annual Accounts;
    d. Requesting the External Auditor to include all matters that he wishes to bring to the Supervisory Board's attention in his reports;
    e. Assessment and approval of the External Auditor's functioning and fulfillment of his role at least every four years;
2. The Internal Auditor, i.e.
    a. In being actively involved in drawing up the work schedule;
    b. In taking cognizance of its findings; and
    c. In offering access to the Chairman of the Audit Committee.

NOMINATION AND APPOINTMENT COMMITTEE

The Nomination and Appointment Committee advises the Supervisory Board on its duties regarding the selection and appointment of Managing Directors and Supervisory Directors. The rules for the Nomination and Appointment Committee are publicly available on Curetis' website www.curetis.com.

Members of the Nomination and Appointment Committee are:

- Prabhavathi Fernandes, Ph.D.
- Dr. Holger Reithinger
- Dr. Werner Schäfer (Chairman)

TERMS OF REFERENCE OF THE NOMINATION AND APPOINTMENT COMMITTEE

Working within the Supervisory Board, the Nomination and Appointment Committee has the following duties:

- Drafting of selection criteria and appointment procedures for Supervisory Directors and Managing Directors;
- Assessment of the size and composition of the Supervisory Board and the Management Board at least once a year;
- Assessment of the functioning of individual Supervisory Directors and Managing Directors at least once a year;
- Proposals for (re)appointments;
- Supervision of the Management Board's policy on the selection criteria and appointment procedures for Curetis' key employees;
- Preparation of the decision-making process of a Managing Director's membership of the Supervisory Board of a listed company;
- Preparation of the decision-making process concerning any conflicts of interest that may arise in the acceptance by Supervisory Directors of additional positions.

The Nomination and Appointment Committee meets at least once every year.

REMUNERATION AND EQUITY HOLDINGS

The Supervisory Board establishes the remuneration of the individual members of the Management Board in accordance with the principles laid down in the Management Board remuneration policy as adopted by the General Meeting of Shareholders on 16 June 2016. Details are also published on Curetis' website.

After analyzing possible scenarios and outcomes of the variable remuneration components and how they may affect the remuneration, the Supervisory Board presents the Management Board remuneration in the form of shares or options to the General Meeting of Shareholders, for approval. This proposal includes the number of shares and/or options that may be granted to the Management Board and the criteria which applies to a grant or modification. A new equity based incentive plan has been established at the General Meeting of Shareholders on 16 June 2016.

Curetis' current remuneration policy which can be found on its website under www.curetis.com/en/investors.html provides for competitive compensation to enable Curetis to recruit and maintain competent management. The Remuneration Policy is designed based on the following remuneration principles:

- The level and structure of the remuneration which the Managing Directors receive from Curetis for their work shall be in accordance with and benchmarked against industry standards so that qualified and expert Managing Directors can be recruited and retained.
- When the overall remuneration is fixed, its impact on pay differentials within Curetis shall be taken into account.
- If the remuneration consists of a fixed component and a variable component, the variable component shall be linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature. The variable component of the remuneration must be appropriate in relation to the fixed component.
- The remuneration structure, including severance pay (if any), shall be simple and transparent. It shall promote the interests of Curetis in the medium and long term, may not encourage Managing Directors to act in their own interests or take risks that are not in keeping with the adopted strategy, and may not reward failing Managing Directors upon termination of their engagement.
- The level and structure of remuneration shall be determined by reference to, among other things, the results, the share price performance and non-financial indicators that are relevant to Curetis' long-term value creation.
- The amount of compensation which a Managing Director may receive on termination of his engagement may not exceed one year's fixed remuneration component, unless this would be manifestly unreasonable in the circumstances.
- The variable salary may be comprised of two components: (a) an annual cash bonus payment in accordance with industry standards; and/or (b) granting of share options and/or performance share awards in accordance with an employee incentive plan adopted by Curetis.

ADJUSTMENTS TO VARIABLE REMUNERATION

Pursuant to Dutch law and the Dutch Corporate Governance Code, the remuneration of Managing Directors may be reduced or Managing Directors may be obliged to repay (part of) their variable remuneration to Curetis if certain circumstances apply. The Supervisory Board has the power to adjust the value of variable remuneration components downwards or upwards if in their opinion current remuneration results to be unfair due to extraordinary circumstances.

REMUNERATION OF THE MANAGEMENT BOARD

An overview of the remuneration received by the Management Board for the year ended 31 December 2016, is shown in the table next page:

Name	Base salary/ consultancy fee [4]	Employer's pension contributions	Annual Bonus [5]	Other benefits [1] (car lease, travel expenses)	Share besed payments and other incentives	Total remuneration
Mr. Johannes Bacher	kEUR 243	kEUR 0	kEUR 56	kEUR 0	kEUR 130 [3]	kEUR 429
Mr. Andreas Boos	kEUR 210	kEUR 0	kEUR 46	kEUR 0	kEUR 130 [3]	kEUR 386
Mr. Dr. Achim Plum [1]	kEUR 202	kEUR 0	kEUR 50	kEUR 5 [2]	kEUR 130 [3]	kEUR 387
Mr. Oliver Schacht, Ph.D.	kEUR 262	kEUR 0	kEUR 78	kEUR 0	kEUR 130 [3]	kEUR 470

[1] Cost reimbursement only, no additional flat catering expenses
[2] Company car reimbursement
[3] Expense recognized for granted ESOs
[4] Includes holiday-compensation payouts
[5] Refers to the bonus for the year 2016 which will be paid in 2017

Profit sharing and bonus payments on short term.
Managing Directors are entitled to a bonus that shall be awarded on the basis of the achievement of key performance indicators ("KPI's") that will be set by the Supervisory Board in advance of each financial year. The KPI's will relate to the financial results, and operation progress of Curetis as well as the individual performance of the respective Managing Director.

The bonus entitlement to be awarded is determined by the Supervisory Board upon recommendation by the Remuneration Committee. For 2016 the Supervisory Board had set a set of corporate goals (e.g. revenue, corporate growth, FDA trial completion and submission etc.) which made up 50% of each Managing Director's potential bonus and for each Managing Director a series of challenging personal goals had been defined which make up the other 50% of the potential bonus. These individual goals included items such as shareholder value creation, organizational growth, strategic optionality and Management Board evolution (CEO), commercial traction and sales team build-up, business development goals (CCO), FDA trial execution and FDA submission, product development objectives etc. (COO) and manufacturing metrics, yield, scale-up, platform improvements etc. (CTO).

Such payments are also shown in the table above.

SHARE BASED PAYMENTS

For detailed information regarding the share-based payment arrangements, refer to Note 3.25, Note 25 and Note 32 of the consolidated financial statements.

EQUITY SETTLED OPTION PLAN 2016 (ESOP)

Grant of options to Managing Directors in 2016.
The Remuneration Policy for the Management Board was adopted by the General Meeting on 16 June 2016 and with regards to Stock Options stipulated:

"Under the Stock Option Plan of Curetis Managing Directors shall be entitled to receive stock options. As an initial grant of stock options when setting up the Stock Option Plan of Curetis in 2016 every Managing Director shall receive 100,000 stock options for the successful completion of the IPO and corporate re-organization." These grants were not subject to any other conditions or future performance targets and vesting is strictly time-dependent as per the Stock Option Program over a three-year period.

These grants were made effective 1 July 2016 as per the table next page.

Beneficiary	Options granted in 2016	Strike Price	Options Vested in 2016	Options Exerciseable as of 31 Dec 2016	Options Exercised in 2016	Share Based Compensation in 2016 (in kEUR)
Johannes Bacher	100,000	EUR 6.45	0	0	0	130
Andreas Boos	100,000	EUR 6.45	0	0	0	130
Dr. Achim Plum	100,000	EUR 6.45	0	0	0	130
Oliver Schacht, Ph.D.	100,000	EUR 6.45	0	0	0	130

"Future entitlements to a Managing Director, starting with the year 2017, shall be agreed upon between each Managing Director and Supervisory Board in connection with stipulating Managing Directors' challenging targets beforehand." There are currently no plans in the Remuneration Policy for the Management Board for any additional stock option grants in 2017.

"The final grant of stock options to a Managing Director in a particular period depends pro rata on his achievement of these challenging targets. The achievement is to be determined by the Supervisory Board. Together with the initial grant a Managing Director shall not exceed 200,000 stock options in any event. Total number of options granted to all Managing Directors together shall not exceed 50% of the SOP pool size at any given time. Grants to new Managing Directors as part of their recruitment may be granted by the Supervisory Board."

As of the date of this Annual Report there has not been any decision nor any draft changes to the Remuneration Policy for the Managing Directors for 2017 and 2018 and beyond. While it is possible that future decisions may include additional stock option grants to Managing Directors these would need to be determined by the Remuneration Committee, the Supervisory Board and ultimately the General Meeting.

The key terms and conditions for the Curetis Stock Option Plan can be found in a termsheet published at our General Meeting 2016, which can be found on the company's website under www.curetis.com/en/investors.html. As all the options are vested until mid 2019 there are currently neither plans nor did the company buy back any shares yet. Company expects to fulfil its obligations regarding the options in 2019 by issuing new shares then.

MANAGEMENT AGREEMENTS AT A GLANCE

The table below shows an overview of the main elements of the current contracts of the Management Board of Curetis for the purposes of Clause II.2.14 of the Dutch Corporate Governance Code.

Position	Mr. Johannes Bacher COO	Mr. Andreas Boos CTO	Mr. Dr. Achim Plum CCO	Mr. Oliver Schacht, Ph.D. CEO
Fixed remuneration (gross per year)	EUR 200,000	EUR 200,000	EUR 200,000	EUR 240,000
Bonus (gross per year)	Up to EUR 80,000 – to be determined on the basis of the achievement of KPI's related to finance, operations and individual performance, set in advance by the Supervisory Board.	Up to EUR 80,000 – to be determined on the basis of the achievement of KPI's related to finance, operations and individual performance, set in advance by the Supervisory Board.	Up to EUR 100,000 – to be determined on the basis of the achievement of KPI's related to finance, operations and individual performance, set in advance by the Supervisory Board.	Up to EUR 120,000 – to be determined on the basis of the achievement of KPI's related to finance, operations and individual performance, set in advanc by the Supervisory Board.
Stock options	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45
Severance	N/A	N/A	N/A	N/A
End date	30 June 2019	30 June 2019	31 December 2018	31 December 2018
Notice period	12 months	12 months	12 months	12 months
Insurance	D&O / Accident & injury / Pension (only as part of injury & disability insurance in case of > 50% disability)	D&O / Accident & injury / Pension (only as part of injury & disability insurance in case of > 50% disability)	D&O / Accident & injury / Pension (only as part of injury & disability insurance in case of > 50% disability)	D&O / Accident & injury / Pension (only as part of injury & disability insurance in case of > 50% disability)
Change of control (i.e. shareholder or shareholders acting in concert acquiring 51% or more of the shares in Curetis)	Within a period of three months after the change of control, the Manager has the one-time right to terminate the agreement with a notice period of three months, being entitled to the management fee for a period of six months after the moment of termination (or maximally the remaining duration of the agreement if shorter than six months).	Within a period of three months after the change of control, the Manager has the one-time right to terminate the agreement with a notice period of three months, being entitled to the management fee for a period of six months after the moment of termination (or maximally the remaining duration of the agreement if shorter than six months).	Within a period of three months after the change of control, the Manager has the one-time right to terminate the agreement with a notice period of three months, being entitled to the management fee for a period of six months after the moment of termination (or maximally the remaining duration of the agreement if shorter than six months).	Within a period of three months after the change of control, the Manager has the one-time right to terminate the agreement with a notice period of three months, being entitled to the management fee for a period of six months after the moment of termination (or maximally the remaining duration of the agreement if shorter than six months).

EQUITY HOLDINGS

The number of shares in Curetis N.V: held on 31 December 2016 by the Managing (MD) and Supervisory Directors (SD) are as follows:

Name	Shares in Curetis held as of 31 December 2015	Shares in Curetis held as of 31 December 2016 and as of date of this Annual Report
Johannes Bacher	107,865	107,865
Andreas Boos	40,930	40,930
Oliver Schacht, Ph.D.	23,541	23,541
Dr. Werner Schäfer	0	2,702

Under the PSOP-Roll-Over Agreements Oliver Schacht is still entitled to receive 172,389 new shares in Curetis and Johannes Bacher, Andreas Boos and Dr. Achim Plum are each still entitled to receive 65,075 new shares in Curetis. Despite the expiry of the lock-up on 13 November 2016 this PSOP-Roll-Over has not yet occurred and Curetis and the beneficiaries are in constant dialog about the best possible path forward on this matter.

The Vice Chairman of the Supervisory Board had been entitled to receive a certain amount of cash from certain of the existing Shareholders or, at the option of such existing shareholders, a corresponding number of Shares following 365 days after the settlement date. As part of the shareholders fulfilling their individual duties towards Dr. Schäfer he received 2,702 shares and the remainder in cash after the expiry of the lock-up in November 2016.

Curetis does not grant any loans, advanced payments and guarantees to members of the Management and Supervisory Board.

REMUNERATION OF THE SUPERVISORY BOARD

The table below shows the fixed annual remuneration of the Supervisory Board as of 31 December 2016 as well as additional remuneration for committee chairing roles as well as per meeting and per telephone conference fees earned in 2016.

Name	Max. fixed remuneration in 2016	Committee chairing fees	Meeting & Telco fees	Total remuneration paid in 2016
Wiliam E. Rhodes, III (chairman and chair of RemCo)	EUR 60,000	EUR 10,000	EUR 14,000	EUR 84,000
Dr. Werner Schäfer (vice chairman and chair of NomCo)	EUR 40,000	EUR 10,000	EUR 14,000	EUR 64,000
Mario Crovetto (chair of Audit Committee)	EUR 20,000	EUR 10,000	EUR 14,000	EUR 44,000
Dr. Frank Mühlenbeck (until 16 June 2016)	Waived	n.a.	Waived	Waived
Dr. Rudy Dekeyser	Waived	n.a.	Waived	Waived
Dr. Holger Reithinger	Waived	n.a.	Waived	Waived
Prabhavathi Fernandes, Ph.D. (from 16 June 2016)	EUR 10,833	n.a.	EUR 8,000	EUR 18,833
TOTAL	EUR 130,833	EUR 30,000	EUR 50,000	EUR 210,833

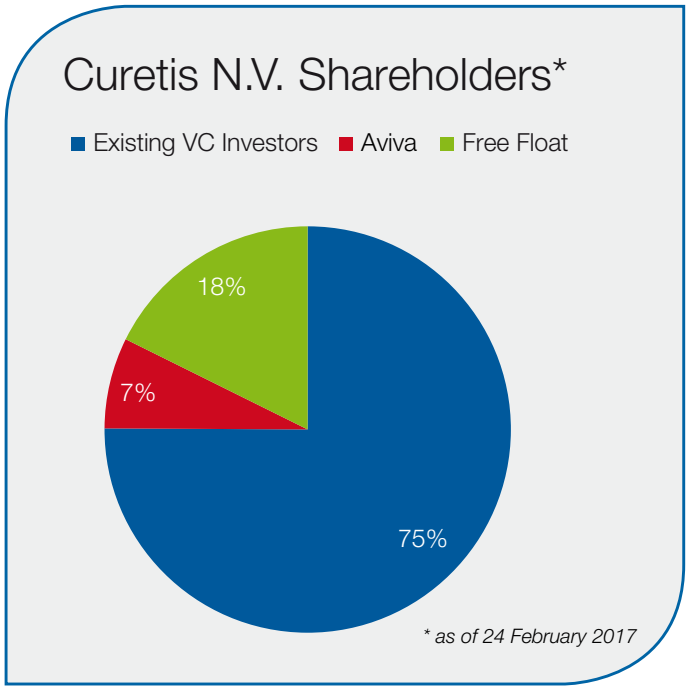
Supervisory Directors did not receive any compensation related to performance and/or equity in 2016 by Curetis except for the shares received by Dr. Werner Schäfer under the carve out agreement as described above. An updated Remuneration Policy for the Supervisory Board was proposed to and approved by the General Meeting on 16 June 2016 and can be found on Curetis' website under www.curetis.com/en/investors.html

SHAREHOLDERS

CAPITAL STRUCTURE

Curetis' issued share capital amounts to EUR 155,384.11 and consists of 15,538,411 ordinary shares at a nominal value of EUR 0.01 each. The total authorized capital is EUR 550,000.00 at EUR 0.01 per share i.e. 55,000,000 shares. The only class of shares is 'ordinary shares' without any special rights attached to them. Furthermore, there are no special shareholder rights for any of the shareholders of Curetis.

The following major shareholdings fall under the mandatory notice provisions of articles 5:34, 5:35 and/or 5:43 of the Financial Supervision Act and have been filed with the Dutch AFM in November and December 2015: aeris Capital Holding GmbH (18.74%), LSP Curetis Pooling B.V. (18.17%), Federal Republic of Germany (5.97%), BioMed Partners AG (5.68%), CD-Venture GmbH (2.97%), Forbion Capital Fund II Coöperatief U.A. (8,93%), Roche Finanz AG (6.22%), HBM BioCapital II Management Ltd. (8.43%), Aviva Investors Global Services Ltd (7.24%). No updates or changes to these have been filed in 2016 nor until the date of this Annual Report.



LOCK-UP ARRANGEMENTS

As part of the Curetis IPO, the company as well as its shareholders, management and employees had entered into a series of lock-up agreements in 2015. The restrictions of these lock-up arrangements, including those on sales, issues or transfers of shares, have all expired 365 days after the IPO i.e. on 13 November 2016 and thus there are currently no more lock-up agreements in place.

SHAREHOLDERS' REGISTER

The Shares are in registered form (op naam). No share certificates (aandeelbewijzen) are or may be issued. If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares with an extract from the register relating to his or her title to a Share free of charge. If the Shares are encumbered with a right of usufruct or a right of pledge, the extract will state to whom such rights will fall to. The shareholders' register is kept by the Management Board.

Curetis' shareholders register records the names and addresses of the Shareholders, the number of Shares held, the amount paid on each Share and the date of registration in the shareholders' register. In addition, each transfer or passing of ownership is registered in the shareholders' register. The shareholders register also includes the names and addresses of persons and legal entities with a right of pledge (pandrecht) or a right of usufruct (vruchtgebruik) on those Shares. For shares as referred to in the Dutch Securities Giro Transfers Act (Wet giraal effectenverkeer), including the Offer Shares, which belong to (i) a collective depot as referred to in that Dutch Securities Giro Transfers Act, of which shares form part as being kept by an intermediary, as referred to in the Dutch Securities Giro Transfers Act or (ii) a giro depot as referred to in that Dutch Securities Giro Transfers Act of which shares form part, as being kept by a central institute as referred to in the Dutch Securities Giro Transfers Act, the name and address of the intermediary or the central institute shall be entered in the shareholders' register, stating the date on which those shares became part of such collective depot or giro depot, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each Share.

ISSUANCE OF SHARES

The General Meeting may, on a proposal of the Management Board, which is approved by the Supervisory Board, resolve to issue Shares or grant rights to subscribe for Shares and to restrict and/or exclude statutory preemptive rights in relation to the issuance of Shares or the granting of rights to subscribe for Shares. The Articles of Association provide that the General Meeting may, upon a proposal of the Management Board which is approved by the Supervisory Board, designate the Management Board as the body authorised, subject to approval of the Supervisory Board, to resolve to issue Shares and to grant rights to subscribe for Shares and to restrict or exclude statutory pre-emptive rights in relation to the issue of Shares or the granting of rights to subscribe for Shares. Pursuant to the Articles of Association and Dutch law, the period of designation may not exceed five years but the designation may be renewed by a resolution of the General Meeting for periods of up to five years.

Unless provided otherwise in the designation, the designation cannot be cancelled. The resolution designating such authority to the Management Board must specify the number of Shares which may be issued and, if applicable, any conditions to the issuance.

No resolution of the General Meeting or, if designated, the Management Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. Curetis may not subscribe for its own Shares on issue.

The General Meeting on 16 June 2016 has designated the Management Board, for a period that ends 18 months after the date of the annual general meeting 2016, as the corporate body authorised to, subject to approval of the Supervisory Board, issue Shares or grant rights to subscribe for Shares and to limit or exclude pre-emptive rights in respect thereof. Pursuant to this designation, the Management Board may, subject to approval of the Supervisory Board, resolve to issue Shares or grant rights to subscribe for Shares (i) up to a maximum of 10% of the total number of Shares issued and outstanding on the date of the annual general meeting 2016 plus (ii) an additional 10% of the total number of Shares issued and outstanding on the date of the annual general meeting 2016 in connection with or on the occasion of mergers and acquisitions and strategic alliances involving any of more of the Company and its group companies as a party and finally (iii) plus another additional 10% of the total number of Shares issued and outstanding on the date of the annual general meeting 2016 for implementation of the stock option plan. Such authorization may from time to time be extended by a resolution of the general meeting subject to the limitations set out above.

PRE-EMPTIVE RIGHTS

Each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his or her Shares. Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind, Shares issued to employees of Curetis and any of its group companies or Shares issued to persons exercising a previously granted right to subscribe for Shares.

Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting at the proposal of the Management Board, which is subject to the approval of the Supervisory Board. Such resolution of the General Meeting requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital of Curetis is present or represented at the General Meeting.

The Management Board is authorized, subject to the approval of the Supervisory Board to resolve on the restriction or exclusion of the pre-emptive right if and to the extent the Management Board has been designated by the General Meeting to do so. The designation will only be valid for a specific period and may from time to time be extended by the General Meeting, in each case not exceeding five years. Unless provided otherwise in the designation, the designation cannot be cancelled.

The General Meeting on 16 June 2016 has designated the Management Board, for a period that ends 18 months after the date of the annual general meeting 2016, as the corporate body authorised to, subject to approval of the Supervisory Board, limit and/or exclude statutory pre-emptive rights on newly issued shares orrights to subscribe for shares. Pursuant to this designation, the Management Board may, subject to approval of the Supervisory Board, limit and/or exclude statutory pre-emptive rights in respect of issues of future securities made by making use of the authorization of the Management Board as referred to in agenda item 11 of the agenda of the General Meeting 2016 and illustrated under “Issuance of Shares” above.

ACQUISITION OF SHARES BY CURETIS

Curetis may acquire fully paid-up Shares at any time for no consideration or, subject to the laws of the Netherlands and the Articles of Association if: (i) the distributable part of the Shareholders' equity is at least equal to the total purchase price of the repurchased Shares; (ii) the aggregate nominal value of the Shares which Curetis acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Management Board has been authorised by the General Meeting to repurchase Shares, which authorisation can only be granted at the proposal of the Management Board, which proposal is subject to the approval of the Supervisory Board. The General Meeting's authorisation is valid for a specific period not exceeding 18 months. As part of the authorisation, the General Meeting must specify the number of Shares that may be acquired, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired.

No authorization from the General Meeting is required for the acquisition of fully paid-up Shares for the purpose of transferring these Shares to Curetis' employees pursuant to any share option plan.

Curetis may not cast votes on, and is not entitled to dividends paid on, Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum. For the computation of the profit distribution, the Shares held by Curetis in its own capital shall not be included. The Management Board is authorized, subject to approval of the Supervisory Board, to dispose of Curetis' own Shares held by it.

The General Meeting on 16 June 2016 has designated the Management Board, for a period that ends 18 months after the date of the annual general meeting 2016, as the corporate body authorized to, subject to approval of the Supervisory Board, cause the Company to acquire its own fully paid-up Shares (including Shares issued as stock dividend), subject to the approval of the Supervisory Board, up to a maximum of 10% of the total number of Shares issued and outstanding on the date of the General Meeting 2016 plus any and all of the Roll-Over Shares, provided the Company will hold no more Shares in stock than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Shares and not higher than the opening price on Euronext in Amsterdam and Euronext in Brussels on the day of the repurchase plus 10%.

CAPITAL REDUCTION

Subject to the provisions of the laws of the Netherlands and the Articles of Association, the General Meeting may resolve to reduce the issued share capital by (i) cancelling Shares or (ii) reducing the nominal value of Shares through an amendment of the Articles of Association. A resolution to cancel Shares may only relate to Shares held by Curetis itself or of which it holds the depositary receipts. A reduction of the nominal value of Shares, with or without repayment must be made pro rata on all Shares concerned. This pro rata requirement may be waived if all Shareholders concerned so agree.

A resolution of the General Meeting upon a proposal of the Management Board, which is subject to the prior approval of the Supervisory Board, to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is present or represented at the General Meeting. If more than half of the issued and outstanding share capital should be present or represented at the General Meeting, a simple majority is required.

In addition, the laws of the Netherlands contain detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

DIVIDENDS AND OTHER DISTRIBUTIONS

General

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. Curetis may only make distributions, whether a distribution of profits or of freely distributable reserves, to its shareholders if its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by the laws of the Netherlands or by the Articles of Association. See the section "Dividends and Dividend Policy" for a more detailed description regarding dividends.

Right to reserve

The Management Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits.

Dissolution and liquidation

Curetis may only be dissolved by a resolution of the General Meeting upon a proposal of the Management Board, which

is subject to the prior approval of the Supervisory Board. If the General Meeting has resolved to dissolve Curetis, the Management Board must carry out the liquidation of Curetis, unless otherwise resolved by the General Meeting. The Supervisory Board shall be charged with the supervision thereof. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible. The balance of Curetis' assets remaining after all liabilities and the costs of liquidation have been deducted shall be distributed among the Shareholders in proportion of their number of Shares.

Exchange Controls and other Provisions relating to non-Dutch Shareholders

Under Dutch law, subject to the 1977 Sanction Act (Sanctiewet 1977) or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Shares (except as to cash amounts).
There are no special restrictions in the Articles of Association or the laws of the Netherlands that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Shares.

GENERAL MEETINGS AND VOTING RIGHTS

General Meetings

General Meetings shall be held in the Netherlands in Amsterdam, Haarlemmermeer, The Hague, Rotterdam, Utrecht or Arnhem. The General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings may be held, as often as the Management Board or the Supervisory Board deem desirable. In addition, one or more Shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within 42 days of the Shareholder(s) making such request, that/those Shareholder(s) will be authorised to request in summary proceedings a Dutch District Court to convene a General Meeting. In any event, a General Meeting will be held to discuss any requisite measures within three months of it becoming apparent to the Management Board that the Shareholders' equity of Curetis has decreased to an amount equal to or lower than one-half of the issued and paid-up part of the capital.

The convocation of the General Meeting must be published through an announcement on the website of Curetis. The notice must state the time and place of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least such number of days prior to the day of the meeting as required by the laws of the Netherlands, which is currently 42 days.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of Curetis' annual accounts, the discussion of any substantial change in its corporate governance structure and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of the laws of the Netherlands as described below). If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and Supervisory Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board respectively. The agenda shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing, pursuant to the Articles of Association, at least the percentage of the issued and outstanding share capital as required by law (which as of the date of this Annual Report is 3%), have requested the Management Board by a motivated request to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda, unless the resolution is adopted unanimously during a meeting where the entire issued capital of Curetis' is present or represented.

Shareholders who individually or with other Shareholders, hold Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least Euro 250,000, may request Curetis to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. Curetis can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect of misleading signal or if, in light of the nature of the information, Curetis cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chairman of the Supervisory Board. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his or her discretion to

admit other persons to the General Meeting. Each Shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date as required by the laws of the Netherlands, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified Curetis of their intention to attend the General Meeting in writing at the address and by the date specified in the notice of the meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

Voting rights

Each Share confers the right to cast one vote in the General Meeting. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by Curetis.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Management Board which is subject to the prior approval of the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of the proposed amendment, must be lodged with Curetis for the inspection of every Shareholder until the end of the General Meeting.

STATUTORY AUDITOR

The fees for services rendered by Curetis' independent auditor PricewaterhouseCoopers Accountants N.V. and its member firms and/or affiliates to Curetis and its subsidiaries were approved by the Audit Committee and/or the Supervisory Board and can be detailed as follows:

Euro	2016	2015
Financial statement audit	182,181.00 (thereof 19,181.00 for audit 2015	380,362.00
Audit related services and other audit work	0	541,479.87
Tax consultancy	0	60,659.50
Total	182,181.00	982,502.37

Audit related services and other audit work in 2015 were mainly for support in the first-time IFRS conversion project as well as preparation and execution of the IPO project and the comfort letters required for the Underwriters for the IPO prospectus. Other non-audit fees were related to various tax advisory projects.

LIABILITY, CONFLICTS OF INTEREST RELATING TO MEMBERS OF THE BOARDS

LIABILITY OF MANAGING DIRECTORS AND SUPERVISORY DIRECTORS

Under the laws of the Netherlands, the Managing Directors and Supervisory Directors may be liable towards Curetis for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards Curetis for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The Managing Directors, the Supervisory Directors and certain other employees and all other directors and/or officers of Curetis are insured under an insurance policy taken out by Curetis against damages resulting from their conduct when acting in their capacities as members or officers.

OUTLINE OF ANTI-TAKEOVER MEASURES

There are currently no anti-takeover measures of any form or fashion in place, nor are there any plans by either the Management Board nor the Supervisory Board to implement any such anti-takeover measures at the present point in time. We cannot currently foresee any circumstances in which any such anti-takeover measures would be warranted. In all likelihood not only Management Board and Supervisory Board would need to approve such measures but also the Annual General Shareholder Meeting.

CONFLICTS OF INTEREST

MANAGEMENT BOARD

The laws of the Netherlands provide that a Managing Director of a Dutch public company with limited liability (naamloze vennootschap), such as Curetis, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of Curetis. Such a conflict of interest only exists if in the situation at hand, the Managing Director is deemed to be unable to serve Curetis' interests and its connected business with the required level of integrity and objectivity. Pursuant to the Management Board Rules, each Managing Director shall immediately report any (potential) personal conflict of interest concerning a Managing Director to the Chairman of the Supervisory Board and to the other Managing Directors and shall provide all information relevant to the conflict.

If no resolution can be adopted by the Management Board as a consequence of such a personal conflict of interest, the resolution concerned will be adopted by the Supervisory Board. All transactions in which there are conflicts of interests with Managing Directors will be agreed on terms that are customary in the sector concerned and disclosed in Curetis' Annual Report.

The existence of a (potential) personal conflict of interest does not affect the authority to represent Curetis. Each time a resolution is adopted, while one or more of the Managing Directors had a conflict of interest, the Management Board will afterwards inform the General Meeting and the Supervisory Board thereof and will indicate how they have dealt with such a conflict of interest.

SUPERVISORY BOARD

Similar to the rules that apply to the Managing Directors as described above, Dutch law also provides that a Supervisory Director of a Dutch public company with limited liability, such as Curetis, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the company.

Each Supervisory Director (other than the chairman of the Supervisory Board) shall immediately report any (potential) personal conflict of interest concerning a Supervisory Director to the Chairman of the Supervisory Board and must provide him with all information relevant to the (potential) conflict. In case the Chairman of the Supervisory Board has a (potential) personal conflict of interest he shall immediately report such potential conflict to the Vice-Chairman of the Supervisory Board and shall provide all information relevant to the (potential) personal conflict of interest. If both the Chairman and the Vice-Chairman of the Supervisory Board have a (potential) personal conflict of interest with respect to the same matter, they will report and provide information to one of the other Supervisory Directors.

If as a result of such a personal conflict of interest either or both the Chairman or Vice-Chairman of the Supervisory Board are not entitled to vote, the resolution of the Supervisory Board will be adopted by the other Supervisory Directors validly present or represented, by unanimous votes. If, as a result of such a personal conflict of interest, all

Supervisory Directors are unable to participate in the deliberations and the decision-making process and no resolution of the Supervisory Board can be adopted, the resolution can be adopted by the General Meeting.

All transactions in which there is a conflict of interest with one or more Supervisory Directors shall be agreed on terms that are customary in the sector concerned and disclosed in Curetis' Annual Report.

POTENTIAL CONFLICTS OF INTEREST AND OTHER INFORMATION

The Supervisory Directors Dr. Frank Mühlenbeck (term expired 16 June 2016), Dr. Rudy Dekeyser and Dr. Holger Reithinger are – or have recently been - affiliated with aeris CAPITAL Equity Investments, L.P., LSP Curetis Pooling B.V., and Forbion Capital Fund II Coöperatief U.A., who are major shareholders of Curetis, respectively. This subjects these Supervisory Directors to a conflict of interests as a shareholder representative on the one hand and as a Supervisory Director on the other.

The Supervisory Director Dr. Werner Schäfer was entitled to receive a certain number of Shares from certain existing Shareholders, or, at the option of the respective shareholders, a corresponding amount in cash of totalling 59,084.41 Euro 365 days after the Settlement Date. As of 31 December 2016 he has received 2,702 shares and EUR 38,829.81 in cash from these Shareholders. This subjects him to a conflict of interest as a Shareholder on the one hand and his duties as a Supervisory Director on the other.

In addition, the Managing Directors Johannes Bacher, Andreas Boos and Oliver Schacht hold a minority stake in Curetis. All four Managing Directors, including Dr. Achim Plum, are also beneficiaries under Curetis PSOP Roll-Over Agreement (see Note 4.20 of the Notes of the consolidated financial statement).

Other than these circumstances, Curetis is not aware of any potential conflicts between the personal interests or other duties of Supervisory Directors and personal interests or other duties of Managing Directors on the one hand and the interests of Curetis on the other hand. There is no family relationship between any Managing Director and any Supervisory Director.

During the last five years, none of the Managing Directors or Supervisory Directors:

(i) has been convicted of fraudulent offenses;

(ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or

(iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Other than as disclosed herein, Curetis is not aware of any arrangement or understanding with major Shareholders, suppliers, customers or others pursuant to which any Managing Director or Supervisory Director was selected as a member of such management or supervisory bodies.

MANAGEMENT AND SUPERVISORY BOARD MEMBERS' INDEMNIFICATION

Pursuant to the Articles of Association, and unless the laws of the Netherlands provide otherwise, the following will be reimbursed to inter alia current and former Managing Directors and Supervisory Directors:

(i) the reasonable costs of conducting a defense against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at Curetis' request;

(ii) any damages or fines payable by them as a result of an act or failure to act as referred to under (i); and

(iii) the reasonable costs of appearing in other legal proceedings or investigations in which they are involved as current or former Managing Directors or Supervisory Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

There shall be, however, no entitlement to reimbursement if and to the extent that a Dutch court, or, in the event of arbitration, an arbitrator has established in a final and conclusive decision that the act or failure to act of the person concerned can be characterized as willful (opzettelijk) or grossly negligent (grove schuld) misconduct, unless the laws of the Netherlands provide otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; or the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

DUTCH CORPORATE GOVERNANCE CODE

The Dutch Corporate Governance Code, as amended, became effective on 1 January 2009, and finds its statutory basis in Book 2 of the Dutch Civil Code. The Dutch Corporate Governance Code applies to Curetis as it has its statutory seat in the Netherlands and its shares are listed on the regulated market Euronext in Amsterdam and Euronext in Brussels.

The Dutch Corporate Governance Code defines a company as a long-term form of collaboration between the principal corporate bodies of a company. For Curetis, these corporate bodies include the Management Board, the Supervisory Board and the General Meeting. The Management Board values and considers the interests of the various stakeholders involved. According to the Dutch Corporate Governance Code, good corporate governance results in effective decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency and trust.

The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual report filed in the Netherlands whether or not they are complying with the various principles and provisions of the Dutch Corporate Governance Code that are addressed to the Board of Directors or, if any, the Supervisory Board of the company. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason why must be properly explained in its annual report.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

The current Dutch Corporate Governance Code entered into force on 1 January 2009. The Dutch Corporate Governance Code applies to all Dutch companies listed on a regulated market or a comparable system in a non-EEA member state. The Dutch Corporate Governance Code contains principles and best practice provisions for the Management and Superviosary Board, shareholders and General Meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards, and is based on a "comply or explain" principle. Accordingly, Curetis is required to disclose in its Annual Report for which principles and best practices it does not apply the code provisions of the Dutch Corporate Governance Code and, in the event that Curetis does not apply a certain provision, to explain the reason why. The full text of the Dutch Corporate Governance Code can be found on www.mccg.nl

Curetis fully endorses the underlying principles of the Dutch Corporate Governance Code, and is committed to adhering to the best practices of the Dutch Corporate Governance Code as much as possible. Curetis complies with the Dutch Corporate Governance Code, however, Curetis does not (yet) comply with or deviates from the best practice provisions with the following rationale and explanation provided below:

- Curetis does not (yet) comply with best practice provision II 1.4 b and c, which requires that the annual report contains a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year, and a description of any major failings in the internal risk management and control systems which have been discovered in the financial year, any significant changes made to these systems and any major improvements planned, and a confirmation that these issues have been discussed with the audit committee and the Supervisory Board. For reasons of this deviation from the code, please refer to the explanations given in the section "Risk Management Procedures" above .

- Curetis so far does not comply with best practice provision II.1.5, which requires an 'in control statement' stating that the internal control and risk management systems have worked properly in the year ended 31 December 2016. The development of adequate risk management procedures is an ongoing process which has been started in 2015 and continued to evolve in 2016 and which deserves the full attention of the Management and Supervisory Boards. Although Curetis is confident about the quality of the information and the reliability of the figures presented, the internal control procedures and the documentation thereof are still an iterative and ongoing process.

- Best practice provision III.2.1 provides all Supervisory Directors, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2. As of year-end 2016, two out of six of the Supervisory Directors, being Dr. Rudy Dekeyser and Mr. William E. Rhodes, III, are not deemed independent.

Dr. Dekeyser does not meet these requirements because he is currently affiliated with one of the largest shareholders, being LSP Curetis Pooling B.V. (holding more than 10% of the issued and outstanding share capital of Curetis).

The reappointment of Dr. Dekeyser is based on the aim to secure sufficient continuity within the Supervisory Board. Dr. Dekeyser had been Supervisory Director of Curetis AG prior to the IPO and is expected to be – and still is – well equipped to perform the duties as Supervisory Director. Dr. Dekeyser has been reappointed as > Supervisory Director for the term of one year (ending with the General Meeting on 23 June, 2017).

Mr. Rhodes shall formally not be deemed independent as best practice provision III.2.2 c) assumes automatic dependency with Supervisory Directors which acted as consultants to the company. A few weeks prior to the date of the IPO of Curetis AG and Mr. Rhodes had entered into an agreement relating to his performance of consultancy services for Curetis AG as of 1 November 2015 in anticipation of his expected appointment as Supervisory Director. The service agreement has terminated automatically upon his appointment as Supervisory Director on 11 November 2015 and with an overall fee of USD 2k it actually was not a material amount to begin with. Given his track record in the diagnostics industry and previous executive top management roles with Becton Dickinson, Mr. Rhodes was expected to be – and still is – well equipped to perform the duties as Supervisory Director and Chairman of the Supervisory Board;

- Curetis does not yet comply with best practice provision III 3.3, which requires that the Supervisory Directors will follow an introductory program. Our Supervisory Directors all have extensive relevant experience in the field Curetis operates in, and/or have substantial experience with Curetis itself. Therefore, an introductory program has so far not been deemed relevant or needed. However, in the future whenever new Supervisory Directors will join the Supervisory Board of Curetis, Curetis will re-evaluate the necessity and benefit of such an introductory program.

- Best practice provision III.5.1 provides that no more than one member of the Remuneration Committee shall be not independent within the meaning of best practice provision III.2.2. As indicated above two out of six Supervisory Directors are not deemed independent. However, given the wish of the Supervisory Directors to be actively involved within the Supervisory Board and all of its Committees, the Remuneration Committee shall not be composed of more than one Supervisory Director which is not independent: two members of the Remuneration Committee (Mr. Rhodes, and Dr. Dekeyser) are not independent. However, both persons were – and still are – expected to be equipped best for the role as members of the Remuneration Committee and both more than accomplished those expectations, see the report on the work of committees above;

- Best practice provision III.5.11 provides that the Remuneration Committee may not be chaired by the chairman of the Supervisory Board or by a Supervisory Director who is a member of the Management Board of another listed company. Mr. Rhodes however is a board member of other listed companies, chairman of the Supervisory Board and chairman of the Remuneration Committee. Mr. Rhodes was – and still is – equipped best for the role as chairman of the Remuneration Committee and he has fully met those expectations, see the report on the work of committees above;

- Best practice provision II.2 and best practice provision III.7.2 provide that any Shares held by the Managing Directors or the Supervisory Directors shall be held as long-term investment. This is the case with the exception of the Roll-Over Shares which will be held by the Managing Directors pursuant to the restructuring of the PSOP. See Note 4.20 in the Notes of the consolidated financial statement). After the expiry of the lock up period, the beneficiaries under the Phantom Stock Option Plan, amongst which the Managing Directors, shall be allotted Shares as a step of the equity settlement of the Phantom Stock Option Plan. As part of the settlement of the Phantom Stock Option Plan, one or several transactions are expected to be consummated in order to generate the funds that will enable the beneficiaries to pay the German income taxes that will become due as a result of the roll-up and settlement of the former Phantom Stock Option Plan;

- Best practice provision III.7.1 provides that Supervisory Directors may not be granted any shares or rights to shares by way of remuneration. At the General Meeting on 16 June 2016, the General Meeting adopted a new Stock Option Plan. Under this new Stock Option Plan, stock options may be granted to Supervisory Directors. Curetis believes that being able to grant stock options to Supervisory Directors shall contribute in finding and binding competent Supervisory Directors. The number of stock options to be granted Supervisory Directors is limited to 15,000 per year. During the financial year 2016 however, no stock options were granted to the Supervisory Directors; However, a proposal will be made to the General Meeting in June 2017 to grant each Supervisory Director 15,000 stock options as of 1 July 2017 under the existing Stock Option Plan.

- Best practice provision IV.3.3 provides that Curetis shall not pay fees to any party for the carrying out of research for analysts' reports or for the production or publication of analysts' reports on Curetis' (with the exception of payments to credit rating agencies). Curetis reserves the right not to adhere to such best practice provision if and to the extent that such payments may be regarded as customary for listed companies in the biotech industry such as the payments to the financial advisors at goetzpartners and the liquidity provider agreement with Degroof Petercam. In any event, the amount and the terms and conditions of each of these agreements are and shall be in conformity with market practice and be compliant with the arm's length principle;

- Best practice provision IV.3.1 provides that Curetis shall make provisions for all Shareholders to follow meetings with analysts, presentations to analysts, presentations to investors and institutional investors in real time, by means of webcasting, telephone or by any other means. However, Curetis shall comply with this rule for major investor conferences only. Curetis believes that, considering its size, enabling Shareholders to follow in real time all of the meetings with analysts, presentations to analysts, and presentations to investors as referred to in this best practice provision would create an excessive burden on Curetis' resources. Curetis will make sure that all presentations shall be posted on the website of the Company as soon practically possible.

Whilst the Company has appointed an internal auditor (best practice principle V.3), due to company size and resource constraints this function is held by its Director Finance and not another independent person or function. The audit committee will evaluate the need for a more independent internal auditor on a regular basis and may make a recommendation to the Management Board based on this assessment. Any such recommendation will be included in the Supervisory Board reports.

CORPORATE SOCIAL RESPONSIBILITIES

Curetis has established a Code of Conduct, an Insider Trading Policy, a Whistle-blower policy and a policy on Bilateral Contacts with Shareholders. Each of these documents can be found on Curetis' corporate website.

III

CONSOLIDATED FINANCIAL STATEMENTS

CURETIS N.V.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December

in Euro	2016	2015
Revenue [4]	1,306,398	2,086,726
Cost of sales [5]	1,596,267	2,160,778
Gross (loss) / gross margin	-289,869	-74,052
Distribution costs [7]	5,090,697	2,786,967
Administrative expenses [8]	3,023,585	2,598,424
Research & development expenses [9]	7,026,938	6,712,341
Other income [11]	197,838	121,139
Operating loss	-15,233,251	-12,050,645
Finance income	101,056	29,566
Finance costs	29,765	1,929,762
Finance income / costs fair value measurement	0	-27,790,433
Finance costs – net [12]	71,291	25,890,237
Profit / loss before income tax	-15,161,960	13,839,592
Income tax expenses [13]	10,336	–
Profit / loss for the period	15,172,296	13,839,592
Other comprehensive income for the year, net of tax	27,736	—
Total comprehensive income for the period	-15,200,032	13,839,592

Earnings / loss per share [14]	2016	2015
Basic	- 0.98	1.18
Diluted	- 0.98	1.18

[..] Bracketed numbers refer to the related notes to the financial statements, which form an integral part of these financial statements.

CURETIS N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

As at 31 December 2016 and 31 December 2015

in Euro	31.12.2016	31.12.2015
Current assets	**30,272,260**	**50,573,547**
Cash and cash equivalents [15]	22,832,117	46,060,397
Trade receivables [16]	101,398	1,072,131
Inventories [18]	5,870,167	2,786,887
Other current assets [19]	1,468,578	654,132
Non-current assets	**12,514,826**	**6,823,465**
Intangible assets [20]	7,520,048	645,120
Property, plant and equipment [21]	4,466,462	5,605,496
Other non-current assets [22]	211,870	223,846
Other non-current financial assets [23]	316,446	349,003
Deferred tax assets [31]	—	—
Total assets	**42,787,086**	**57,397,012**

LIABILITY & EQUITY

As at 31 December 2016 and 31 December 2015

in Euro	31.12.2016	31.12.2015
Current liabilities	**2,384,156**	**2,446,095**
Trade and other payables [24]	721,113	863,342
Liability PSOP [25]	—	367,308
Provisions current [26]	51,000	29,300
Tax liabilities	10,128	—
Other current liabilities [27]	1,120,299	676,502
Other current financial liabilities [28]	481,616	509,643
Non-current liabilities	**40,522**	**155,926**
Provisions non-current [26]	40,522	38,035
Other non-current financial liabilities [29]	—	117,891
Deferred tax liabilities [31]	—	—
Total liabilities	**2,424,678**	**2,602,021**
Equity [32]	**40,362,408**	**54,794,991**
Share capital	155,384	155,384
Capital reserve	152,793,347	152,793,347
Other reserves	7,359,821	6,592,372
Currency translation differences	-27,736	—
Retained earnings	-119,918,408	-104,746,112
Total Equity and liabilities	**42,787,086**	**57,397,012**

[..] Bracketed numbers refer to the related notes to the financial statements, which form an integral part of these financial statements.

CURETIS N.V. CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

in Euro	2016	2015
Profit before income tax	-15,172,296	13,839,592
Adjustment for:		
– Net finance income / costs [12]	-71,291	-25,890,237
– Depreciation, amortization and impairments [20, 21]	1,744,049	1,708,401
– Gain on disposal of fixed assets	1,550	15,586
– Changes in provisions [25, 26]	23,124	-784,082
– Changes in valuation of equity settled stock options	767,448	0
– Changes in valuation of PSOP-liability [25]	-367,308	3,045,839
– Net exchange differences	-29,811	-10,404
Changes in working capital relating to:		
– Inventories [18]	-3,083,280	366,250
– Trade receivables and other receivables [16, 19, 22, 23]	200,820	-1,530,884
– Trade payables and other payables [24, 25, 28, 29]	270,338	773,011
Effects of exchange rate differences not realized from consolidation	2,075	0
Income taxes received (+) / paid (-)	0	0
Interests paid (-)	-9,612	-30,423
Net cash flow provided by operating activities	**-15,724,194**	**-8,497,351**
Payments for intangible assets	-7,024,734	-487,439
Payments for property, plant and equipment	-455,695	-608,583
Proceeds from sale of property, plant and equipment	0	0
Interests received	51,092	29,566
Net cash flow used in investing activities	**-7,429,337**	**-1,066,456**
Payments for finance lease liabilities	-104,560	-133,749
Cash received from capital increase	0	13,578,054
Proceeds from issue of ordinary shares	0	44,310,330
Payments for financing costs for IPO of old shares	0	-1,899,339
Transaction costs for issue of ordinary shares	0	-3,235,379
Net cash flow provided by financing activities	**-104,560**	**52,619,917**
Net increase (decrease) in cash and cash equivalents	**-23,258,091**	**43,056,110**
Net cash and cash equivalents at the beginning of the year	46,060,397	2,993,883
Net increase (decrease) in cash and cash equivalents	-23,258,091	43,056,110
Effects of exchange rate changes on cash and cash equivalents	29,811	10,404
Net Cash and cash equivalents at the end of the year	**22,832,117**	**46,060,397**

[..] Bracketed numbers refer to the related notes to the financial statements, which form an integral part of these financial statements.

CURETIS N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

in Euro	Share capital	Capital capital	Other reserve	Currency transl. diff.	Retained reserve	TOTAL equity
Balance at 1 January 2015	50,000	0	0	0	118,585,704	118,585,704
Exchange of preferred shares	61,074	110,962,706				111,023,780
Capital increase		800,000				800,000
Issue of common shares	44,310	44,266,020				44,310,330
Transaction costs for the issue of ordinary shares		-3,235,379				-3,235,379
Equity settled PSOP			6,592,373			6,592,373
Profit for the year					13,839,592	13,839,592
Other comprehensive income					0	0
Balance as of 31 December 2015	155,384	152,793,347	6,592,373	0	104,746,112	54,794,992
Loss of the year					-15,172,296	-15,172,296
Equity settled ESOP			767,448			767,448
Other comprehensive income				-27,736		-27,736
Balance as of 31 December 2016	155,384	152,793,347	7,359,821	-27,736	119,918,408	40,362,408

For detailed information please see note 32.

CURETIS N.V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2016

1. GENERAL INFORMATION ABOUT THE COMPANY

Curetis N.V. (the Company) is the parent company of a commercial-stage molecular diagnostics (MDx) group focused on rapid infectious disease testing for hospitalized patients with the aim to improve the treatment of hospitalized, critically ill patients with suspected microbial infections.

The Group has developed the innovative Unyvero molecular diagnostic solution for comprehensive infectious disease testing. Curetis' proprietary application portfolio for its Unyvero system currently consists of three CE-marked applications:

- The Unyvero P55 / HPN (Hospitalized Pneumonia) cartridge for the detection of pathogens and antibiotic resistances to aid diagnosing pneumonia.
- The Unyvero ITI (Implant and tissue infections) cartridge for the detection of pathogens and antibiotic resistance markers in diagnosis of prosthetic joint infections, surgical site infections, infections associated with implants, infections of the deep skin and soft tissue, burn wounds as well as diabetic foot, cellulitis and others.
- The Unyvero BCU (Blood culture) cartridge for the detection of pathogens (bacteria and fungi) and antibiotic resistance markers in bloodstream infections.

Additional cartridges are currently in the development phase.

The Company was incorporated as Curetis B.V. on 8 October 2015 as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) for the purpose of a corporate reorganization of Curetis GmbH (former Curetis AG) and converted its legal form under Dutch law to a public company with limited liability at the date of the initial public offering of its common shares in November 2015. The Company has one subsidiary, Curetis GmbH, Holzgerlingen, Germany where it holds 100% of the shares. Curetis GmbH in 2016 incorporated five wholly owned subsidiaries to lay the foundation for expanding its direct sales markets. As of 31 December 2016 Curetis GmbH holds 100% of the shares of:

- Curetis UK Ltd., London, UK
- Curetis USA Inc., San Diego, CA, USA
- Curetis BeNeLux B.V. , Amsterdam, the Netherlands
- Curetis France S.A.R.L., Strasbourg, France
- Curetis Schweiz GmbH, Zug, Switzerland

(together "the Curetis Group" or "the Group" or "Curetis").

The consolidated financial statements of the Group as of and for the year ended 31 December 2016 comprise as such the Company and its wholly owned and controlled subsidiary Curetis GmbH, Holzgerlingen, Germany and the aforementioned subsidiaries of Curetis GmbH. Financial information, especially the comparative numbers presented in the consolidated financial statements for periods prior to the corporate reorganization on 11 November 2015 are those of Curetis GmbH (former Curetis AG) on a standalone IFRS basis. Curetis N.V. had neither existed nor conducted any operations and had not held any assets or liabilities, including contingent liabilities, prior to the reorganization.

Curetis N.V. is listed on Euronext Amsterdam and Brussels as from 11 November 2015 under the ticker symbol CURE. The Group does not have an ultimate parent entity nor a controlling party; it is controlled by its directors. The statutory seat of Curetis N.V. is in Amsterdam, the Netherlands, the corporate headquarter is at Max-Eyth-Str. 42, 71088 Holzgerlingen, Germany.

The first Group entity was incorporated in 2007 (Curetis AG). From inception through 31 December 2016 the Group´s operations have been primarily funded through:

- EUR 63.7 million in equity investments from venture capital and private investors
- EUR 44.3 million of gross proceeds from the Group Initial Public Offering completed in November 2015 on Euronext Amsterdam and Brussels.

2. BASIS OF PREPARATION – CONSOLIDATED FINANCIAL STATEMENTS

2.1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the Interpretation (IFRIC) as endorsed by the European Union (EU). The financial year corresponds to the calendar year. The following explanatory notes are an integral part of the consolidated financial statements, which further comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of

financial position, the consolidated statement of cash flows and the statement of changes in equity. The consolidated financial statements were authorized for issuance by the Board of Directors on 6 April 2017.

2.2. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention. The statement of profit or loss and other comprehensive income has been prepared in accordance with the nature of expense method. The financial statements have been prepared on a going concern basis. These consolidated financial statements are presented in Euro – where appropriate – have been rounded to the nearest thousand (abbreviated kEUR).

2.3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldomly equal the actual results. Management also needs to exercise judgement in applying the group´s accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following areas are areas where key assumptions concerning the future, and other key sources of estimations uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Estimated useful life of intangible assets – note 20 / 3.18
- Estimates of provisions – note 26
- Estimates of fair values of contingent liabilities and contingent purchase commitments – note 3.14

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

3.1. NEW STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME

The international Accounting Standards Board (IASB) continues to issue new standards, interpretations and amendments to existing standards. Curetis applies these new standards when their mandatory application is required by the EU. Curetis has not opted for early adoption for any of these standards. A number of amendments to standards and new or amended interpretations are effective for annual periods beginning on or before January 1, 2016, and have been applied in preparing these financial statements.

Standard / Interpretation	Effective Date [1]
Amendment to IAS 1	01.01.2016
Amendment to IFRS 10, IFRS 12 and IAS 28	01.01.2016
Amendment to IFRS 11	01.01.2016
Amendment to IAS 16 and IAS 38	01.01.2016
Amendment to IAS 16 and IAS 41	01.01.2016
Amendment to IAS 27	01.01.2016
Amendment to IAS 19	01.02.2015
Annual Improvements to IFRSs 2011-2012 Cycle	01.02.2015
Annual Improvements to IFRSs 2012-2014 Cycle	01.01.2016

[1] Shall apply for periods beginning on or after shown in the effective date column.

The amendments to IAS 1 ‘Presentation of Financial Statements’ clarify, rather than significantly change, existing IAS 1 requirements.

The amendments to IFRS 10 and IAS 28 address an acknowledgement inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are in a subsidiary.

The amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception” address issues that have arisen in relation to the exemption from consolidation for investment entities.

The amendment to IFRS 11 adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

The amendment to IAS 16 and IAS 38 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of intangible assets.

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. Curetis is not engaged in agricultural activities.

The objective of the amendment to IAS 19 is to simplify the accounting for contributions from employees or third parties to a defined benefit plan. The simplified accounting permits such contributions to be recognized as a reduction in the current service cost in the period in which the related service is rendered if the amount of the contributions is independent of the number of years of service.

The amendment to IAS 27 will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

The IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, Annual Improvements to IFRSs 2011-2013 Cycle and Annual Improvements to IFRSs 2012-2014 Cycle, which amended various standards in detail. The improvements primarily aim to provide clarifications. The date of initial application varies from standard to standard.

None of these amendments to standards and new or amended interpretations had an effect on the consolidated financial statements of the Group.

3.2. STANDARDS, INTERPRETATIONS, AND AMENDMENTS ISSUED, BUT NOT YET APPLIED

The following new standards and interpretations and amendments to existing standards will become effective after 1 January 2016.

The Group is assessing the potential impact that IFRS 9 'Financial instruments' / 15 'Revenues from contracts with customers' / 16 'Leases' will have on its consolidated financial statements. The other new or amended standards and interpretations are not expected to have any significant effect on the consolidated financial statements of the Group.

IFRS 9 'Financial Instruments' contains rules for the classification and measurement of financial assets and liabilities. The new standard defines two instead of four measure-

Standard/Interpretation	Content	Adopted by the EU	Application mandatory from
IFRS 9: Financial Instruments	Classification and Measurement requirements, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	Yes	1 January 2018
IFRS 15: Revenue from contracts with customers	Accounting for revenue recognition	Yes	1 January 2018
IFRS 16: Leases	Accounting of Leasing-transactions	No	
Amendments to IFRS 2	Share-based Payment	No	
Amendments to IFRS 4	Insurance Contracts	No	
IFRIC 22	Foreign Currency Transactions and Advance Consideration	No	
Amendments to IAS 40	Transfer of Investment Property	No	
Amendments to IFRSs	Annual Improvements to IFRs 2014-2016 Cycle	No	
Amendments to IAS 12	Recognition of Deferred Tax Assets for unrealized losses	No	
Amendments to IAS 7	Disclosure initiative No	No	

ment categories for financial assets, with classification to be based partly on the Company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. In the case of equity investments that are not held for trading, an entity may irrevocably opt at initial recognition to recognize future changes in their fair value outside profit or loss in the statement of comprehensive income. In November 2013, the IASB issued further amendments under the title 'Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39'. The focus of the amendments is on a thorough revision of hedge accounting rules with the aim of more appropriately reflecting risk management activities in the financial statements. This involves additional disclosures in the notes. In July 2014, the IASB published the new rules for the disclosure of financial instrument impairments. This new impairment model is based on the principle of accounting for expected losses. The new standard IFRS 9 may lead to changes in the classification and measurement of financial assets and financial liabilities, as well as to additional disclosures in the Notes. Curetis is currently assessing the possible impact of the application of IFRS 9 on the consolidated financial statements.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The new IFRS 15 standard on revenue recognition was reviewed for its potential impact on the revenue recognition of existing contracts and future contracts with customers, distributors and other partners. The review for the existing contractual arrangements revealed that no material quantitative effects on the consolidated financial statements compared to the regulations currently applied are to be expected. Qualitative adjustments of the required disclosure in the Notes under IFRS 15 are expected, however, not before the standard´s first-time application as of 1 January 2018.
IFRS 16, ´Leases´ sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (ˈlesseeˈ) and the supplier (ˈlessorˈ). IFRS 16 will be effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15, ´Revenue from contracts with customers´. IFRS 16 completes the IASB´s project to improve the financial reporting of leases and replaces the previous leases standard IAS 17 ´Leases´, and related Interpretations. Curetis also reviewed the new IFRS 16 standard governing leases for its potential impact on existing lease contracts. With the exception of one financial lease, currently all other leases are accounted for as operating leases pursuant to IAS 17. As of 1 January 2019, right-of-use assets under existing lease contracts will be capitalized and lease liabilities will be recognized. Rental costs currently recognized in the statement of profit or loss and other comprehensive income will be replaced by depreciation on the respective assets and interest expenses. From today´s perspective, the implementation of IFRS 16 will have material quantitative effects on the consolidated balance sheet due to the rented premises at Holzgerlingen, Bodelshausen and San Diego (USA). The exact amount of assets and lease liabilities and the transitional provisions to be applied when switching from IAS 17 to IFRS 16 have not yet been determined.

3.3. CONSOLIDATION

Principles of consolidation and equity accounting

a) Subsidiaries
Subsidiaries are all entities (including structured entities), which Curetis N.V. can control directly or indirectly. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries shown separately in the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

b) Equity method
Under the equity method of accounting, the investments are initially recognized at net asset value and adjusted thereafter to recognize the group´s share of the post-acquisition profits or losses of the investee in profit or loss.

c) Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a

separate reserve within equity attributable to owners of the Curetis N.V.

3.4. SEGMENT REPORTING

In accordance with IFRS 8, Curetis is a single-segment entity. The Group manages its activities and operates as one business unit, which is reflected in its organizational structure and internal reporting. The Group does not distinguish in its internal reporting different segments. The Group does not create different statements of profit or loss for different segments, neither geographical nor for products. Strategic business decisions are controlled by the management board using the implemented single-segment reports.

3.5. CURRENT AND NON-CURRENT DISTINCTION

Curetis presents current and non-current assets and current and non-current liabilities as separate classifications in the statement of financial position. Curetis classifies all amounts expected to be recovered or settled within twelve months after the reporting period as ´current´ and all other amounts as 'non-current'.

3.6. FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro which is Curetis N.V.´s functional and presentation currency.

b) Transactions and balances
Transactions in foreign currencies are translated into Euros at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Euros at the exchange rate at the reporting date. Curetis uses the exchange rates of the Deutsche Bundesbank on the reporting date.

Curetis converted amounts in USD to the functional currency with the exchange rate as of 31 December 2016 of 1 Euro = 1.0541 USD (31 December 2015 of 1 Euro = 1.0887 USD).

Curetis converted amounts in CHF to the functional currency with the exchange rate as of 31 December 2016 of 1 Euro = 1.0739 CHF (31 December 2015 of 1 Euro = 1.0835 CHF).

Curetis converted amounts in GBP to the functional currency with the exchange rate as of 31 December 2016 of 1 Euro = 0.85618 GPB (31 December 2015 of 1 Euro = 0.73395 GBP). The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the historic rate at the date of the transaction.

Foreign exchange gains or losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within finance income or within the finance costs.

3.7. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The balance of cash and cash equivalents as at the date of the financial statements disclosed in the cash flow statement is comprised of cash and cash equivalents. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term bank deposits and are not subject to any significant risk of changes in value. Interest paid is included in the cash from operating activities whereas interest received from part of the cash flows from investing activities.

3.8. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services. Curetis recognizes revenue at the time that the relevant risks and opportunities associated with the ownership of the goods sold and products have been transferred to the customer and when it has become probable that future economic benefits will flow to the customer's entity. Revenues are presented net of value-added tax, rebates and discounts.

3.9. COST OF SALES

Cost of sales includes the costs for products sold in terms of manufacturing as well as delivery costs for the sold products. Manufacturing costs for products manufactured in-house include the directly allocable individual material and production costs, the allocable parts of the overhead costs for production including depreciation of production equipment and reduction in semi-finished and finished inventories.

3.10. RESEARCH AND DEVELOPMENT EXPENSES

Research expenses are defined as costs incurred for investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

Research and development costs are expensed as incurred unless the recognition criteria outlined in IAS 38 are met. The criteria for the recognition of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset's carrying amount. Since Curetis' development projects are often subject to product development risks, clinical trial risks, regulatory approval procedures and other uncertainties, the conditions for the recognition of costs incurred before receipt of approvals are not satisfied in the ordinary course of business of Curetis.

3.11. LEASES

Leasing transactions are classified according to the lease agreements and to the underlying risks and rewards. Curetis has entered into agreements in which it is the lessor and other agreements in which it is the lessee. Additionally, certain arrangements are analyzed with regard to embedded leases (IFRIC 4). If specific criteria are met, certain arrangements should be accounted for as leases even if they do not take the legal form of a lease. The Group does not intend to adopt IFRS 16 Leases early.

3.11.1. AS THE LESSEE

Curetis leases certain property, plant and equipment. Leasing transactions in which Curetis is the lessee are classified either as finance leases or operating leases. Leases of property, plant and equipment where Curetis bears substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Accordingly, Curetis recognizes the asset and the associated liability in equal amounts. The leased property is depreciated over its useful economic life or, if it is shorter, the term of the lease. The liability is measured by using the effective interest method.

Each lease payment is split into and allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other current financial liabilities and other non-current financial liabilities. The interest element of the finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and lease term.

All other transactions not classified as a finance lease in which Curetis is the lessee – if any - would be classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

3.11.2. As the lessor

It is part of Curetis´ business model to lease Unyvero-Systems to its customers. In 2016 and in 2015 Curetis just operated 1 operating lease model as a lessor which was terminated as of 31 December 2016. The following description explains how Curetis will handle future leasing models within the commercial models Curetis offer to its customers (Reagent-rental-contracts, rental-contracts or rent-to-own-models).

In case Curetis acts as the lessor and substantially all the risks and rewards associated with ownership of the leased property will be transferred to the lessee, the leasing transactions will be classified as finance leases.

In case Curetis acts as the lessor in a finance lease, the transaction will be accounted for as a normal sale and the present value of the minimum lease payments as well as the unguaranteed residual value accruing to Curetis, in sum the net investment in the lease, will be recognized as a receivable. The difference between the net investment in the lease and the gross investment in the lease (that is the nominal values of the minimum lease payments as well as the unguaranteed residual value accruing to Curetis) will be recognized as interest over the lease term using the effective interest method.

All other transactions in which Curetis acts as lessor – if any – will be classified as operating leases. The property remains on the statement of financial position as an asset, and the lease payments are generally recorded on a straight-line basis as income over the term of the lease.

3.12. FINANCE INCOME AND FINANCE COSTS

Interest income and expenses are recognized using the effective interest method.

3.13. EARNINGS PER SHARE

a) Basic earnings per share
Basic earnings per share (EPS) is calculated by dividing the profit (loss) for the period attributable to equity owners of Curetis by the weighted average number of common shares outstanding during the period.

b) Diluted earnings per share
Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

As Curetis is suffering operating losses, options have an anti-dilutive effect. As such there is no difference between basic and diluted earnings/losses per ordinary share.

3.14. FAIR VALUE MEASUREMENTS

Historic cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place, either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

3.16. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Receivables qualify as loans and receivables in accordance with IAS 39 (see below) and are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate method, less provisions for impairment. A provision for impairment of trade receivables is established, when there is objective evidence that Curetis will not be able to collect all amounts due, according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

3.17. INVENTORIES

Inventories are valued at the lower of cost or net realizable value. The cost of merchandise as well as raw, auxiliary and operating materials is determined by using the specific identification of their individual cost method. The cost of semi-finished and finished goods is determined using the weighted average cost method. 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.

If the net realizable value of a finished good is lower than their costs, the difference is recognized as impairment immediately.

3.18. INTANGIBLE ASSETS

Intangible assets that are acquired are recognized at acquisition cost. Standard-Software-licenses and ERP-licenses are amortized with their respective useful lives (between 3 – 5 years) using the straight-line method. Licenses for biomarkers are amortized according to the terms of validity of the patent (up to 17.6 years). Intangible assets are amortized according to the straight-line method. GEAR and Gyronimo have not been amortized since acquisition, since neither of the platforms is yet available to be used commercially. Curetis will further invest in these assets. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recover-

able amount. Impairments are reversed if and to the extent that the reasons for impairment no longer exist. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

In 2016 Curetis acquired 2 significant intangible assets:

- The GEAR-Bio-IT-platform (that contains primarily patents and patent applications, documentation and know-how for molecular approaches to microbial resistance)
- The Gyronimo-platform (that contained primarily technical development files of a mid-plex-molecular-diagnostic-platform, know-how and IP).

Curetis acquired both intangible assets against cash considerations and contractual regulation for future royalties and milestone payments. The initial measurement of the asset was measured at cost with the fair value of the lump-sum up-front payment made to the seller.

3.19. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at cost less depreciation and impairment losses, if any. Cost includes direct costs (e.g. materials, direct labor and work contracted out) and directly attributable overhead costs.

Asset retirement obligations are recognized as part of the cost of tangible fixed assets and expensed as either depreciation over the asset's estimated useful life or as impairment charges. The estimated useful lives of the principal property, plant and equipment categories are as follows:

Asset class	Depreciation term
Building on third-parties' land	Max. 10 years
Technical equipment	3-13 years
Office equipment	2-14 years
Unyvero-Platforms	3-5 years

Property, plant and equipment are depreciated using the straight-line method, based on estimated useful life, taking into account residual value. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use. Impairments are reversed if and to the extent that the reasons for impairment no longer exist.
The assets' residual values and useful lives are reviewed at least annually and adjusted if appropriate.

3.20. FINANCIAL INSTRUMENTS

Financial instruments are contracts that lead to a financial asset at one company and a financial liability or equity instrument at another.

Financial assets and liabilities are disclosed on the statement of financial position when Curetis becomes a contractual party to a financial instrument. Financial assets are recognized at their fair value in the initial disclosure. Subsequent valuation depends on the classification of the financial instruments.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss,
- financial assets held to maturity,
- loans and receivables, and
- available-for-sale financial assets.

Financial instruments of the 'Loans and receivables' category are recognized upon delivery or settlement of the service, e.g. at the time the claim to payment arises (settlement date). Derivatives are recorded on the day of the transaction, and all other financial assets are recorded on the settlement date. The transaction day is the day on which Curetis enters into the obligation to purchase or sell an asset. The settlement date is the day on which an asset is delivered to or by the Company.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate, less an allowance for non-collectability. Amortized cost is calculated by taking into account any discounts or premiums on acquisition and transactions costs. Effects from subsequent measurement using the effective interest rate are recognized in the statement of profit or loss under finance income. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Curetis' loans and receivables comprise 'trade receivables' and 'other non-current financial assets' as well as 'cash and cash equivalents' in the statement of financial position which are measured at amortized cost using the effective interest rate method, less any impairment.
As of 31 December 2016 the Group did not have any financial assets available for sale.

De-recognition of a financial asset takes place on the selling date (trading day) or when the claim has been settled. De-recognition also takes place when a receivable has become

irrecoverable. Any effects arising from de-recognition are recognized through profit or loss.

Financial instruments are impaired when there are objective indications for this. Such indications for a financial instrument could include:

- severe financial difficulties on the part of the issuer,
- breach of contract by the debtor, e.g. defaulting on interest or debt repayments,
- concessions made to a debtor that would not have been made under normal circumstances,
- a high probability of insolvency proceedings or other financial restructuring by the debtor,
- observable information from which a reduction in the expected future cash flows can be deduced (e.g. adverse changes in the conduct of debtor payments, national or local commercial circumstances), as well as
- a lasting or significant reduction in the fair value of equity instruments under acquisition costs.

The impairment is determined by taking into account collateral held, or other credit enhancements, with recourse to the objective indications. The carrying amount of the asset is reduced by using an adjustment account and recognizing the impairment loss with an effect on profit or loss. Interest earnings, based on the original effective interest rate of the asset, continue to be reported on the reduced carrying amount. Receivables, together with the relevant amortization, are de-recognized when they are classified as irrecoverable and when all collateral has been accessed and utilized. If the amount of an estimated amortization expense increases or decreases in a later reporting period due to an event occurring after the amortization expense was reported, then the previously reported amortization expense is increased or decreased with an effect on profit or loss by adjusting the amortization account. If a de-recognized receivable is again classified as recoverable due to an event occurring after de-recognition, then the relevant amount is immediately reported as recoverable with an effect on profit or loss. The cash value of the expected future cash flow is reduced by the original effective interest rate of the financial asset. Curetis' financial liabilities include liabilities from finance lease agreements as well as payables related to the operating activities (trade and other payables).

They are to be recognized when the Company becomes a contractual party to the provisions of a financial instrument. Liabilities incurred due to an obligation to purchase goods or services are recognized on the settlement date for the respective delivery or service. For financial liabilities, the appropriate liabilities are to be recognized on the settlement date, i.e. the value date. Derivatives are recognized on the day of the transaction. Financial liabilities are de-recognized when they have been settled, i.e. when the obligations stated in the contract have been met, lifted or expired. Initial disclosure is made at fair value. Where there is a financial liability that is valued at fair value without an effect on profit or loss, valuation occurs after deducting transaction costs from the consideration received. The subsequent valuation is dependent on the categorization.

IAS 39 classifies financial liabilities into the following categories:

- financial liabilities measured at fair value through profit or loss, and
- other liabilities.

In the subsequent periods, other liabilities are recognized at amortized costs. For current liabilities, this means that they are recognized at the redemption or settlement amount. Non-current liabilities and financial debt are accounted for using the effective interest method.

Management determines the classification of the financial liabilities at initial recognition and assesses the designation at every reporting date, except 'Financial liabilities measured at fair value through profit or loss'.

Currently, Curetis classifies its finance lease agreements and trade and other payables relating to the operating activities into the category 'Financial liabilities measured at amortized cost' (referred to in IAS 39 as "other liabilities") and its liabilities relating to preferred and common shares into the category 'Financial liabilities measured at fair value through profit or loss'.

Financial liabilities are classified as current liabilities unless Curetis has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Financial assets and liabilities are offset and reported on a net basis on Curetis' statement of financial position only when there is a current and legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.21. TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables qualify as financial liabilities measured at amortized cost (or other liabilities), in accordance with IAS 39 (see above). Trade payables are initially

recognized at fair value, net of directly attributable transaction costs. After initial recognition, they are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss until maturity of the liability using the effective interest method. Amortized cost is calculated by taking into account any discounts or premiums on acquisition or issuance and transaction costs. The effective interest rate amortization is recognized in the statement of profit or loss under finance costs.

Accounts payable are classified as 'current liabilities' if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'non-current liabilities'.

3.22. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions are recognized when Curetis has a present legal or factual obligation as a result of past events; and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where future cash outflows are expected to occur after one year, the provision is recognized at the present value of their expected settlement amounts if the interest rate effect resulting from discounting is material.

3.23. CURRENT AND DEFERRED TAX INCOME

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as for tax loss carryforward. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined applying tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are only considered in the financial statements to offset deferred tax liabilities. The company does recognize deferred tax assets on unused losses only if it probable that the related tax benefit will be realized short-term.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In accordance with IAS1 'Presentation of financial statements', the current part of deferred taxes is recognized as non-current assets/ liabilities in the statement of financial position.

3.24. EQUITY

Share capital is classified as equity. Mandatorily redeemable preference shares as well as common shares had been classified as liabilities until the corporate reorganization. Incremental costs directly attributable to the issuance of shares are recognized net of tax as a deduction from equity.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3.25. SHARE-BASED PAYMENTS

3.25.1 The Curetis GmbH (former AG) Phantom Stock Option Incentive Plan 2010 ("PSOP")

Curetis operated a share-based compensation plan, Curetis AG Phantom Stock Option Incentive Plan 2010 ("PSOP") under which the Company received services from employees and freelancers as consideration for Phantom Stock Options. This share-based payment plan is accounted for in accordance with IFRS 2, 'Share-Based Payment'.

The PSOP had initially been classified as a cash-settled share-based payment (see note 25) with a vesting period of 4 years and a runtime period of 10 years. The grant date is defined as the date on which both parties agree to the plan, which is usually the date of signing the contract. The fair value of a PSO is determined using an option pricing model after assessing the fair value through a discounted cash flow model. In case of a listing or exit event, the vesting period accelerates and the beneficiaries receive cash in the amount of the opening quotation less the strike price.

Consequently, on 11 November 2015, all PSOs automatically vested with the successful completion of the Curetis IPO. PSOP-Roll-Over-Agreements were signed in October 2015, which subjected participants to a lock-up period up to 13 November 2016 (see also note 32). It was agreed that the payment claims for beneficiaries entitled to more than 1,000 phantom stock options will be settled in the Company's shares and therefore this arrangement is classified as an equity-settled transaction. Payment claims for beneficiaries entitled to 1,000 or less phantom stock options were to be settled in cash and therefore classified as a cash-settled transaction.

The fair value of the PSOs was determined in case of a successful IPO is the offer price, minus the agreed strike price. The fair value of the equity-settled share-based transactions is recognized as an expense and a corresponding increase in equity over any vesting period. Cash-settled share-based payments are initially recognized at the fair value of the liability and are expensed over the vesting period.

3.25.2 THE EMPLOYEE STOCK OPTION PLAN 2016 ("ESOP")

In July 2016 Curetis started to grant stock options according to the Employee Stock Option Plan 2016. The terms of this ESOP were adopted by the general meeting on 16 June 2016. The stock option plan was designed in order to grant options to ordinary shares in the capital of Curetis N.V. to nominees. The purpose of the plan is the retention of current and the recruiting of new key employees, managing directors and supervisory directors, to spare liquidity, diminish employee turnover, alignment of shareholders´ interests with employees´ and directors´ interests and finally to increase interest of capital markets in the company by a shareholder value orientated compensation system. The stock options were classified as equity settled.

The fair value of the stock options is measured by using a binomial option pricing model taking into account the terms and conditions upon which the options were granted.

The expense resulting from the share-based payment transactions is recognized during the vesting period with a corresponding increase in equity. Furthermore, the amount recognized is based on the best available estimate of the number of equity instruments expected to vest and is revised, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Valuation model, input parameters, recognized expenses and further details are stated in Note 32.

3.26. USE OF ASSUMPTIONS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to determination of the useful lives of property, plant and equipment, inventories, valuation, provisions, discounted cash flows for impairment testing, recognition of deferred tax assets and the determination of the fair value of certain financial instruments.

The uniform determination of the useful economic life for intangible assets and property, plant and equipment of Curetis is subject to the estimates made by the management.

Inventories are valued at the lower value of acquisition and manufacturing cost and net realizable value. The net realizable value is determined by subtracting the costs incurred up to completion from the expected sales price of the end product. If assumptions regarding future sales prices or end product market potentials are not appropriate, this may lead to a further need for depreciating inventories.

When accounting for provisions, management must make assumptions regarding the probability of certain business transactions resulting in an impending loss of commercial benefit for Curetis. Estimates regarding the amount and timing of possible economic outflows form the basis for the measurement of provisions. If the actual amount and the timing differ from estimates made, then this may affect the results of Curetis.

To test for impairment, the value-in-use is determined by means of the discounted cash flow method. Assumptions regarding future business developments and general underlying data are to be made for this purpose. If there are any changes in these input factors, the recognition of an impairment may be necessary.

The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take account of forecasting operating results and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by Curetis, the measurement of deferred tax assets is subject to risk and uncertainty.

On 10 November 2015 a final valuation of the liability for preferred and common shares of Curetis AG using the offer price has been executed. This resulted in a finance gain in the amount of kEUR 22,790. On 11 November 2015, with completion of the IPO, the liability expired, as the preferred and common shares of Curetis AG were exchanged into common shares of Curetis N.V.

No retrospective amendments to the existing remuneration policy for the year 2016 will be proposed for adoption by the Annual General Meeting of Shareholders in 2017. The full remuneration report for 2016 will be made available on the Company's website.

In accordance with IFRS 2 – Share based Payment, the fair value of the options at grant date is recognized as an expense in the statement of profit and loss and other comprehensive income over the vesting period of delivery of work. Subsequently, the fair value of equity-settled stock options is not re-measured. The fair value of each option granted during the year is calculated using the binominal valuation model. This valuation model requires the input of subjective assumptions which are detailed in note 32.

3.27. GOING CONCERN

Curetis has incurred net losses since its incorporation until 2014 and in 2016. In 2015 the Group incurred a profit for the first time. However, the result from operating activities was still negative, as the profit was due to a one-time finance income from the gain resulting out of the fair value measurement of common and preferred shares of Curetis GmbH (former AG). The retained earnings of the Group are still negative. With EUR 22.8 million in cash and cash equivalents, EUR 1.2 million in VAT refund receivables, and (with contract from 12 December 2016) access to up to EUR 25 million non-dilutive capital via a senior, unsecured loan under the European Growth Finance Facility of the European Investment bank (EIB) of which EUR 10 million are available immediately and EUR 15 million will become available upon meeting certain pre-defined milestones, the management board is of the opinion that it can submit the annual accounts on a going concern basis. Whilst the current cash position is sufficient for the Group´s immediate and medium term needs, the Management Board has pointed out that Curetis may seek additional funding to support the continuing development of its portfolio of products or to be able to execute other business opportunities.

3.28. TRANSACTION COSTS

When Curetis N.V. executed its initial public offering, new shares have been issued to investors to raise additional capital and, along with existing shares, subsequently became listed at Euronext in Amsterdam and Brussels. Costs incurred in listing the existing shares have not been treated as transaction costs relating to the issue of an equity instrument. These costs are simply incurred to make the existing shares more marketable and are not related to the equity instrument´s issue. Curetis identified the costs that are specifically attributable to the issue of new shares. All other costs of the IPO that would not have been incurred had the IPO not taken place, have been allocated between the new shares and old shares based on the ratio of old to new shares.

Transaction costs for the issuance of new shares have been accounted as a deduction from equity in the comparative period in 2015. Other costs for the listing of existing shares have been accounted for through profit or loss.

Transaction costs are to be accounted for net of tax. As Curetis did not pay any income taxes in 2015, had no tax expenses for the previous year and management does not consider that the tax-loss-carry-forwards are exercisable in the current situation of the Group, no adjustments were made in this respect. When relating deferred tax assets are recognized in future, a corresponding net of tax entry within equity will take place.

3.29. GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received.

The Group receives grants related to research projects from governmental agencies, these are recognized at their fair value when the Group receives the grants from the agency and will comply with the conditions attached to the grants, but in no event prior to the formal grant approval. The grants are accounted for as other operating income in the statement of profit or loss.

CURETIS N.V.
NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4. REVENUE

in kEuro	2016	2015
Sale of Unyvero Systems	690	1,491
Sale of cartridges	573	570
Sale of services	48	26
Discounts	-5	—
Total revenues	1,306	2,087

In accordance with IFRS 8, Curetis is a single-segment entity. Revenues from external customers by territory, based on the destination of the customers are as follows:

in kEuro	2016	2015
Germany, Austria, Switzerland	650	617
Western Europe	178	43
Asia	278	1,033
Rest of the world	200	394
Total revenues	1,306	2,087

All revenues are derived from a total of 26 external customers, including hospitals as well as distribution partners.

The decrease in revenues compared to 2015 in Asia is mainly due to the acquisition of new distribution partners in China, United Arab Emirates and the ASEAN (Association of South East Asian Nations) markets in 2015 and their initial investments in 21 sold Unyvero-Systems, during 2015 without such equivalent in 2016.

5. COST OF SALES

Cost of sales includes the total acquisition and manufacturing costs incurred for products, goods and services that are sold. In 2016, cost of sales amounting to kEUR 1,596 (2015: kEUR 2,161). Curetis manufactures cartridges and disposables at its manufacturing plant and purchases Unyvero-Systems from its OEM-supplier.

The decrease of cost of sales compared to 2015 mainly results from a lower number of sold Unyvero Systems and cartridges. Cost of sales exceed revenues as the cost of sales also include fixed and idle costs for the manufacturing plant. The material ratio increased due to proportionally higher write-downs for marketability discounts.

Cost of sales also include share-based-payments of kEUR 129 (2015: kEUR 146).

6. EXPENSES BY NATURE

in kEuro	2016	2015
Employee benefit expenses	7,503	7,167
Depreciation, amortization and impairment charges	1,744	1,708
Changes in inventories of finished goods and work in progress	17	-30
Raw material, goods and consumables used	1,189	1,565
Facility expenses	399	373
Disposables for clinical trials and R&D activities	818	661
3rd party services for clinical trials incl. US-FDA-trial	839	508
Marketing and travel expenses	1,099	547
Other consulting, advisory & 3rd party support	1,291	671
Other expenses	1,838	1,089
Total Cost of Sales, distribution costs, administrative expenses and research & development expenses	16,737	14,259

The Employee benefit expenses in 2016 include kEUR 767 (2015: kEUR 2,941) expenses recognized for the valuation of equity-settled share-based payment transactions. The increase of Employee benefit, especially without considering effects from share-based payments, is mainly due to the increase in number of employees and the fact that in 2014 and 2015 management had waived their bonuses.

7. DISTRIBUTION COSTS

in kEuro	2016	2015
Personnel expenses	2,987	1,894
– thereof from share-based payments cash-settled	*0*	*48*
– thereof from share-based payments equity-settled	*295*	*493*
Depreciation and Amortization	173	153
Other operating expenses	1,931	740
– thereof marketing expenses & travel expenses	*901*	*288*
– thereof travel expenses	*407*	*130*
– thereof consulting, advisory & 3rd party service	*353*	*122*
Total	5,091	2,787

Distribution costs include all individual sales and overhead sales costs. They include all expenses for personnel, marketing, materials and depreciation, in addition to other sales-related expenditures.

The increase in personnel expenses in 2016 is due to the recruitment of additional sales and marketing employees, mainly to strengthen the international direct sales organization. The average number of FTEs employed in marketing and sales almost doubled from 10.6 during 2015 to 20.3 during 2016.

The increase in other operating expenses compared to 2015 is due to expanded marketing activities in more markets driven by increased staff and more commercial activities (exhibitions, studies, travel, etc.).

8. ADMINISTRATIVE EXPENSES

in kEuro	2016	2015
Personnel expenses	1,215	1,400
– thereof from share-based payments cash-settled	*0*	*17*
– thereof from share-based payments equity-settled	*195*	*894*
Depreciation and Amortization	135	116
Other expenses	1,674	1,082
– thereof from share-based payments cash-settled	*0*	*100*
– thereof from share-based payments equity-settled	*0*	*0*
– thereof for remuneration of supervisory board	*213*	*44*
– thereof consulting, advisory & 3rd party service	*718*	*486*
Total	3,024	2,598

Administrative expenses include personnel, depreciation and other costs of the central administrative areas, which are not related to production, sales or research and development.

The decrease of Personnel expenses in 2016 is due to less expenses for share-based payments. Without considering expenses which are due to share-based remuneration personnel expenses increased from kEUR 489 in 2015 to kEUR 1,020 in 2016. This increase results mainly from (i) additional hired employees in general & administrative departments. The number of FTEs increased from an average of 6.4 FTEs during 2015 to an average of 9.1 FTEs during 2016. (ii) the payout for bonuses in 2016 while they had been waived by management in 2014 and 2015, (iii) the allocation of the CEO´s remuneration from distribution costs to admin expenses in the 2nd half 2015 as Curetis hired a new CCO for sales and marketing and took over the commercial functions from the CEO in that area.

The increase of other expenses is mainly due to an increase of supervisory board remuneration and additional post-IPO related consulting, advisory and 3rd party services (costs of being public).

9. RESEARCH AND DEVELOPMENT EXPENSES

in kEuro	2016	2015
Personnel expenses	3,147	3,574
– thereof from share-based payments cash-settled	*0*	*87*
– thereof from share-based payments equity-settled	*143*	*1,257*
Depreciation and Amortization	1,254	1,143
Material expenses	625	550
Other expenses	2,001	1,445
– thereof from share-based payments cash-settled	*0*	*5*
– thereof from share-based payments equity-settled	*0*	*0*
– thereof clinical trial expenses	*747*	*508*
– thereof costs for laboratory demand	*290*	*130*
– thereof other manufacturing expenses for cartridges used in R&D	*401*	*128*
Total	7,027	6,712

The decrease of Personnel expenses in 2016 is due to less expenses for share-based payments. Without considering expenses, which are due to share-based remuneration, personnel expenses increased from kEUR 2,230 in 2015 to kEUR 3,004 in 2016. This increase results mainly from (i) additional hired employees in research & development departments to accelerate product pipeline. The number of FTEs increased from an average of 17.9 FTEs during 2015 to an average of 20.2 FTEs during 2016. (ii) The payout for bonuses in 2016 while they had been waived by management in 2014 and 2015.

The increase in material expenses is mainly due to an increase of Unyvero-cartridges used for R&D-purposes in 2016.

The increase in other expenses is due to higher clinical trial costs, higher laboratory demand and higher partial other operating expenses occurred in manufacturing for the manufacturing of cartridges used for R&D purposes for the development of more additional applications and the US-FDA-trial.

10. EMPLOYEE BENEFIT EXPENSES

in kEuro	2016	2015
Wages and salaries	5,871	3,692
Social security costs	870	534
EPOs / PSOs granted to management and employees	762	2,941
Total employee benefits	7,503	7,167

The employer´s contribution paid to the statutory retirement insurance (Deutsche Rentenversicherung) in Germany amounted to kEUR 335 in 2016 (2015: kEUR 246).

Decrease of expenses for phantom stock options (PSOs) and equity settled stock options (ESOPs) is due to the corporate reorganization of the PSOP as explained in note 3.25.1 and the newly implemented ESOP 2016 as explained in note 3.25.2.

11. OTHER INCOME

Other income mainly comprises income from government grants for research and development projects amounting to kEUR 86 (2015: kEUR 51).

12. FINANCE INCOME / COSTS NET

Finance income – net amounting to kEUR 71 (2015: Finance income – net of kEUR 25,890) arising primarily from interests received for deposits. In 2015 the finance income mainly arose from the fair value measurement of Curetis´ preferred and common shares. The costs for the listing of old (former Curetis AG) shares have been accounted for through profit & loss, as these are no transaction costs. The preferred and common shares of Curetis GmbH (former AG) have been exchanged into common shares of Curetis N.V. within the corporate reorganization for purposes of the IPO.

in kEuro	2016	2015
Gain / loss from exchange of preferred and common shares of Curetis AG into common shares of Curetis N.V.	0	27,790
IPO costs for the listing of old shares	0	-1,899
Foreign exchange differences	30	6
Other finance income / finance costs	41	-6
Finance income/costs net	71	25,891

13. INCOME TAX

in kEuro	2016	2015
Current Income taxes		
– Germany	*0*	*0*
– other countries	*10*	*0*
Total current income taxes	10	0
Deferred taxes	0	0
Total	10	0

In Germany, Income tax consists of trade tax ('Gewerbesteuer') and corporate income tax ('Körperschaftsteuer'). Corporate income tax is imposed at a uniform rate of 15% and is additionally subject to a solidarity surcharge of 5.5%, resulting in an effective tax rate of 15.825% (2015: 15.825%). Municipalities impose a trade tax. Each municipality set its individual local multiplier rate, so that no uniform trade tax rate exists in Germany. In 2016, Curetis has a trade tax rate of 12.05% (2015: 12.05%).

The company according to the double taxation treatment between Germany and the Netherlands is fully taxable in Germany, as only the company´s statutory seat is in the Netherlands without any permanent establishment there and with the place of effective management in Holzgerlingen, Germany.

The income tax expense for the year can be reconciled to the accounting profit (loss) as follows:

in kEuro	2016	2015
Loss / Profit before income tax	-15,162	13,840
Expected income tax at a tax rate 2016: 27.88% (2015: 27.88%)	4,227	-3,859
Non-taxable income and non-deductable expenses	-32	-8
Changes in the recognition of deferred tax assets on tax loss carry-forwards	-4,094	-5,871
Effect from revaluation of DTA (in context with DTL)	99	285
Tax effect from local taxes	-2	-2
Transaction costs	—	902
Tax effect of the application of foreign tax rates and use of foreign tax losses carried forward	-206	—
Permanent differences	—	8,708
Other effects	-2	-155
Income tax as stated in P&L	-10	0
Effective tax rate	0%	0%

Changes in the recognition of deferred tax assets on tax loss carry-forwards of kEUR – 4,094 are due to not recognized deferred tax assets on tax loss carryforwards for 2016.

Tax effects of the application of foreign tax rates and use of foreign tax losses carried forward comprise not realized deferred tax assets for the loss of Curetis USA Inc. as there are no reliable certainity that these losses will be usable.

14. EARNINGS / LOSS PER SHARE

Earnings / loss per common share is calculated by dividing the profit / loss of the period by the weighted average number of common shares outstanding during the period.

Basic earnings / loss per share

in Euro	2016	2015
From continuing operations attributable to the ordinary equity holders of the company	-0.98	1.18
Total basic earnings / loss per share attributable to the ordinary equity holder of the company	-0.98	1.18

Diluted earnings / loss per share

in Euro	2016	2015
From continuing operations attributable to the ordinary equity holders of the company	-0.98	1.18
Total diluted earnings / loss per share attributable to the ordinary equity holder of the company	-0.98	1.18

As the Group is suffering losses options have an anti-dilutive effect. As such, there is no difference between basic and diluted earnings / losses per ordinary share.

Reconciliation of earnings used in calculating earnings per share

Basic earnings per share

in Euro	2016	2015
Profit / Loss attributable to the ordinary equity holders of the company used in calculation basic earnings per share: From continuing operations	-15,172,296	13,839,592
TOTAL basic earnings / loss per share	-15,172,296	13,839,592

Diluted earnings / loss per share

in Euro	2016	2015
Profit / Loss attributable to the ordinary equity holders of the company used in calculation basic earnings per share: From continuing operations	-15,172,296	13,839,592
TOTAL basic earnings / loss per share	-15,172,296	13,839,592
TOTAL diluted earnings / loss per share	-15,172,296	13,839,592

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15. CASH AND CASH EQUIVALENTS

On 31 December 2016, cash and cash equivalents amounted to kEUR 22,832 (31 December 2015: kEUR 46,060). These consist of bank balances and cash on hand. Cash & cash equivalents are at the company´s free disposal, none of these amounts are pledged.

The decrease in cash and cash equivalents is due to

(i) a negative cash outflow from operating activities of kEUR 15,663
(ii) a negative cash outflow from investing activities of kEUR 7,490 mainly due to the acquisition of the GEAR-Bio-IT-database and the Gyronimo Platform.

16. TRADE RECEIVABLES

The carrying amounts of the trade receivables approximate to their fair values. Current trade receivables are non-interest bearing.

in kEuro	31 December 2016	31 December 2015
Trade receivables, gross	127	1,083
less provision for doubtful receivables	-26	-11
Trade receivables, net	101	1,072

The aging of the gross trade receivables at the reporting date was as follows:

in kEuro	31 December 2016 gross	31 December 2016 provision	31 December 2015 gross	31 December 2015 provision
Amounts not due	103	-4	1,042	-11
Past due 0-30 days	8	-7	41	—
Past due 31-60 days	2	-2	—	—
Past due 61-90 days	—	—	—	—
Past due 91-180 days	7	-6	—	—
Past due 181-270 days	7	-7	—	—
Past due 271-360 days	—	—	—	—
More than one year	—	—	—	—
Total	127	-26	1,083	-11
Trade receivables, net		101		1,072

As of 31 December 2016, trade receivables of kEUR 24 (31 December 2015 kEUR 41) were past due no major impairments are expected. The aging analysis of these trade receivables is as follows:

in kEuro	31 December 2016	31 December 2015
Up to 3 months	10	41
3 to 6 months	7	—
6 to 9 months	7	—
Total	24	41

Movements in the Company´s allowance on trade receivables are as follows:

in kEuro	2016	2015
Balance as of 1 January	-11	—
Net additions (–) / reversals (+)	-15	-11
Use	—	—
Balance as of 31 December	-26	-11

17. FINANCIAL INSTRUMENTS BY CATEGORY

The following table displays the carrying amounts of Curetis´ financial assets and liabilities:

in kEuro Assets as per balance sheet date	31 December 2016 Loans and receivables	Total
Trade receivables [16]	101	101
Other non-current financial assets [23]	316	316
Cash and cash equivalents [15]	22,832	22,832
Total	23,249	23,249

in kEuro Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
Finance lease liabilities [30]	—	118	118
Other financial liabilities [28; 29]	—	364	364
Trade payables [24]	—	721	721
Liability PSOP [25]	—	—	—
Total	—	1,203	1,203

in kEuro Assets as per balance sheet date	31 December 2015 Loans and receivables	Total
Trade receivables [15]	1,072	1,072
Other non-current financial assets [22]	349	349
Cash and cash equivalents [14]	46,060	46,060
Total	47,481	47,481

in kEuro Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
Finance lease liabilities [29]	—	258	258
Other financial liabilities [27; 28]	—	370	370
Trade payables [23]	—	863	863
Liability PSOP [24]	—	367	367
Total	—	1,858	1,858

[..] Bracketed numbers refer to the related notes to the financial statements, which form an integral part of these financial statements.

18. INVENTORIES

in kEuro	31 December 2016	31 December 2015
Raw materials	898	506
Semi-finished goods	61	81
Trade goods	5,723	2,556
Finished goods	63	60
Spare parts	16	6
Total inventories, gross	6,761	3,209
Valuation allowance	-891	-422
Total inventories, net	5,870	2,787

The provision for obsolescence of inventories recognized as an expense and included in 'Cost of Sales' amounted to kEUR 482 (2015: kEUR 422).

Semi-finished goods comprise not yet completely assembled or manufactured parts of our disposables, such as reagent containers, base plates, PCR chambers, etc.

Trade goods comprise Unyvero Systems-components. The increase compared to 2015 is due to a larger number of systems purchased on stock for future sales and demos.

19. OTHER CURRENT ASSETS

As of 31 December 2016, other current assets mainly comprise VAT receivables amounting to kEUR 1,195 (31 December 2015 kEUR 452). Furthermore, other current assets include prepaid expenses amounting to kEUR 169 as of 31 December 2016 (kEUR 185 as of 31 December 2015). Prepaid expenses mainly include lease payments, travel expenses, insurance fees and conference and exhibition fees.

20. INTANGIBLE ASSETS

in kEuro	Software	Licenses & Patents	advance payments	Total
Balance as of 1 January 2015	286	—	—	286
Additions	7	480	—	487
Disposals	—	—	—	—
Amortization	-128	—	—	-128
Reclassifications	—	—	—	—
Balance as of 31 December 2015	165	480	—	645
Cost	553	480	—	1,033
Accumulated amortization/impairments	-386	-2	—	-388
Balance as of 31 December 2015	167	478	—	645
Additions	-21	7,004	—	7,025
Disposals	—	—	—	—
Amortization	-123	-27	—	-150
Reclassifications	—	—	—	—
Balance as of 31 December 2016	65	7,455	—	7,520
Cost	574	7,484	—	8,058
Accumulated amortization/impairments	-509	-29	—	-538
Balance as of 31 December 2016	65	7,455	—	7,520

In 2016 amortization of kEUR 0 (2015: kEUR 0) is included in ‘Cost of Sales’, in distribution costs kEUR 20 (2015: kEUR 25), in R&D costs kEUR 35 (2015: kEUR 9) and kEUR 94 (2015: kEUR 94) in administrative expenses.

The 2016 acquired GEAR and Gyronimo assets (column ‘Licenses & Patents’) are still in a development phase and for that reason the assets have not yet been amortized.

21. PROPERTY, PLANT AND EQUIPMENT

in kEuro	Land and buildings	Machines and technical installation	Other tangible assets	Assets under construction	Total
Balance as of 1 January 2015	39	5,094	1,224	235	6,592
Additions	6	143	348	110	607
Disposals	—	-7	-7	—	-14
Amortization	-7	-1,113	-460	—	-1,580
Reclassifications	—	190	—	-190	—
Balance as of 31 December 2015	38	4,307	1,105	155	5,605
Cost	71	7,631	2,227	115	10,084
Accumulated depreciation/impairments	-33	-3,324	-1,122	—	-4,479
Balance as of 31 December 2015	38	4,307	1,105	155	5,605
Additions	—	82	190	185	457
Disposals	—	-2	-4	—	-6
Amortization	-8	-1,085	-498	—	-1,591
Reclassifications	—	141	—	-141	—
Balance as of 31 December 2016	30	3,443	793	199	4,465
Cost	71	7,852	2,413	199	10,535
Accumulated depreciation/impairments	-41	-4,409	-1,619	—	-6,069
Balance as of 31 December 2016	30	3,443	794	199	4,466

The net book value of machines and technical installations of which Curetis as the lessee is the beneficial owner under finance lease programs amounted to kEUR 48 as of 31 December 2016 (2015: kEUR 194). All other property, plant and equipment is free from any rights held by third parties.

For further details, please refer to note 30.

22. OTHER NON-CURRENT ASSETS

Other non-current assets mainly comprise prepaid expenses for insurance contributions.

23. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets solely include assigned accounts for rent and bank deposits as follows (for further details we refer to note 30):

in kEuro	31 December 2016	31 December 2015
Rent deposit	64	64
Bank deposit	252	285
Total	316	349

Bank deposits of kEUR 252 (2015: kEUR 285) comprise kEUR 155 (2015: kEUR 235) for deposits for financial leases, kEUR 50 (2015: kEUR 50) for bank guarantees and kEUR 47 (2015: kEUR 0) permanent credit card deposits.

24. TRADE AND OTHER PAYABLES

in kEuro	31 December 2016	31 December 2015
Trade and other payables	721	863
Total	721	863

The decrease in trade payables is due to lower purchases of Unyvero-systems in December 2016 compared with December 2015 and less open invoices for fixed assets. The fair value of trade payables approximate their carrying amount.

25. LIABILITY PSOP

Curetis GmbH (former AG) operated a cash-settled, share-based compensation plan under which Curetis GmbH received services from employees and freelancers as consideration for Phantom Stock Options (PSO).

By virtue of resolution of the supervisory board of Curetis GmbH of 11 June 2010 and 17 April 2013, Curetis GmbH has implemented a Phantom Stock Options Incentive Plan ("PSOP") for its officers, employees, freelancers and advisors entitling the beneficiaries to certain payment rights against Curetis GmbH in the event of a trade sale, merger or stock exchange listing. The terms and conditions of the PSOP are defined down in the "Curetis AG Phantom Stock Option Incentive Plan 2010" dated 3 September 2010.

The PSOP of Curetis had been set up initially as a cash-settled plan. Each PSO entitled its holder to receive cash which amount was to be calculated as the difference between the value of the common shares as defined in the shareholder agreement dated 13 November 2009 (fair value) and the nominal value of a common share. In case of a successful IPO the offer price (minus a strike price of EUR 1.00 per phantom stock option) would have been paid.

The original vesting period was determined to be 4 years and the runtime of the program was initially defined to be 10 years. The vesting period, however, accelerates and immediately completes with an exit and/or IPO scenario. This means, that all PSOs automatically vested on 13 November 2015 with the successful completion of Curetis' IPO. According to the PSOP agreement in the event of a stock exchange listing, the beneficiary would be entitled to a payment claim against Curetis GmbH as the virtual stock options under the PSOP do not constitute transferable assets but are rather bookkeeping entries representing contingent contractual rights to receive a payment and which are used for the calculation of the payment claim of the beneficiary against Curetis GmbH upon a stock exchange listing.

In October 2015 PSOP- Roll-Over-Agreements have been signed by each beneficiary holding more than 1,000 phantom stock options where after expiry of the lock-up-period (13 November 2016) the beneficiary sells and assigns its payment claim to Curetis N.V. which purchases and accepts the assignment of the payment claim from the beneficiary. The purchase price which shall be payable by Curetis N.V. to the beneficiary shall be equal to the nominal amount of the payment claim.

Under the PSOP Roll-Over-Agreement, Curetis N.V. grants rights to those beneficiaries holding more than 1,000 phantom stock options (at the end of the lock-up-period) to subscribe for shares to be newly created in the share capital of Curetis N.V.. The beneficiary is entitled to subscribe for a

number of ordinary shares to be calculated by dividing the payment claim by the IPO offer price, i.e. EUR 10.-.

Beneficiary entitled to 1,000 or fewer phantom stock options were settled in cash after the lock-up-period (13. November 2016) and the corresponding liability was therefore offset in 2016.

In the consolidated IFRS financial statements of Curetis N.V. the payment claim for beneficiaries entitled to 1,000 or more phantom stock options will be settled in shares of the Company – i.e. the beneficiary has already exercised the Roll-Over Options in respect of all Roll-Over Shares, with effect from and under the condition precedent of the expiry of the Lock Up Period. As a result, the Company has no obligation to settle in cash and the arrangement represents an equity-settled arrangement with a respective credit within equity in the consolidated IFRS financial statements of Curetis N.V. The fixed amount of the payment claim to be settled in shares has therefore been recognized as a credit within equity.

	Cash-settled	Equity-settled	Total
Outstanding PSOs at 01.01.2016	367,308	6,592,372	6,959,680
Granted during the period	0	0	0
Forfeited during the period	0	0	0
Exercised during the period	0	0	0
Expired during the period	0	0	0
Payout of cash-settled	-367,308	0	-367,308
Outstanding at the end of the period	0	6,592,372	6,592,372
Exercisable at the end of the period	0	6,592,372	6,592,372
Amount accounted for in statement of financial position in Euro as of 31 December 2016	0	6,592,372	6,592,372

The weighted average exercising price per PSO (considering the strike-price) as of 31 December 2016 was Euro 1.00.

The fair value at the end of the period was determined by the terms of the roll over agreement: (offer-price x 2) minus strike price.

As all PSOs have a fixed payment claim and already have been measured with the fair value of this payment claim as of 31 December 2015, furthermore all rights remain infinite valid, therefore there have been no changes in valuation and no effect to be accounted for in the statement of profit and loss and other comprehensive income in 2016. For further detail we refer to note 30.

Despite the expiry of the lock-up on 13 November 2016 the PSOP-Roll-Over has not yet occurred and Curetis and the beneficiaries are in constant dialog about the best possible path forward on this matter.

26. PROVISIONS

The following table provides a breakdown of provisions by type: >

in kEuro	31 December 2016	31 December 2015
Asset retirement obligations	36	35
Other provisions	56	32
Balance	92	67
– of which: current	*51*	*29*
– of which: non-current	*41*	*38*

The movements in the provisions are as follows:

in kEuro	Asset retirement obligation	Profit sharing	PSOPs Provision	Other Provisions
Balance at 1 January 2015	34	779	3,914	38
Additions	1	—	—	—
Usage	—	-779	-3,914	—
Release	—	—	—	-6
Change in estimates	—	—	—	—
Unwinding of discount	—	—	—	—
Balance as of 31 December 2015	35	—	—	32
Additions	1	—	—	24
Usage	—	—	—	—
Release	—	—	—	—
Change in estimates	—	—	—	—
Unwinding of discount	—	—	—	—
Balance as of 31 December 2016	36	—	—	56

Curetis has a contractual asset retirement obligation to dismantle the cleanrooms at the end of the lease period, in which they produce their cartridges, and to restore the rented building.

In the early years of the company, a number of employees and directors had waived salary payment claims against Curetis in consideration for a so-called 'profit sharing participation'. On the basis of the respective agreements, these became payable upon completion of the initial public offering of Curetis in November 2015. Curetis therefore had to make a payment to the respective beneficiaries after the Settlement Date, hence the provision was consumed with this payment by the end of December 2015.

The PSOP Provision after the IPO has become a liability with a defined payment claim. For further information we refer to note 25.

Other provisions relate to various risks and commitments for warranty costs and retention provisions.

27. OTHER CURRENT LIABILITIES

in kEuro	31 December 2016	31 December 2015
Accruals for vacation	226	185
Accruals for Employee Bonuses	426	33
Accruals for audit and preparation of financial statements	176	181
Other tax liabilities	117	129
Other liabilities	175	149
Balance	1,120	677

Other liabilities mainly comprise liabilities for other personnel expenses amounting to kEUR 98 as of 31 December 2016 (kEUR 44 as of 31 December 2015), as well as deferred income amounting to kEUR 13 as of 31 December 2016 (kEUR 59 as of 31 December 2015).

28. OTHER CURRENT FINANCIAL LIABILTIES

Other current financial liabilities include liabilities for outstanding invoices and finance lease.

in kEuro	31 December 2016	31 December 2015
Liabilities for outstanding invoices	364	370
Lease liabilities	118	140
Balance	482	510

29. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities only refer to the non-current liabilities from finance leases.

30. FINANCE LEASE

The Company´s finance lease liabilities are split into non-current and current amounts as follows and relate to the lease of machinery as described below:

in kEuro	31 December 2016	31 December 2015
Finance lease liabilities	118	258
– of which: current	118	140
– of which: non-current [1]	—	118

[1] *The non-current minimum lease payments are all due within 1-5 years*

Curetis leases machinery under finance lease agreements. The lease term is 5 years. As a covenant for the lease contract the company pledged a bank account of kEUR 155 as described in note 23.

The following table provides the reconciliation between the total of future minimum lease payments at the end of the reporting period and their present value:

in kEuro	31 December 2016	31 December 2015
Gross finance lease liabilities – minimum lease payments:		
Less than 1 year	118	140
1-5 years	—	118
More than 5 years	—	—
Total	118	258
Future finance charges on finance lease liabilities	2	11
Present value of finance lease liabilities	120	269

Property, plant and equipment include the following amounts related to the lease of a laser-welding machine:

in kEuro	31 December 2016	31 December 2015
Cost-capitalized finance lease	690	690
Accumulated depreciation	-642	-496
Total	48	194

in kEuro	31 December 2016	31 December 2015
Less than 1 year	48	145
1-5 years	—	49
More than 5 years	0	0
Total	48	194

31. TAXATION

Deferred tax assets and liabilities:

in kEuro	31 December 2016 total	31 December 2016 thereof current	31 December 2015 total	31 December 2015 thereof current
DTA	430	61	369	35
current income tax receivables	—	—	—	—
DLT	430	61	369	35
current income tax liabilities	—	—	—	—

Deferred taxes relate to the following statement of financial position items:

in kEuro	Deferred tax assets		Deferred tax liabilities	
	31. December 2016	31. December 2015	31. December 2016	31. December 2015
Assets				
Trade and other receivables	—	—	—	—
Inventories	—	—	61	35
Property, plant and equipment	—	—	369	334
Liabilities				
Financial liabilities	—	—	—	—
Provisions current	—	—	—	—
Provisions PSOP	—	—	—	—
Other current liabilities	8	6	—	—
Other current financial liabilities	33	39	—	—
Provisions non-current	5	6	—	—
Other non-current financial liabilities	—	33	—	—
Equity				
loss-carry-forwards	384	285	—	–
Deferred Taxes (gross)	430	369	430	369
Offsetting	430	369	430	369
Deferred Taxes (net)	—	—	—	—

Deferred tax assets for losses carried forward have been recognized in the amount of existing deferred tax liabilities. Due to the uncertainty surrounding the Group´s ability to realize taxable profits in the near future, the Company did not recognize any further deferred tax assets.

Due to differences in the valuation of the shares in Curetis GmbH (former AG) between IFRS and national (German) tax law, outside basis differences are existing at Curetis N.V. While the valuation under IFRS is based on the net asset value of Curetis GmbH (former AG), the valuation under German tax law is based on the taxable net book value. The resulting difference is however a permanent one which does not result in a deferred tax entry.

As of 31 December 2016, Curtis had tax loss carryforwards that were not utilizable and for which no deferred taxes were recognized. These tax loss carryforwards amount to kEUR 75,303 for corporate tax purposes and kEUR 75,247 for trade tax purposes (31 December 2015: kEUR 60,611 for corporate tax purposes and kEUR 60,569 for trade tax purposes). The aforementioned tax loss carryforwards exist only in Germany hence they are only in Germany available unlimited for offsetting against future taxable profits of Curetis. Deferred tax assets have not been recognized in respect of these losses as no sufficient certainty is given, whether mid-term such tax loss carryforwards will enable Curetis to offset its future taxable profits.

Overview of the Group's tax loss carryforwards:

in kEuro	Curetis GmbH		Curetis N.V.		TOTAL	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Tax loss carryforwards corporate tax	68,377	55,072	6,926	5,539	75,303	60,611
Tax loss carryforwards trade tax	68,328	55,037	6,919	5,532	75,247	60,569

32. EQUITY

At 31 December 2016 the share capital of Euro 155,384 is divided into 15,538,411 fully paid common shares with a par value of EUR 0.01.

The common shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As at December 31, 2016 no revaluation reserve exists.

The capital reserve increased correspondingly to the expenses accounted for the share-based payment of the ESOP 2016 (see note 3.25.2)

The following table illustrates the number and exercise prices of the movements in share options during the year, as well as the grant date and the remaining term of the option:

	Tranche 1	Tranche 2
Grant date	1 July 2016	1 October 2016
Granted stock options	570,000	45,000
Remaining contractual term of the option	9.50 years	9.76 years
Exercise price	6.45 Euro	6.41 Euro
Outstanding at 1 January 2016	0	0
Granted during the year	570,000	45,000
Forfeited during the year	0	0
Exercised during the year	0	0
Expired during the year	0	0
Cancelled during the year	0	0
Outstanding at 31 December 2016	570,000	45,000
Exercisable at 31 December 2016	0	0

The beneficiaries of the granted options are as follows:

Beneficiary	Tranche 1	Tranche 2
Oliver Schacht, CEO	100,000	0
Johannes Bacher, COO	100,000	0
Andreas Boos, CTO	100,000	0
Dr. Achim Plum, CCO	100,000	0
Other employees	170,000	45,000

VESTING CONDITIONS

Each option will vest over a period of three years whereby the first third of any such option will vest at the first anniversary of the date of grant and the remaining two thirds of each options will vest in monthly increments over the following twenty-four months.

Upon the occurrence of a termination of employment event after the first anniversary of the date of grant, the optionee´s options shall either be forfeited, lapse or continue to be exercisable as set forth below:

- In case of termination for cause, both the options of such optionee that have vested (to the extent not exercised) and the options of such optionee that have not yet vested shall be forfeited at the date of termination for cause, unless agreed otherwise by the management board (with regard to optionees being managing directors or supervisory directors);
- In case of a termination without cause, the options of such optionee that have vested (to the extent not exercised) shall not be forfeited and the remaining part of the options of such optionee that have not yet vested shall be forfeited at the date of termination without cause.

EXERCISE OF OPTIONS

Vested options may not be exercised prior to the third anniversary of the date of grant and may be exercised until ten years from the date of grant or such shorter period of time remaining under the stock options plan. Options which have not been exercised prior to the end of the exercised period shall lapse automatically without any compensation whatsoever being due to the optionee.

VALUATION MODEL AND INPUT PARAMETERS

The fair value of the stock options is measured using a binominal option pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the options granted in 2016 at the measurement date:

	Tranche 1	Tranche 2
Measurement date	5 July 2016 [1]	1 October 2016
Expected life of the option on the grant date years (Euro)	5.0	5.0
Share price on the measurement date (Euro)	6.44	6.18
Weighted avg. exercise price (Euro)	6.45	6.41
Expected dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	-0.61	-0.61
Expected volatility of the share price (%)	78.15	81.36
Option value	3.94	3.86

[1] The measurement date represents the acceptance date of the options.

For stock option valuation the possibility of early exercise was considered in the binomial model. Early exercise is expected five years after the date of grant of the options.

The risk-free interest rate is the implied yield currently available on German government issues with a remaining term equal to the term of the options.

The future volatility for the lives of the options was estimated based on historical volatilities of peer group companies.

The expense recognized during 2016 (ESOP) and 2015 (PSOP) is shown in the following table:

in Euro	31 December 2016	31 December 2015
Expense arising from equity-settled share-based payment transactions	767,451	2,876,404
Expense arising from cash-settled share-based payment transactions	0	169,436
Total expense arising from share-based payment transactions	767,451	3,045,840

The other reserves have been taken into account for the settlement of the payment claim (after lock-up-period) of the beneficiaries entitled to more than 1,000 phantom stock options (fair value of the equity-settled Roll-Over-Awards) (see note 3.25.1 for further details) and the equity settled stock options granted under the ESOP 2016 (see note 3.25.2 for further details).

The investment in the Curetis GmbH (former AG) shares in the standalone statement of financial position of Curetis N.V. is valued at the net equity value of Curetis GmbH (former AG) as at 31 December 2016. There are no differences between the Equity as shown in the standalone financial statements and in the consolidated financial statements of Curetis N.V. as at 31 December 2016.

The Group does not consider paying dividends as long as the result from operating activities in the consolidated statement of profit or loss and the cash flows from operating activities are negative.

33. FINANCIAL RISK MANAGEMENT

33.1. FINANCIAL RISK FACTORS

Curetis' activities expose the Company to a variety of financial risks such as currency risks, fair value interest risks, cash flow risks, interest rate risks and price risks. Curetis' finance department has created controlling instruments and key metrics to identify and evaluate such risks in close co-operation with the operating units.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Curetis has a strong international business focus and therefore the Company is influenced by foreign currency exchange rates and interest rates. However, Curetis currently does not hold any securities available for sale and Curetis keeps all its liquidity in immediately available money market funds.

b) Foreign exchange risk

Curetis is exposed to foreign currency risks primarily through its operating activities. Curetis identifies the main currency risk in US Dollar, because certain purchase transactions are undertaken in US Dollar ("USD"). The net exposure to exchange differences of the monetary assets (being cash and cash equivalents) of the Group at the end of the reporting period are as follows:

in kEuro	31 December 2016	31 December 2015
USD	676	2,041

If the USD/EUR exchange rate would increase/decrease by 10%, compared to year-end 2016 exchange rates, this would have a negative / positive impact of kEUR 68. The group considers a shift in the exchange rates of 10% as a realistic scenario.

c) Other market risk

Curetis is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investments.

d) Credit risk

The finance department works in close cooperation with the other operating departments to identify credit risks related to account receivables balances. Curetis analyzes the credit risk of each new client before standard payment and delivery terms and conditions are offered. Curetis has also implemented a well-organized dunning system and in 2014, Curetis had had write-downs on trade receivables of kEUR 26 in 2016 (2015: kEUR 10). The credit risk on the accounts receivables is limited because Curetis primarily sells to big laboratories, pharma-companies and major public hospitals in Curetis' direct markets in Central and Western Europe, all of these partners have very good credit ratings. Outside of Europe Curetis works together with large and experienced distributors. If Curetis expands the business to other more credit-risky countries Curetis will consider implementing a commercial credit insurance to cover the risks.

Cash and cash equivalents as well as short-term deposits which are disclosed under other financial assets are invested in EUR denominated money market funds with highly reputable banks. Curetis follows a decisive 'no-risk-policy' which means that Curetis has sight deposits at banks only, and sometimes time deposits with short runtimes.

e) Liquidity risk

Liquidity risk is the risk that the Group will might encounter difficulties in meeting the obligations associated with its financial liabilities which are normally settled by delivering cash. The Group´s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Group monitors its risk of a shortage of funds using short and mid-term liquidity planning. This takes account of the expected cash flows from all activities. The supervisory board undertakes regular reviews of the budget and forecast.

In 2015 Curetis raised significant funding within the Initial Public Offering. In 2016 Curetis accessed a EUR 25 million debt financing facility from the EIB (European Investment Bank) with the possibility to call EUR 10 million immediately and another EUR 15 million after Curetis reaches certain pre-defined milestones. With the already existing opportunity to call EUR 10 million from EIB and the strong cash & cash equivalents balance of EUR 22.8 million, and the EUR 1.2 million VAT refund receivable it is estimated that the group is funded for operating expenses and capital expenditure requirements at least for the coming 12 to 18 months.

However, Curetis' future liquidity requirements will depend on many factors, some of which are beyond Curetis' control, including:

- the cost and timing of marketing or regulatory clearances, including the FDA clearance;
- market acceptance of Curetis' products;
- the cost and timing of establishing further sales, marketing and distribution capabilities;
- the cost of Curetis' research and development activities;
- the ability of healthcare providers to obtain coverage and adequate reimbursement by third-party payers for procedures using Curetis' products;
- the cost of goods associated with Curetis' products;
- the effect of competing technological and market developments; and
- the extent to which Curetis might decide to invest in third-party businesses, products and technologies, including entering into licensing or collaboration arrangements for products.

If Curetis were to miss its objectives or experienced material delays in one or more of these factors, additional funding may be required.

The following table depicts an analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining term on the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

Balance as at 31 December 2016 in kEuro	Up to 1 year	1-3 years	3-5 years	More than 5 years
Trade and other payables	721	–	–	–
Finance lease liabilities	118	–	–	–
Other financial liabilities	364	–	–	–
Balance as at 31 December 2015 in kEuro	**Up to 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Trade and other payables	863	–	–	–
Finance lease liabilities	140	118	–	–
Other financial liabilities	370	–	–	–

33.2. CAPITAL MANAGEMENT

Capital comprises equity attributable to shareholders, cash and cash equivalents. Curetis' policy is to maintain a strong base in terms of equity capital and sufficient cash balance in order to maintain investor and creditors confidence and to sustain the future development of the business. Our primary goals when managing capital are to ensure sufficient liquidity to meet our working capital requirements, fund capital investments and purchases and to safeguard our ability to continue operating as a going concern.

Curetis monitors all capital positions regularly (at least monthly) within its financial reporting, discusses the capital status frequently within the management meetings and also within its supervisory board meetings.

34. COMMITMENTS

OPERATING LEASE COMMITMENTS

Curetis leases its offices, laboratories, and production facility under non-cancellable operating lease agreements. The lease term is 5 years and the agreements are renewable at the end of the lease term at market rate. For the manufacturing facility in Bodelshausen Curetis has a prolongation option.

Curetis also leases machinery and vehicles under non-cancellable operating lease agreements. The lease term is 3 years and the agreements are not renewable at the end of the lease term. The future aggregate minimum lease payments under non-cancellable operating leases and existing purchase commitments are as per the table below.

The commitments no later than 1 year and partly later than 1 year and no later than 5 years as of 31 December 2016 include a new frame-order of Unyvero-Systems at the OEM-manufacturer to cover the demands until end of Q1-2018.

in kEuro	2016	2015
No later than 1 year	5,581	6,064
Later than 1 year and no later than 5 years	1,134	529
Later than 5 years	0	34
Total	6,715	6,627

35. RELATED PARTIES

Transactions with related parties occur in the normal course of business. Related party transactions have been listed completely below.

COMPENSATION OF KEY MANAGEMENT

Name	Base salary/ consultancy fee [4]	Employer's pension contributions	Annual Bonus [5]	Other benefits [1] (car lease, travel expenses)	Share besed payments and other incentives	Total remuneration
Johannes Bacher	kEUR 243	kEUR 0	kEUR 56	kEUR 0	kEUR 130 [3]	kEUR 429
Andreas Boos	kEUR 210	kEUR 0	kEUR 46	kEUR 0	kEUR 130 [3]	kEUR 386
Dr. Achim Plum [1]	kEUR 202	kEUR 0	kEUR 50	kEUR 5 [2]	kEUR 130 [3]	kEUR 387
Oliver Schacht, Ph.D.	kEUR 262	kEUR 0	kEUR 78	kEUR 0	kEUR 130 [3]	kEUR 470
TOTAL	kEUR 917	kEUR 0	kEUR 230	kEUR 5	kEUR 520	kEUR 1,672

[1] Cost reimbursement only, no additional flat catering expenses
[2] Company car reimbursement
[3] Expense recognized for granted ESOs
[4] Includes holiday-compensation payouts
[5] Refers to the bonus for the year 2016 which will be paid in 2017

For more details we refer to the remuneration report in the annual business report.

in kEuro	2016	2015
Salaries and other short-term employee benefits	1,147	643
Post-employment benefits	—	—
Share based payments	520	1,800
Others	5	4
Total	1,672	2,447

COMPENSATION OF SUPERVISORY BOARD

The compensation of Supervisory Board is shown below:

in kEuro	2016	2015
William E. Rhodes	84	13
Dr. Werner Schäfer	64	25
Mario Crovetto	44	7
Prabhavathi Fernandes	19	0
Dr. Frank Mühlenbeck	0	0
Dr. Holger Reithinger	0	0
Dr. Rudy Dekeyser	0	0
Total	211	45

Dr. Frank Mühlenbeck (until General Meeting 2016), Dr. Rudy Dekeyser and Dr. Holger Reithinger have also been Supervisory Directors in 2016 but they received no compensations from Curetis.

Curetis does not grant any loans, advance payments and guarantees to members of the Management and Supervisory Board. There have been no other notable related party transactions.

At the General Meeting 2016 Dr. Frank Mühlenbeck´s term expired and he decided not to run for reelection. Ms. Prabhavathi Fernandes, Ph.D. was elected as a Supervisory Director.

36. AVERAGE NUMBER OF EMPLOYEES

In 2016 the Group employed on average 69 employees (2015: 52).

37. OVERVIEW OF CONSOLIDATION SCOPE

The parent company Curetis N.V. is domiciled in Germany, and only has its statutory seat in the Netherlands.

Details of the Group´s subsidiaries at the end of the reporting period are as follows:

Name	Registration No.	Country	Participation	Main activity
Curetis GmbH	HRB 756134	Germany	100.00%	Development, manufacturing and sale of molecular diagnostic products
Curetis USA, Inc.	EIN 81-3113346	USA	100.00 %	Sale of molecular diagnostic products
Curetis UK Ltd.	CN 10164457	UK	100.00 %	Sale of molecular diagnostic products
Curetis France S.A.R.L.	TI 822952511	France	100.00 %	Sale of molecular diagnostic products
Curetis BeNeLux B.V.	KvK 66281814	Netherlands	100.00 %	Sale of molecular diagnostic products
Curetis Schweiz GmbH	CHE-228.103.501	Switzerland	100.00 %	Sale of molecular diagnostic products

The equity of Curetis GmbH at 31 December 2016 amounted to kEUR 24,522 (31 December 2015: kEUR 15,224) and the company realized a loss of kEUR 12,950 in 2016 (2015: profit of kEUR 16,143).

The equity of Curetis USA Inc. at 31 December 2016 amounted to kEUR -622 and the net result a loss of kEUR 744.

The equity of Curetis UK Ltd. at 31 December 2016 amounted to kEUR 58 and the net result a profit of kEUR 21.

The equity of Curetis France S.A.R.L. at 31 December 2016 amounted to kEUR 35 and the net result a profit of kEUR 4.

The equity of Curetis BeNeLux B.V. at 31 December 2016 amounted to kEUR 31 and the net result a profit of kEUR 6.

The equity of Curetis Schweiz GmbH at 31 December 2016 amounted to kEUR 29 and the net result a profit of kEUR 3.

38. AUDIT FEES

The fees for services rendered by Curetis' independent auditor PricewaterhouseCoopers Accountants N.V., Eindhoven, The Netherlands and its member firms and affiliates to the Company and its subsidiaries were approved by the Audit Committee and the Supervisory Board and can be detailed as follows:

in Euro	Total Pricewaterhouse-Coopers	Pricewaterhouse-Coopers AG	Pricewaterhouse-Coopers Accountants N.V.
2016			
Financial statements audit – *thereof for audit 2015*	182,181 *19,181*	0	182,181 *19,181*
Audit-related services and other audit work 2016	0	0	0
Tax consultancy 2016	0	0	0
Total	182,181	0	182,181
2015			
Financial statements audit	380,362	239,362	141,000
Audit-related services and other audit work 2015	541,480	541,480	0
Tax consultancy 2015	60,660	60,660	0
Total	982,502	841,502	141,000

39. EVENTS AFTER THE BALANCE SHEET DATE

While none of the events after 31 December 2016 – listed below in chronological order - have been such that they would have material impact on the share price per se, there have been a series of relevant news events during the ordinary course of business in 2017 so far:

- In January 2017 Curetis filed the US-FDA-trial submission and reached the installed base target of 150 Unyvero Analyzer (the installed base includes commercial systems as well as clinical trial systems and demo units for evaluation by future potential customers and thus only a part of these installed base systems are revenue generating at this stage).

- In March 2017 Curetis hired Dr. Andreas Posch as our new Director GEAR Bio-IT from Siemens in Vienna. This followed the successful completion of the technology and know-how transfer from Siemens to Curetis by year-end 2016. Furthermore, Curetis has established Ares Genetics GmbH, Vienna, Austria, as a wholly owned (100% owned by Curetis GmbH) Curetis group company for all R&D activities related to GEAR going forward. Together with Curetis' GEAR collaborators from the University of Saarland (Prof. Andreas Keller and team), a first joint exhibition was held at CeBit in Hannover, Germany.

- In March 2017 Dr. Melissa Miller, PhD, D(ABMM), has joined the Curetis Medical Advisory Board. Dr. Miller is a Professor of Pathology and Laboratory Medicine at the University of North Carolina at Chapel Hill School of Medicine. She is also the Director of the Clinical Molecular Microbiology Laboratory and Associate Director of the Microbiology-Immunology Laboratory for UNC Health Care.

- In March 2017 Curetis received an "Additional information Letter" from the U.S. FDA in which the FDA has outlined its requests for additional information and clarification on the Unyvero LRT 510(k) de novo submission. In this letter, which is a part of the 510(k) review process, the FDA encouraged Curetis to continue the interactive review process, while also proposing a face-to-face "Submissions Issues Meeting", which has been scheduled for 21st April 2017 at the FDA.

- Curetis has also been notified of the acceptance of an oral presentation at ASM Microbe (1-5 June 2017, New Orleans, LA, USA) of its clinical trial data from the FDA LR study.

- Several publications of strong, relevant clinical data for both the P55 Pneumonia Application (e.g. Uni Essen) as well as the ITI Implant and Tissue Infection Application (e.g. Endo Klinik) were published in March 2017.

- Curetis has also communicated relevant scientific medical conferences as well as investor conferences it will attend in Q2-2017.

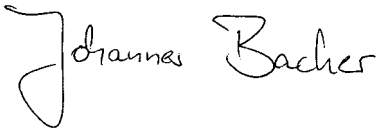
- The European Patent Office has granted the core technology patent underlying the Gyronimo platform. The patent had previously been granted in the U.S. and China already. Furthermore, Curetis has received the issue notification for a core Unyvero patent, combining multiplex PCR amplification with array detection, from the United States Patent and Trademark Office.

- In early April the Company has submitted its first disbursement request for EUR 10 million to the EIB under the EIB debt financing facility and expects to receive the funds in the coming weeks.

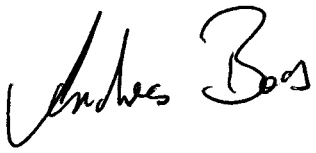
Curetis has also communicated relevant scientific and medical conferences as well as investor conferences it will attend in Q2-2017. Holzgerlingen, 6 April 2017

Curetis N.V.

Oliver Schacht, Ph.D.
Chief Executive Officer (CEO)



Johannes Bacher
Chief Operating Officer (COO)



Andreas Boos
Chief Technology Officer (CTO)

Dr. Achim Plum
Chief Commercial Officer (CCO)

IV

COMPANY FINANCIAL STATEMENTS

CURETIS N.V.
COMPANY INCOME STATEMENT

For the period ended 31 December

in Euro	2016	2015
Revenues	–	
Cost of Sales	–	
Gross profit	**–**	**–**
Distribution costs	–	
Administrative expenses [3]	2,837,660	513,059
Research & development expenses	–	
Other income [4]	1,295,275	108,514
Operating profit	**-1,542,385**	**-404,545**
Finance income	43,596	
Finance costs	1,429	1,899,339
Finance costs – net	**42,167**	**-1,899,339**
Profit before income tax	**-1,500,218**	**-2,303,884**
Income tax expenses		
Share of result of investments [5]	13,699,814	1,325,074
Profit for the year	**-15,200,032**	**-3,628,958**
Other comprehensive income for the year, net tax		
Total comprehensive income for the year	**-15,200,032**	**-3,628,958**

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

CURETIS N.V.
COMPANY BALANCE SHEET

ASSETS

For the period ended 31 December

in Euro	2016	2015
Current assets [6]	**18,257,132**	**39,684,883**
Cash and cash equivalents	16,398,162	39,096,701
Intercompany receivables	616,749	108,000
Other current assets	1,242,221	480,182
Non-current assets [7]	**23,975,557**	**15,947,379**
Investments in Group companies	23,772,730	15,223,924
Intercompany loans	—	500,000
Other non-current assets	202,827	223,455
Total assets	**42,232,689**	**55,632,262**

LIABILITY & EQUITY

For the period ended 31 December

in Euro	2016	2015
Current liabilities [8]	**1,870,281**	**837,271**
Trade and other payables	49,064	83,940
Intercompany liabilities	1,370,010	477,076
Other current liabilities	437,207	260,122
Other current financial liabilities	14,000	16,133
Non-current liabilities	**—**	**—**
Deferred tax liabilities	—	—
Total liabilities	**1,870,281**	**837,271**
Equity [9]	**40,362,408**	**54,794,991**
Subscribed equity	155,384	155,384
Capital reserve	51,676,192	51,676,192
Other reserves / PSOP & ESOP	7,359,821	6,592,373
Retained earnings	-18,828,989	-3,628,958
Total Equity and liabilities	**42,232,689**	**55,632,262**

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

CURETIS N.V. NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Curetis N.V. (Curetis or the Company) is a Dutch company with limited liability (naamloze vennootschap) and has its corporate seat in Holzgerlingen, Germany. The Company was founded as Curetis B.V. on October 8, 2015 as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) for the purpose of a corporate reorganization of Curetis AG; Curetis B.V. then converted its legal from under Dutch law to a public company with limited liability for an initial public offering of its common shares on 10 November 2015.

The registration number of Curetis N.V. from the Dutch Chamber of commerce is 64302679.

The Company was incorporated as Curetis B.V. on 8 October 2015 as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) for the purpose of a corporate reorganization of Curetis GmbH (former Curetis AG) and converted its legal form under Dutch law to a public company with limited liability at the date of the initial public offering of its common shares in November 2015. The Company has one subsidiary, Curetis GmbH, Holzgerlingen, Germany where it holds 100% of the shares. Curetis GmbH in 2016 incorporated five wholly owned subsidiaries to lay the foundation for expanding its direct sales markets. As of 31 December 2016 Curetis GmbH holds 100% of the shares of:

- Curetis UK Ltd., London, UK
- Curetis USA Inc., San Diego, CA, USA
- Curetis BeNeLux B.V. , Amsterdam, the Netherlands
- Curetis France S.A.R.L., Strasbourg, France
- Curetis Schweiz GmbH, Zug, Switzerland

2. ACCOUNTING INFORMATION AND POLICIES

BASIS OF PREPARATION

The company's financial statements of Curetis N.V. (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The financial statements have been prepared on a going concern basis.

These financial statements cover the period from 1 January 2016 to 31 December 2016. The comparable numbers of 2015 cover the period from 8 October 2015 to 31 December 2015. Curetis N.V. was just incorporated on 8 October 2015 so that year was a short fiscal year.

The functional currency of the Company is Euro. The primary financial statements are presented in Euro and the notes to the financial statements are presented in Euros in accordance with commercial rounding practices unless stated otherwise. The financial year corresponds to the calendar year. The balance sheet and income statement references have been included. These refer to the notes.

In case no other policies are mentioned, please refer to the accounting policies as described in the summary of significant accounting policies in the consolidated financial statements. For an appropriate interpretation, the company financial statements of Curetis N.V. should be read in conjunction with the consolidated financial statements.

CURETIS N.V. NOTES TO THE STATEMENT OF PROFIT OR LOSS

INVESTMENTS IN CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the company has control. The company controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the company or its intermediate holding entities. They are derecognized from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquirer and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. The company remeasures the investment at the end of each business period. Differences are accounted for in the statement of profit or loss.

Amounts due from investments are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate.

3. ADMINISTRATIVE EXPENSES

Administrative expenses include personnel expenses for the management board members, the supervisory board members, consulting fees and other costs of the central administrative areas.

4. OTHER INCOME

Other income Group comprises income from management fees charged to subsidiaries for management services provided by Curetis N.V. for its subsidiaries.

5. SHARE OF RESULT OF INVESTMENTS

When Curetis N.V. acquired shares from Curetis GmbH (former Curetis AG) on 11 November 2015, the initial valuation was taken into account with the net asset value of Curetis GmbH (EUR 16,548,998). On the balance sheet date of the previous year on 31 December 2015 the net asset value of Curetis GmbH was EUR 15,223,924, since the loss for the period for Curetis GmbH amounted to EUR 1,325,074.

In 2016 Curetis N.V. increased the capital of Curetis GmbH by mEUR 22 and granted equity settled stock options to employees and managers of Curetis GmbH and its subsidiaries with a value of kEUR 248. The net asset value of Curetis GmbH on the balance sheet date on 31 December 2016 was EUR 24,522,911 since the loss for the period for Curetis GmbH amounted to EUR 12,949,633.

CURETIS N.V. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6. CURRENT ASSETS

Cash and Cash equivalents

At 31 December 2016, cash and cash equivalents amounted to EUR 16,398,162 (31 December 2015: EUR 39,096,701). That amount consists of bank balances and is at the Company's free disposal.

Intercompany receivables

The Management of Curetis N.V. also renders services and activities for Curetis GmbH, and therefore Curetis N.V. charges Management Fees for the services provided to Curetis GmbH.

All intercompany receivables are due in less than one year. The fair value of the receivables approximates the nominal value, due to their short-term character.

Other current assets

As of 31 December 2016, other current assets mainly comprise VAT receivables amounting to kEUR 1,177 (31 December 2015: kEUR 452) and prepaid expenses amounting to kEUR 22 (31 December 2015: kEUR 28).

7. NON-CURRENT ASSETS

INVESTMENTS IN GROUP COMPANIES

Curetis N.V. holds 100% of the shares of Curetis GmbH. The value on this investment was measured by the fair value at the acquisition date.

OTHER NON-CURRENT ASSETS

Other non-current assets comprise deferred expenses that will occur in more than 1 year.

in Euro	Investments in consolidated subsidiaries
At 8 October 2015 Net book value	—
Movements in book value 2015	
investments	16,548,998
Share in result of investments	-1,325,074
Dividends received	—
At 31 December 2015 Net book value	15,223,924
Movements in book value 2016	
investments – in cash	22,000,000
investments – ESOs	248,620
Share in result of investments	-13,699,814
Dividends received	—
At 31 December 2016 Net book value	23,772,730

8. CURRENT LIABILITIES

Trade and other payables
The Trade payables are due within 1 year.

Intercompany liabilities
The intercompany liabilities are due within 1 year.

Other current liabilities:

in kEuro	31 December 2016	31 December 2015
Accruals for vacation	54	16
Accruals for bonuses	230	30
Other liabilities for annual financial statements	119	164
Other tax liabilities	34	50
Total	437	260

Other current financial liabilities
Other current financial liabilities include liabilities for outstanding invoices.

9. EQUITY

in Euro	Subscribed capital	Capital reserves	Other reserves / PSOP	Retained earnings	Total equitiy
Contribution from shareholders participating in B-Ext.-Financing-Round of Curetis AG	0.01	800,000.00			800,000.01
Cancelation of founder-share-Transfer into capital reserve	-0.01	0.01			0.00
Corporate reorg. Share exchange Fair value of Curetis AG shares	111,073.78	9,845,551.00	6,592,373.13		16,548,997.91
Isuue of common shares Gross proceeds from IPO	40,000.00	39,960,000.00			40,000,000.00
Issue of common shares Gross proceeds from IPO-Overallotment	4,310.33	4,306,019.67			4,310,330.00
Transaction expenses for IPO of new shares		-3,235,378.59			-3,235,378.59
Loss of period				-2,303,883.70	-2,303,883.70
Result on subsidiaries				-1,325,074.00	-1,325,074.00
Balance as of 31 December 2015	**155,384.11**	**51,676,192.09**	**6,592,373.13**	**-3,628,957.97**	**54,794,991.36**
Valuation of equity settled stock options IFRS 2			767,448.00		767,448.00
Loss of period				-1,500,218.00	-1,500,218.00
Result on subsidiaries				13,699,814.00	13,699,814.00
Balance as of 31 December 2016	**155,384.11**	**51,676,192.09**	**7,359,821.13**	**18,828,989.97**	**40,362,407.36**

At the initial step of the corporate reorganization, a shareholder of Curetis GmbH (LSP Curetis Pooling B.V.) subscribed for a single common share with a nominal value of EUR 0.01 in Curetis B.V.

The participating shareholders of the Series B-Extension Financing-Round of Curetis GmbH agreed to retain Euro 800,000.00 from the agio payable into capital reserves for the Series B-Ext.-Financing round of Curetis AG and instead roll them over as a payment into capital reserves of Curetis B.V.

As of 10 November 2015, upon consummation of the corporate reorganization, all common and preferred shares in Curetis GmbH were exchanged for 11,107,378 common shares of Curetis B.V. / N.V. (see note 2). In addition in the initial public offering, the Company newly issued an aggregate of 4,000,000 common shares at a price of EUR 10.00 per share. Additionally another 431,033 common shares at a price of EUR 10.00 per share were issued by the exercise of the over-allotment option. Hence, in the initial public offering capital reserves of EUR 44,266,019.67 were recognized. The transaction costs for the issuance of new shares were deducted directly from the capital reserves with an amount of EUR 3,235,378.59.

In 2016 Curetis N.V. implemented a new equity settled stock options program (ESOP). The expensed value of the stock options granted to management board members of Curetis N.V. and managers and employees of Curetis N.V.'s subsidiaries under this ESOP was accounted for as an increase of Other reserves. The cumulative expenses as of 31 December 2016 amounted to EUR 767,448.

For more details on Equity we refer to the consolidated statement of changes in equity. For the details on ESOP we refer to note 32 of the consolidated IFRS statements.

10. RELATED-PARTY TRANSACTIONS

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered a related party. In addition directors, other key management of Curetis N.V. and close relatives are regarded as related parties.

The management of Curetis N.V. also manages the operating business of Curetis GmbH. Therefore the salaries and other costs are partly invoiced to Curetis GmbH based on a Management Service contract.

COMPENSATION OF KEY MANAGEMENT

We refer to note 35 of the consolidated financial statement for detailed information.

COMPENSATION OF SUPERVISORY BOARD

The compensation of Supervisory Board is shown below:

in kEuro	2016	2015
William E. Rhodes	84	11
Dr. Werner Schäfer	64	9
Mario Crovetto	44	7
Prabhavathi Fernandes	19	0
Dr. Frank Mühlenbeck	0	0
Dr. Holger Reithinger	0	0
Dr. Rudy Dekeyser	0	0
Total	211	27

Curetis does not grant any loans, advance payments and guarantees to members of the Management and Supervisory Board.

11. TAXATION

In Germany, income tax consists of trade tax ('Gewerbesteuer') and corporate tax ('Körperschaftsteuer'). Corporate tax is imposed at a uniform rate of 15% and is additionally subject to a solidarity surcharge of 5.5%, resulting in an effective tax rate of 15.825%. Municipalities impose a trade tax. Each municipality set its individual local multiplier rate, so that no uniform trade tax rate exists in Germany. In 2016, Curetis had a trade tax rate of 12.05%.

In 2015 and 2016, the income statement effect resulting from current and deferred taxes is kEUR 0.

12. EMPLOYEES

During the year 2016, the average number of employees, based on full time equivalents, was 0 (2015: 0).

13. AUDIT FEES

The fees for services rendered by Curetis' independent auditor PricewaterhouseCoopers Accountants N.V. and its member firms and affiliates to the Company and its subsidiaries were approved by the Audit Committee and the Supervisory Board and can be detailed as follows:

in Euro	Pricewaterhouse-Coopers Accountants N.V.
2016	
Financial statements audit	181,181
– thereof for audit 2015	*19,181*
Audit-related services and other audit work 2016	0
Tax consultancy 2015	0
Total	181,181

The fees listed above relate to the procedures applied to the company and its consolidated group entities by accounting firms and external auditors as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

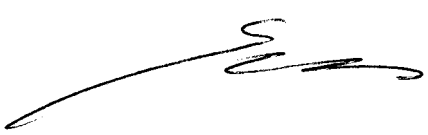
PROPOSED PROFIT APPROPRIATION

Following the profit appropriation proposed by the management board and pursuant to article 25 of the Articles of Association, the amount loss for 2016 of Euro 15,200,032.15 will be added to the retained earnings.

EVENTS AFTER BALANCE SHEET DATE

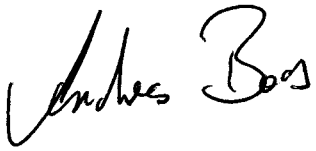
No significant events after the balance sheet date have occurred.

Holzgerlingen, 31 March 2017
Curetis N.V.



Oliver Schacht, Ph.D.
Chief Executive Officer (CEO)

Johannes Bacher
Chief Operating Officer (COO)



Andreas Boos
Chief Technology Officer (CTO)

Dr. Achim Plum
Chief Commercial Officer (CCO)

Independent auditor's report

To: the general meeting and supervisory board of Curetis N.V.

Report on the financial statements 2016

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Curetis N.V. as at 31 December 2016 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Curetis N.V. as at 31 December 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Curetis N.V., Holzgerlingen ('the company'). The financial statements include the consolidated financial statements of Curetis N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the following statements for 2016: the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2016;
- the company statement of profit and loss and other comprehensive income for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

Ref.: e0399730

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T: +31 (0) 88 792 00 40, F: +31 (0) 88 792 94 13, www.pwc.nl

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Curetis N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Our audit approach

Overview and context

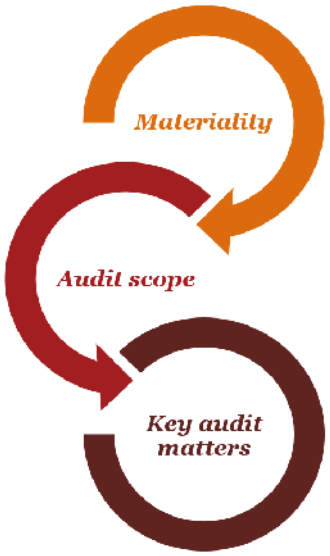
Curetis N.V. is a commercial-stage molecular diagnostics company focused on rapid infectious disease testing for hospitalized patients. The company is headquartered in Holzgerlingen (Germany) and has a listing on the Euronext, Amsterdam (the Netherlands) and Brussels (Belgium). We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.3 of the financial statements the company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and judgement required in relation to the accounting for acquisitions of intangible assets we considered this to be a key audit matter as set out in the key audit matter section of this report.

Other areas of focus that were not considered to be key audit matters were the procedures around research and development expenditure, the financing of the company and share-based payments. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams include the appropriate skills and competences which are needed for the audit of a commercial-stage diagnostics company. We included specialists in the areas of share-based payments in our team.

The outlines of our audit approach were as follows:



Materiality

- Overall materiality: €160,000 which represents approximately 1% of total expenses.

Audit scope

- We conducted our audit work almost entirely at the head office of the group at Holzgerlingen, whereby we designed and executed our audit from a consolidated perspective.

Key audit matters

- Accounting for acquisitions of intangible assets

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€160,000 (2015: €140,000).
How we determined it	1% of total expenses.
Rationale for benchmark applied	We have applied the benchmark total expenses, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. Since the company is still developing its products and extending its operations in new territories and the main focus for the stakeholders and the company is on obtaining clearance by the regulators in various territories and developing a strong pipeline of applications, we believe that this benchmark is the most relevant metric for the financial performance of the company, for which we applied a percentage of 1%.
Component materiality	Since Curetis GmbH is the entity that includes all operating activities of the company, we audited Curetis GmbH with the overall group materiality of €160,000. Where necessary, we performed additional audit procedures on Curetis N.V. using overall group materiality, to obtain sufficient coverage over the consolidated balances as a whole.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €8,000 (2015: €7,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Curetis N.V. is the parent company of a group of entities, with a similar internal control environment and same management. We designed and executed our audit from a consolidated perspective. Curetis GmbH (based in Holzgerlingen, Germany) is the operating company and includes the significant and material activities of the group. As a consequence, we were able to perform most of the audit work at that location. Curetis GmbH in 2016 incorporated five wholly owned subsidiaries in the United Kingdom, USA, the Netherlands, France and Switzerland to lay the foundation for expanding its direct sales markets. Based on the nature and current size of the newly established entities only analytical procedures were performed on these entities. The financial information of this group is included in the consolidated financial statements of Curetis N.V. We performed additional audit procedures on Curetis N.V. for holding expenses accounted for in the parent's company financial statements that were significant to the consolidated financial statements of the group. Furthermore, we performed additional audit procedures on share based payments considering the nature of the expenses and the disclosure requirements in the Netherlands.

By performing the procedures above, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole, to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matter to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

The key audit matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Based on the developments within the company, the key audit matter 'accounting for acquisitions of intangible assets' is added in 2016. No longer applicable were last year's key audit matters on the 'accounting for the corporate reorganisation including the gain following the revaluation of the preferred shares/ common shares, comparative figures and valuation of investment in company financial statements' and 'Accuracy, completeness and classification of IPO related costs' and 'Specific organisational and accounting requirements after recent IPO' and 'Classification and accounting for changes in the PSOP' due to the fact that these were all related to specific events that occurred in 2015 and did not have a significant effect on the 2016 financial statements.

Key audit matter	*How our audit addressed the matter*
Accounting for acquisitions of intangible assets *See note 3.18 and Note 20* In 2016, the company acquired two significant intangible assets in the total amount of €7,000,000: • the GEAR BIO-IT-platform (€2,000,000), that contains primarily patents and patent applications documentation and know-how for molecular approaches to microbial resistance; • the Gyronimo-platform (€5,000,000), that contains primarily technical development files of a mid-plex-molecular-diagnostic-platform, relating know-how and IP. The Company acquired both intangible assets against cash consideration including a contractual agreement for future royalties and milestone payments. The assets have been measured at cost. Given the related level of management judgement of future expected benefits as a basis for the accounting for these acquired intangible assets, we considered this area to be important for our audit.	Our audit procedures included, amongst others, the assessment of the purchase agreements for GEAR BIO-IT and the Gyronimo platform and the assessment of the identification of intangible assets. Further we obtained evidence of the respective payments of the agreed up-front lump sum amounts. Regarding the accounting treatment, we tested whether the assets meet the recognition criteria determined in IAS 38 for intangible assets on the probability that the expected future economic benefits of the platform will flow to the entity. We assessed management's future outlook and plans with these intangible assets. Through our procedures we were able to satisfy ourselves that the recognition criteria of IAS 38 were met. Our procedures on the reliability of the measured costs mainly consisted of assessing the underlying purchase and we agreed the recorded costs with the related contracts. We concluded that the recognition of each platform as one single intangible asset is appropriate, since they cannot be split in separately identifiable assets and the combination of components together is what drives the value of these platforms. We have satisfied ourselves based on the available evidence as to the appropriateness of the amortisation and impairment assessments together with the related disclosures. Based on our procedures we were satisfied that the intangibles assets have not been put in use as per the balance sheet date and therefore do not need to be amortised at this stage. We assessed that the contingent liabilities resulting from the contract with respect to future royalty and milestone payments are properly disclosed.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management's review as defined on page 4 to page 27 of the annual report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- the other information included in the information corporate governance section of the annual report.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures were substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Curetis N.V. on 16 June 2016 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 16 June 2016.
Our appointment has been renewed by the shareholders, representing a total period of uninterrupted engagement appointment of 2 years.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 6 April 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

Appendix to our auditor's report on the financial statements 2016 of Curetis N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board 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 supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

CURETIS N.V.

ANNUAL REPORT 2016

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