2017

2017
ANNUAL REPORT

curetis

2017

ANNUAL REPORT

curetis

TABLE OF CONTENTS


unyvero
GEAR

MANAGEMENT REVIEW

FORWARD-LOOKING STATEMENT (DISCLAIMER). This annual report does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever. This annual report is not an offer of securities for sale in the United States. The securities of the Company have not been registered under the U.S. Securities Act of 1933, as amended (the "securities act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration.

This annual report is made available on the expressed understanding that it does not contain all information that may be required to evaluate and will not be used by the recipients in connection with the purchase of or investment in any securities of the Company. This annual report is accordingly not intended to form the basis of any investment decision and does not constitute or contain (express or implied) any recommendation by the Company or any of its directors, officers, employees, agents, affiliates or advisers.

Certain information in this annual report is based on management estimates. By their nature, estimates may not be correct or complete. Accordingly, no representation or warranty (express or implied) is given that such estimates are correct or complete.

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 company, which owns 100% of Curetis GmbH which in turn owns 100% of all international subsidiaries (together “Curetis Group”). The Curetis Group develops, manufactures and commercializes innovative solution for molecular microbiology.

Curetis’ business model is based on two complementary business pillars:

1. The Unyvero System for molecular microbiology for comprehensive and rapid diagnosis of severe infectious diseases in hospitalized patients. The platform is based on proven, yet intelligently integrated PCR technology, its ability to process a variety of native patient samples and on an intuitive workflow. Unyvero’s advantage is the timely access to comprehensive, actionable and reliable data. Curetis’ molecular tests for different indications are commercially available in Europe, the U.S., Asia and the Middle East.

With the Unyvero A30 *RQ* Analyzer in development, Curetis intends to expand the current Unyvero System from a high-plex platform to an integrated any-plex solution with high-, medium- und low-plex capabilities.

2. The ARES AMR Database (ARES*db*) and the ARES Technology Platform,
ARES*db* is believed to be the world’s most comprehensive database on the genetics of antibiotic resistance, which permits Curetis to increasingly utilize the proprietary biomarker content in its own assay and cartridge development, as well as to out-license it to partners. To further advance ARES*db* and the underlying ARES Technology Platform, Curetis has founded Ares Genetics GmbH, an operationally autonomous yet wholly-owned subsidiary, based in Vienna, Austria.

Curetis’ headquarters are based in Holzgerlingen, near 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), Amsterdam (The Netherlands), Zug (Switzerland) and Vienna (Austria).

Founded in 2007, Curetis raised EUR 44.3 million in an IPO on Euronext Amsterdam and Euronext Brussels (ticker symbol “CURE”) in 2015 and private equity funds of over EUR 63.5 million prior to the IPO. Furthermore, Curetis has secured a debt financing facility with the European Investment Bank (EIB) of up to EUR 25 million.

curetis

CURETIS – KEY FACTS

- Public commercial stage molecular diagnostics company
- Founded: August 2007
- Fully Integrated: R&D, manufacturing, commercialization
- Publicly Listed: on Euronext Amsterdam and Euronext Brussels since November 2015 (“CURE”)
- High-growth Market Segment: molecular microbiology
- Proprietary platforms:
  - Unyvero sample-to-answer any-plex PCR platform
  - ARES AMR Database (ARES*db*) and ARES Technology Platform for antibiotic resistance data intelligence
- Unique IVD Product Portfolio: Unyvero applications
  - U.S. FDA cleared: Lower Respiratory Tract Infections (LRT)
  - CE-IVD: Hospitalized Pneumonia (HPN), Implant and Tissue Infections (ITI), Bloodstream Infections (BCU), Intra-Abdominal Infections (IAI) and Urinary Tract Infections (UTI)
- Growing Installed Base: 175 Unyvero Analyzers by the end of 2017
- Global Commercial Presence:
  - Headquarters and cartridge production facility in Germany
  - Wholly-owned subsidiaries in the USA, in Austria, France, Switzerland, the Netherlands, and the United Kingdom
  - Growing network of distribution partners in Europe, Middle East, and Asia
- Strong Partner Network in the Diagnostics and Pharmaceutical Industries: Heraeus Medical (Co-Promotion), Siemens (GEAR Database as basis for ARES AMR Database, ARES*db*), MGI/BGI (NGS-based molecular microbiology), Biotest (Unyvero for clinical trials), Carpegen (Unyvero A30 *RQ* Analyzer), Zollner (OEM instrument manufacturing)
- Lean Organization: 104 employees as of 31 December 2017

2017 AND YTD IN BRIEF

ACHIEVEMENTS

POST REPORTING PERIOD IN 2018

- Raising EUR 4.1 million in PIPE and access to additional USD 10 million equity
- Obtained CE-IVD marking for Unyvero Urinary Tract Infection (UTI) Application
- Established U.S. Scientific Advisory Board
- Initiating broad commercial rollout of the Unyvero LRT Application in the U.S. in Q2-2018
- Obtained U.S. FDA grant of *De Novo* request for Curetis' Unyvero System and Unyvero LRT Application on 3 April 2018
- Unyvero HPN and BCU Application Cartridges received an approval by Singapore Health Science Authority
- Signed a strategic partnership with MGI to leverage Curetis' sample preparation technology and to enable short-term commercialization of NGS-based molecular microbiology
- Received a grant funding commitment for EUR 1.6 Mio. project of Ares Genetics by Austrian Research Promotion Agency (FFG)

ACHIEVEMENTS Q4-2017

- Increased installed base of Unyvero Analyzers by 33 to 175 by year-end of 2017, a 23% growth rate from 142 at the end of 2016
- Initiated a second U.S. FDA study to obtain clearance for the Unyvero IJI Invasive Joint Infections Cartridge
- Signed a broad strategic memorandum of understanding with MGI to collaborate on NGS-based infectious disease diagnostics

ACHIEVEMENTS Q3-2017

- Partnered with Biotest to support academic PEPPER Pentaglobin® Peritonitis trial with Unyvero IAI Application

ACHIEVEMENTS Q2-2017

- Curetis' subsidiary Ares Genetics awarded German Innovation Prize for GEAR Database
- Dr. med. Nils Clausnitzer, MBA, elected as member of the Supervisory Board
- Expanded Medical Advisory Board with Dr. Melissa Miller, University of North Carolina
- Launched the CE-IVD marked Unyvero IAI Intra-Abdominal Infections Cartridge
- Demonstrated clinical and health economic benefits of the Unyvero ITI Application through data from several studies conducted in Spain and Germany
- Founded the wholly-owned subsidiary Ares Genetics in Vienna, Austria, to advance the business related to GEAR database (now ARES*db* and ARES Technology Platform)

ACHIEVEMENTS Q1-2017

- Completed development of the Unyvero IAI Cartridge for intra-abdominal infections
- Filed for U.S. FDA Clearance of the Unyvero Platform and Unyvero LRT Lower Respiratory Tract Infections Application Cartridge

MESSAGE FROM THE CEO

Dear Shareholders,

Without a doubt the major corporate milestone for Curetis has been the granting of our *De Novo* request by the FDA on 3 April 2018. Following the FDA clearance, our commercial launch activities in the U.S. market are now underway. This has also allowed us to obtain several clear indications for additional future equity financing commitments e.g. in the context of a potential upcoming equity raise in the form of a PIPE. In addition, we have secured access to another EUR 3 million debt financing tranche from EIB available immediately and yet another EUR 5 million tranche will become available upon successful completion of certain amounts of additional equity capital raised. The remaining up to EUR 7 million EIB tranche would become available for draw-down upon meeting certain agreed-upon commercial milestones by December 2019. In 2017, we effectively transformed Curetis from a single-platform, high-multiplex syndromic testing company with cartridges for the Unyvero A50 Analyzer to an integrated solutions provider in molecular microbiology. Adding the low to medium multiplexed cartridges for our A30 *RQ* (rapid & quantitative) Analyzer, which is being developed from the previously acquired Gyronimo platform, as well as a first strategic partnership with MGI (a BGI company in China) around our ARES AMR Database – ARES*db* – and ARES Technology Platform for bioinformatics and artificial intelligence for antimicrobial resistance analysis, has substantially broadened our product portfolio and value creation opportunities.

Throughout 2017, we have been focusing on progressing our Unyvero Platform and Lower Respiratory Tract Infection Cartridge (LRT) towards FDA clearance. Following the submission in early January 2017, we received an additional information request letter in March, held a face-to-face meeting with the FDA to resolve remaining open issues in the second quarter and found agreement on an initial label claim for use with tracheal aspirate samples and a subsequent label claim expansion towards BAL specimen. With continuous interactive review in the second half of 2017, we responded to all of the FDA's questions and requests and delivered additional materials and data in Q4-2017. On 8 January 2018, we had updated the markets on an expected near-term FDA clearance decision.

In anticipation of the expected FDA clearance decision we built a strong commercial team at Curetis USA Inc. in San Diego, California. Over the past year we have added regional sales directors, clinical application specialists and field service support. In Q4-2017, we began hiring our field-based sales force with hires in key strategic territories across the U.S. with experienced commercial professionals joining our team from direct MDx competitors in the infectious disease testing space. During 2017, Curetis USA Inc. attended 7 major industry conferences and exhibitions and hosted two high-profile KOL round-table events.

We made the strategic decision to streamline commercial operations. In Q3-2017, we announced the reorganization of our commercial teams in Europe under the leadership of Chris Bernard who has taken on the additional role of Executive VP of Global Sales. With the addition of Riwat Lim, who joined from QIAGEN in the fall of 2017 as our Director Commercial Operations EMEA, we have begun focusing much more on near-term commercial conversions of hospital accounts rather than driving installed base. We have revised our guidance regarding installed base, now expecting to exceed the 200 Unyvero Analyzer mark in 2018.

With the completion of cartridge development of our intra-abdominal infection (CE-IVD marked), invasive joint infection (going into FDA trial in 2018), urinary tract infection (expected to be launched as CE-IVD in Q2-2018), and sepsis host response (ready for investigational use only in 2018) cartridges, our pipeline of novel and differentiated Unyvero cartridges is continuously expanding. With ARES*db* and the A30 *RQ*, which is expected to become CE-marked in 2019, platforms getting ready for prime-time in the coming year, we expect further growth drivers to add to placements, partnerships and revenue generation.

Yours sincerely,
Oliver Schacht, Ph.D.
CEO Curetis N.V.

LETTER FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Shareholders,

Having now had two years as Chairman of the Supervisory Board, I am pleased to update you on Curetis' gaining U.S. FDA clearance of the Unyvero System and LRT Cartridge, as well as the initiatives we are undertaking to expand the scope and breadth of our molecular infectious disease offerings.

The Supervisory Board members continuously strive to support Curetis' plans and strategic programs, while always keeping in mind the best interests of the shareholders, as well as customers and other stakeholder groups, which include physicians, patients, international partners and, very importantly, employees.

We continue to work very closely with the Management Board to ensure consistent and effective execution of Curetis' strategy. We hold regular face-to-face meetings and telephone conference calls between the entire Supervisory Board and the Management Board, ensuring ongoing and timely dialogue. In addition, there are regularly scheduled bi-weekly calls between the Company's CEO and me, to ensure we have open and timely discussions and the opportunity to proactively address items as they arise.

Thus, the Supervisory Board is constantly informed and updated, and everyone is included in discussions of all material aspects of the business and corporate development. Together we routinely review, among other things, items such as progress towards FDA clearance, strategic partnering, identification of commercial targets, worldwide organizational structure, marketing and selling plans, overall company financial and sales performance and corporate financing considerations. The Supervisory Board continues to focus on gaining early visibility around key company performance metrics, to ensure the organization is prepared to succeed.

2017 was a year of expansion of Curetis' offering beyond the highly multiplexed Unyvero cartridges, with added focus on partnering the Ares Genetics AMR Database and bio-informatics offerings and the timely development of the A30 *RQ* platform expansion, which is the result of the 2016 asset acquisition. Together with the Management Board, the Supervisory Board has been actively monitoring the Company's commercial progress in the EMEA markets, and we have been working closely together to refine and evolve Curetis' organizational growth in the USA.

This includes critically analyzing and challenging management on potential future financing options as well as direct interaction with the Company's brokers and strategic financial advisors. Being able to fund future growth is always a high priority for the Supervisory Board and management, and Curetis is well-positioned to access further capital in various forms. As an example, the Company exercised the option to draw down the first EUR 10 million from the up to EUR 25 million non-dilutive financing facility with the European Investment Bank (EIB).

The Supervisory Board and its Audit Committee also worked very closely with the auditors at PwC during the regular public company financial reporting and general shareholder meeting. The Supervisory Board is continuously and very closely monitoring the corporate risk management and risk reporting, and we are advising the Management Board on further refinements of these critical activities. The Supervisory Board is also closely collaborating with the chairpersons of its subcommittees, with whom I am also in regular dialogue.

Curetis is in the exciting and, at times, challenging early phase of commercial launch in Europe, and we are about to launch in the U.S., the world's largest diagnostics market. As with all new MDx platforms, there are often lengthy sales cycles to deal with, as customers evaluate and validate Curetis' products, and product life-cycle management needs to be implemented as real-world customer feedback is obtained. As the Company grows, it will continue to actively recruit, motivate and appropriately incentivize top talent in commercial, corporate and R&D functions globally.

The Supervisory Board and I are looking forward to continuing to actively support Curetis and its Management Board in implementing its strategic growth plans and to ensure that all such initiatives are rigorously pursued with the best interests of all shareholders and stakeholder groups in mind.

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

OPERATIONAL REVIEW 2017

PRODUCT DEVELOPMENT

NEW UNYVERO CARTRIDGES

Throughout 2017, all research and development programs and product development projects progressed on track and in line with Curetis' guidance.

In April 2017, Curetis launched the Unyvero IAI Application Cartridge, which addresses severe intra-abdominal infections.

Furthermore, Curetis has completed development of its fifth Unyvero Application, the Unyvero UTI Application Cartridge for severe urinary tract infections. Upon completion of the ongoing clinical validation, Curetis aims to launch the Unyvero UTI Cartridge as a CE-IVD marked product at a major European Conference in Q2-2018.

Development of the Unyvero Application Cartridge for sepsis host response (SHR), jointly developed with Curetis' partner Acumen Research Laboratories, has been finalized. The Unyvero SHR Application will be clinically validated alongside laboratory-developed tests for the same biomarker set as a predicative device in collaboration with Acumen and clinical partners under an IUO (Investigational Use Only) label from 2018 onwards.

Curetis has finalized specifications of the Unyvero Invasive Joint Infections (IJI) Application in collaboration with KOLs and clinical experts. The retrospective arm of a U.S. clinical trial to obtain data for a regulatory submission to the U.S. FDA has been initiated and is ongoing.

UNYVERO PLATFORM EXPANSION TO AN ANY-PLEX SOLUTION

Since its acquisition from Carpegen GmbH and Systec GmbH in December 2016, Curetis has worked towards the integration of the former Gyronimo platform into the Unyvero suite of products as the Unyvero A30 *RQ* Analyzer. As a second analyzer module next to the current A50 Analyzer, the A30 *RQ* will add rapid and, where needed, quantitative low- to mid-plex testing capabilities for diagnostic panels of 5 to 30 diagnostic targets and capabilities to the Unyvero Platform. The A30 *RQ* utilizes specifically designed cartridges different from the current Unyvero Cartridges designed for the A50 Analyzer. With its unique features, the Unyvero A30 *RQ* will expand the current high-plex Unyvero System into an even broader Unyvero Platform enabling fully automated cartridge-based testing in the low-, medium-, and high-multiplexing range (any-plex).

A30 *RQ
A new low- to mid-plex analyzer module for Unyvero integration of stand-alone operation

Unyvero Modularity Concept*

* latest design concept; final product may differ

MARKET ACCESS

UNITED STATES

On 3 April 2018, the FDA reached a positive clearance decision on the *De Novo* request for the Unyvero Platform and the Unyvero LRT Lower Respiratory Tract Infection Cartridge for tracheal aspirate samples. As announced in March 2017, Curetis plans to file for the additional clearance of bronchoalveolar lavage (BAL) as a second sample type at a later stage. To this end, Curetis will work closely with the FDA reviewers to identify the most appropriate path to develop or augment the bronchoalveolar lavage (BAL) data package, which it intends to submit as part of a proposed future label claim expansion as soon as practicable.

In addition, Curetis has started its second FDA trial for its next U.S. product. The Company has submitted a pre-submission package to the FDA, which outlines the intended use claims and a proposed study design for a U.S. version of its Unyvero ITI Cartridge, the Unyvero IJI Cartridge for severe invasive joint infections. A collection of retrospective samples to augment the prospective arm of the trial has been initiated.

CHINA

Working towards a Chinese market clearance, analytical testing of the Unyvero Hospitalized Pneumonia (HPN) Cartridge by Curetis' partner BCB in China was initated in Q4-2017 and was progressing in Q1-2018 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). Analytical testing is a key requirement and precondition to Curetis' partner initiating the prospective Chinese FDA clinical trials in 2018.

SINGAPORE AND ASEAN REGION

The Unyvero HPN and BCU Application have been approved by the Singapore Health Sciences Authority (HAS) and fully registered as a Class C IVD medical device with the Singapore Medical Device Register. After having initially placed Unyvero Systems under the GN-27 exemption at early adopter sites, the approval allows for a more comprehensive roll-out in Singapore as bridgehead to the ASEAN region. Acumen and Curetis intend to submit the Unyvero ITI Application and Unyvero IAI Application for HSA approval.

ISRAEL

The Unyvero System and its application cartridges for pneumonia (HPN), implant and tissue infections (ITI) and bloodstream infections (BCU) were cleared in March 2017 by the regulatory authorities for commercial use in Israel.

COMMERCIAL EXPANSION

UNITED STATES

To prepare for the commercial roll-out of Unyvero in the U.S., Curetis incorporated Curetis USA Inc. as a wholly-owned subsidiary in San Diego in late 2016 and appointed Christopher M. Bernard as President, Chief Executive Officer and Executive Vice President Global Sales. In these capacities, he drives the market development and sales of the Unyvero Platform in the U.S. and also directly oversees the European commercial operations together with Riwat Lim, who joined Curetis from QIAGEN in the fall of 2017 as Director of Commercial Operations EMEA (see below). Throughout 2017, Chris built a strong U.S. team for the planned commercial roll-out of Unyvero in 2018. By 31 December 2017, the core commercial team in the U.S. totaled 14 employees. To create further clinical evidence around the Unyvero solution in the U.S., ten Unyvero Analyzers were installed at key opinion leader sites in Q4-2017 under an Investigational Use Only (IUO) label.

EMEA

In addition to its headquarters in Germany, Curetis' commercial organization in the EMEA region comprises four wholly owned commercial subsidiaries covering the UK, the Netherlands for the Benelux area, France and Switzerland. This commercial organization is complemented by a network of commercial partners for distribution of Unyvero in additional EMEA territories.

Curetis has made solid progress in expanding its commercial footprint in its direct and partnered sales territories in the EMEA region and evolved the EMEA commercial operations with Riwat Lim joining from Qiagen in the fall of 2017 as Director of Commercial Operations EMEA. In this role, Mr. Lim oversees sales, customer service and support, scientific affairs, and marketing. He will continue shaping and evolving the EMEA commercial team.

With the sales cycle progressing in the direct selling areas and a strong sales team emphasis on account conversion, Curetis is seeing good progress with a growing number of accounts becoming commercial accounts after having evaluated Unyvero in the course of 2017.

INSTALLED BASE

Curetis increased its worldwide installed base of Unyvero Analyzers by 33 during 2017, growing it from 142 to 175 as of 31 December 2017.

BUSINESS DEVELOPMENT

MGI

Following the announcement of a broad strategic memorandum of understanding and initial R&D collaboration between MGI (a BGI affiliate, China) and Curetis / Ares Genetics in September 2017, MGI and Ares Genetics have progressed the feasibility study for next-generation sequencing (NGS) in-vitro diagnostic assays for microbial infections. Together

with MGI, Curetis participated at a major conference in China. Curetis and MGI are continuing negotiations about the further expansion of their strategic collaboration under the memorandum of understanding. In January 2018, Curetis and MGI signed R&D collaboration and supply agreements focused on the Unyvero Lysator technology and instruments. Further potential areas of collaboration, including the development and near-term commercialization of an NGS-based molecular microbiology application, are currently being discussed.

BIOTEST

Curetis' partner Biotest has enrolled the first patient into the PEPPER clinical trial. This is the fourth pharma partnership, in which Curetis provides Unyvero as a rapid and comprehensive molecular microbiology solution for accelerated patient enrollment and/or retrospective diagnostic evaluation. Curetis is in ongoing dialogue with additional pharmaceutical companies planning antimicrobial drug trials that may benefit from the use of Unyvero.

ARES GENETICS

Ares Genetics GmbH, a wholly owned subsidiary of Curetis, has progressed additional partnering discussions relating to its ARES AMR Database – ARES*db*. This newly developed database on the genetics of antimicrobial resistances (AMR) builds on and expands the GEAR database acquired from Siemens in September 2016. To leverage the full potential of ARES*db* and the ARES Technology Platform for life sciences, public health, diagnostic, and pharmaceutical uses over the last several months, Ares Genetics has been engaged in numerous partnering discussions with top-tier industry players as well as public health institutions. To accelerate the further derivation and validation of antibiotic resistance biomarkers from the ARES*db* and the development of high-value offerings directed at the pharmaceutical industry, Ares Genetics applied for a grant from the Austrian Research Promotion Agency to support the Project "The Digital Microbe" with a total project volume of EUR 1.6 million. In January 2018, Ares Genetics received notice that it was awarded the grant. In March 2018, Ares Genetics has been selected a winner of the "GoSiliconValley" competition of the Austrian Economic Chambers (WKO). Therewith, Ares will attend a WKO-sponsored stay of several weeks in an incubator in Silicon Valley, California in the coming months, aimed at supporting networking with potential strategic partners, customers and investors from the U.S.

FINANCING

EUROPEAN INVESTMENT BANK (EIB)

To further advance its R&D programs as well as product and platform development, Curetis has drawn down the first EUR 10 million tranche of the EUR 25 million non-dilutive debt financing facility provided by the European Investment Bank (EIB) in April 2017. Up to an additional EUR 15 million would become available upon meeting certain pre-determined milestones in 2018 with a EUR 3 million tranche now available immediately upon U.S. FDA clearance of Unyvero LRT.

ANNUAL GENERAL MEETING

During the Annual General Meeting held in Amsterdam on 23 June 2017, shareholders approved all items on the agenda, including the election of Dr. med. Nils Clausnitzer as a member of Curetis' Supervisory Board for a three-year term until 2020. Dr. med. Clausnitzer is Senior Vice President and President, EMEA-APAC Lab and Distribution Services of VWR International llc. / VWR GmbH, a position he has held since January 2016. Dr. med. Clausnitzer has strong expertise in diagnostics and experience in driving commercial development corporations of all sizes.

Dr. Holger Reithinger and Dr. Rudy Dekeyser were each re-elected for another one-year term. In addition, the proposed extension of authorization of the Management Board to limit or exclude pre-emptive rights on newly issued shares or rights to subscribe for shares as well as an extension of authorization of the Management Board to repurchase shares were also approved by the shareholders.

U.S. AND EU SCIENTIFIC ADVISORY BOARD

In April 2018, Curetis established a dedicated U.S. Scientific Advisory Board (SAB) and therewith expands Curetis' scientific network and clinical expertise to support U.S. adoption of recently cleared Unyvero System and LRT Cartridge.

Five renowned U.S. infectious disease experts have been appoin-ted to the board: Debra Goff, Pharm.D. (The Ohio State University Wexner Medical Center, OH, USA), Donna Mildvan, M.D. (Icahn School of Medicine at Mount Sinai, NY, USA), Melissa Miller, Ph.D. (University of North Carolina at Chapel Hill School of Medicine, NC, USA), Frederick Nolte,

Ph.D. (Medical University of South Carolina, SC, USA), and Robin Patel, M.D. (Mayo Clinic, MN, USA).

The newly formed U.S. Scientific Advisory Board complements the Curetis Medical Advisory Board, now renamed the EU Scientific Advisory Board. Current members of this board include Dr. Reno Frei (Luzerner Kantonsspital, Switzerland), Dr. Mathias Pletz (University Hospital Jena, Germany), Dr. Laurent Poirel (University of Fribourg, Switzerland), and Dr. Jean-Louis Vincent (Erasme University Hospital, Belgium).

The goal of the SABs is to advise Curetis on important trends and issues in clinical microbiology as well as novel product concepts addressing key questions and challenges in the diagnosis of severe infections in hospitalized patients. The SABs provide valuable insight and guidance along the entire value chain of innovative molecular diagnostic products.

FINANCIAL REVIEW 2017

- Revenue for 2017 was EUR 1.2 million versus EUR 1.3 million in 2016.
- Gross loss increased from EUR -290 thousand in 2016 to EUR -462 thousand in 2017 due to higher write-downs on Unyvero Systems to reflect marketability discounts.
- Distribution costs increased from EUR 5.1 million in 2016 to EUR 7.3 million in 2017, while R&D expenses slightly increased from EUR 7.0 million in 2016 to EUR 7.4 million in 2017.
- Operating loss totaled EUR -18.6 million in 2017 compared with EUR -15.2 million in 2016 due to the commercial expansion, R&D and pipeline expansion efforts.
- Net loss for 2017 was EUR -19.3 million compared to a net loss in 2016 of EUR 15.2 million.
- On 31 December 2017, Curetis Group's cash, cash equivalents and financial assets amounted to EUR 16.3 million (including the EIB loan facility drawown of EUR 10 million) compared with EUR 22.8 million on 31 December 2016.
- Total assets in 2017 were EUR 35.5 million compared to EUR 42.8 million in 2016.
- Inventory levels increased from EUR 5.9 million at the end of 2016 to EUR 6.9 million at the end of 2017. This was predominantly driven by an increasing number of Unyvero Systems installed, yet still owned by Curetis.
- Trade receivables as of 31 December 2017, were EUR 200 thousand versus EUR 101 thousand at the end of 2016.
- Equity in 2017 was EUR 22.2 million compared to EUR 40.4 million in 2016.
- Net cash flow from operating activities was EUR -15.7 million in 2017 compared to EUR -15.7 million in 2016, while net cash flow used in investing activities was EUR -0.4 million in 2017 compared to EUR -7.4 million in 2016, mainly resulting from the acquisitions of the GEAR database and Gyronimo platform in 2016 with no comparable asset acquisitions in 2017.
- In 2017, there was a net decrease in cash and cash equivalents of EUR 6.2 million compared to a net decrease in cash and cash equivalents or EUR 23.3 million in 2016 due to the asset acquisitions described above.
- The financial statements 2017 have been prepared on a going concern basis despite the fact that as of 31 December 2017 remaining cash reserves were insufficient to cover at least 12 months after the sign-off date from this report. However, detailed scenario analysis was conducted and risk assessments made, as well as all strategic and tactical financing options assessed with several additional cash inflows such as another EIB debt tranche available upon FDA clearance, a potential PIPE financing transaction and various cost reduction and cash preserving measures identified for implementation during 2018.

OUTLOOK 2018 / 2019

Following the final review by the U.S. FDA and granting of a *De Novo* request for the Unyvero System and the LRT Lower Respiratory Tract Infection Cartridge for use with tracheal aspirate specimen on 3 April 2018, Curetis USA Inc. is expected to complete the build-out of its commercial team in early 2018. Product launch activities are underway. Within six to nine months of full commercial launch, Curetis USA Inc. targets the installation of 40 to 50 Unyvero Analyzers across the U.S. market with further growth targets beyond those initial placements to around 60 to 80 Analyzers within the first year of full commercial launch. The FDA clearance has been the single most important circumstance on which future revenues and eventual profitability would depend. There have been no other special circumstances that would influence our future expectations.

Furthermore, Curetis expects to initiate prospective patient sample enrollment into its second U.S. FDA clinical trial for the Unyvero IJI Cartridge, with the aim of completing this trial in 2019. Further U.S. FDA trials are expected to follow, continuing the expansion of the portfolio of available differentiated testing applications in the U.S., subject to the availability of additional capital to fund such trials.

2018 and 2019 will also see the further transformation of Curetis and the platform development beyond the core Unyvero high-multiplex syndromic testing panels to add commercial products and partnering opportunities in the broader molecular microbiology set-up with the Unyvero A30 *RQ* platform. Additional application cartridges are planned for that rapid, low- to mid-plexing module to complement the product offering for Unyvero as a broader platform in hospital infections, as well as to create value-added partnering opportunities for the ARES AMR Database, ARES*db*, and ARES Technology Platform.

Following the initial broad strategic memorandum of understanding in 2017 and early 2018 expansion of the collaboration with MGI (a BGI company, China), Curetis expects first results and initial product launches from this collaboration in the 2018 and 2019 timeframe. Importantly, Curetis expects to continue growing, broadening and deepening this strategic partnership with the the BGI Group moving forward, to apply the Unyvero as well as Ares Genetics' bioinformatics competencies and assets to their NGS platform and fuel future growth. Along similar lines, Curetis also expects additional R&D and commercial partnerships around the ARES AMR Database (ARES*db*) and ARES Technology Platform as well as elements of the Unyvero Platform with well-known industry players.

Curetis expects to continue its EMEA commercial conversion campaign and to roll out new products (e.g. UTI in 2018 and A30 *RQ* Platform with CE marking expected in 2019) and plans to grow the installed base of Unyvero Analyzers and cartridge utilization upon commercial conversion of accounts. The Company also strives to continuously evolve and expand its commercial distribution network across those EMEA markets that we do not address with a direct sales and marketing team.

The Company also expects its Chinese partner BCB to complete all steps required by the CFDA in terms of analytical testing needed to initiate prospective clinical trials in China in 2018. The goal is to complete the first trials by 2019 with subsequent CFDA submission and approvals needed before being able to launch and commercialize broadly in the Chinese market.

Curetis will also continue to strive to evolve its shareholder base from venture capital investors to a more diversified blue-chip, long-term institutional investor base and to improve liquidity and free float for its stock based on a broadened analyst coverage and potential future financing transaction(s) involving additional brokers and banking advisors and a broader institutional shareholder base and following.

Curetis also expects to continue evolving the composition of its Supervisory Board to include further independent members with relevant industry experience. The close collabora-

ares genetics
a curetis group company

curetis

unyvero

tion with its Supervisory Board is a key element of Curetis' strategy to become an important player in the fast-growing molecular microbiology MDx market and to generate significant value for its current and future shareholders in the coming years.

Given the rather typical negative cash-flow pattern of an early-stage commercial MDx company with a commercial launch in the U.S. under way, it is to be expected that Curetis continues to assess all tactical and strategic financing options available to it in the debt and equity capital markets globally. With the cash available at year-end 2017 (plus VAT receivable of EUR 0.3 million) in combination with the up to EUR 15 million debt from the EIB that may become available for draw-down upon meeting several agreed upon milestones (including an additional EUR 3 million EIB debt tranche available immediately upon FDA clearance), Curetis expects to raise additional growth capital as either equity or debt in 2018 to secure appropriate funding and cash for continued operations for the coming at least 12 months to ensure continuing as going concern. With indications of commitment to invest into a potential future equity raise such as a PIPE from several institutional investors, Curetis continues to assess all available strategic and tactical financing options going forward. Depending on commercial success on the one hand and financing availability on the other hand we would also envisage some growth in employee base at our various international sites and operations in the coming years.

Curetis also expects to pursue various non-dilutive financing mechanisms such as government grants or licensing and partnering models (e.g. for the ARES AMR Database and Technology Platform and Unyvero Platforms) to partially fund some of its operations in 2018 and 2019.

BUSINESS AND PRODUCT OVERVIEW

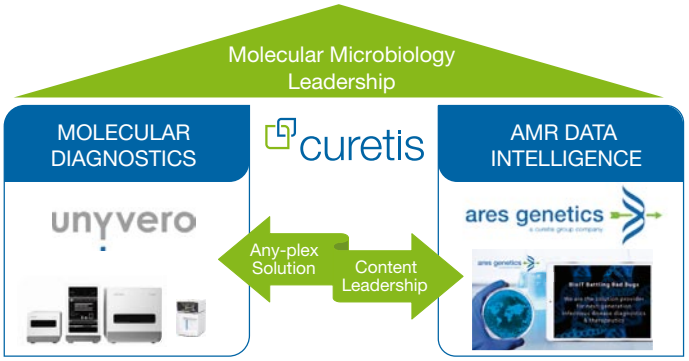
The following sections provide an overview on Curetis' strategy, its products and pipeline as well as its partnering agreements.

STRATEGY

MOLECULAR MICROBIOLOGY LEADER

Curetis' goal is to become a leading molecular microbiology solutions provider. To this end, Curetis' strategy builds on two assets: firstly, Unyvero – rapid and comprehensive molecular diagnostic solutions for critical hospital infections – and secondly, Ares Genetics' ARES AMR Database, ARES*db*, believed to be the world's most comprehensive database for antibiotic resistance markers. Through advancing its Unyvero Solution to an any-plex platform, Curetis aims to become a leading provider of reliable, comprehensive and fast infectious disease diagnostics offering a smart solution for any multiplexing need (high, medium and low).

With the ARES*db*, which is intended to be continuously advanced and expanded by Ares Genetics and its partners, Curetis seeks to become a leader in antibiotic resistance data intelligence. To this end, the ARES' Technology Platform with advanced bioinformatics and deep learning algorithms and the potential to expand into artificial intelligence concepts leverages ARES*db* for surveillance, prediction and diagnosis of antimicrobial resistance. It provides content and bioinformatics solutions for Curetis' Unyvero Platform and third-party platforms in the diagnostics and life science industries, as well as for supporting pharmaceutical companies in antimicrobial drug development.



RAPID SYNDROMIC TESTING FOR MICROBIAL INFECTIONS

Curetis believes that in order to optimize treatment of microbial infections, it is crucial to have timely access to relevant diagnostic information on pathogens and their antibiotic resistance markers.

With regards to infectious disease diagnostics, Curetis is convinced that optimized treatment can be achieved through comprehensive and reliable highly automated molecular diagnostic solutions. Therefore, Curetis has developed the innovative Unyvero System. Considering that empirical treatment is recognized to be inadequate in a significant proportion of patients, optimized and more targeted antibiotic treatment regimens can potentially 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. With Unyvero, Curetis intends to make reliable and relevant diagnostic information available early on, thereby allowing clinicians to adapt therapy at an earlier point in time in the care cycle, likely translating into better patient outcomes, savings for healthcare providers and contributing to the preservation of antibiotics as effective weapons against bacterial pathogens.

DATA INTELLIGENCE IN ANTIBIOTIC RESISTANCE

Ares Genetics combines the ARES AMR Database on the genetics of antimicrobial resistances (ARES*db*), with its ARES Technology Platform of proprietary data analysis workflows and interpretation applications into a comprehensive offering with specific molecular microbiology solutions for industry partners, clinicians, public health and life science research:

- Diagnostic companies: biomarker discovery and licensing, PCR and NGS assay development, and data interpretation solutions
- Pharmaceutical companies: drug target selection, lead prioritization and optimization, pre-clinical solutions, clinical trial support, companion diagnostics
- Research and epidemiology: molecular epidemiology, outbreak monitoring, functional analysis, antimicrobial stewardship

ARES*db* builds on and expands the GEnetic Antibiotic

Resistance and Suceptibility Database, GEAR, acquired from Siemens in September 2016. Using the wealth of genetic and phenotypic antibiotic resistance data in ARES*db* collected at more than 200 clinical sites on five continents over 30 years, Curetis aims to expand its leadership in genetic antibiotic resistance testing.

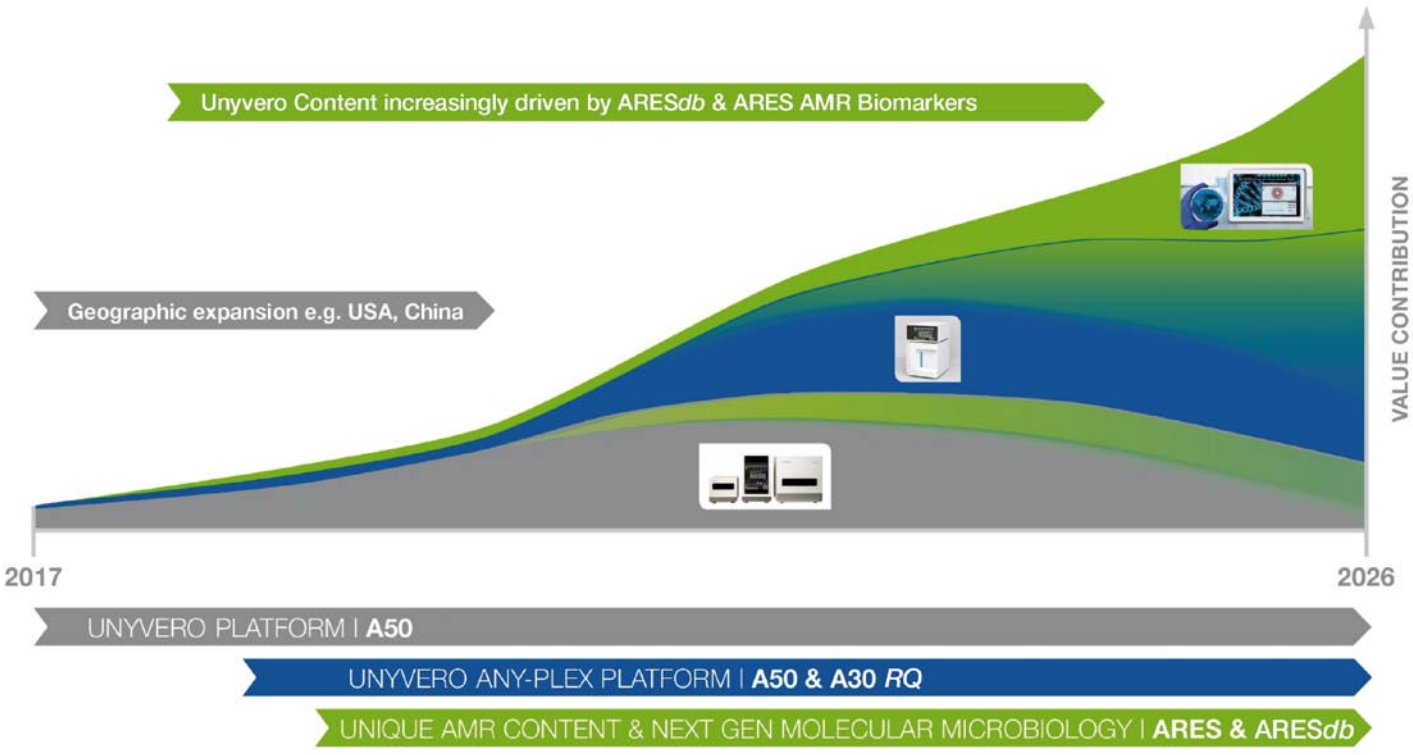
DRIVING CORPORATE VALUE

While current corporate value has been mainly attributed to the Unyvero Platform, going forward revenue and value growth is expected to be increasingly affected by Unyvero A30 *RQ* products and ARES*db*. ARES*db* is expected to become an increasingly important value driver as it is intended to accelerate profitable partnering deals and strategic collaborations contributing to top-line revenue growth short-term and medium-term. It also targets unique applications through providing proprietary content for the Unyvero Platform mid- to long-term. Furthermore, ARES*db* allows Ares Genetics and hence the Curetis Group to become a key player in an emerging NGS-based molecular microbiology market through AMR data intelligence solutions in the long-term.

DRIVING UNYVERO ADOPTION AND TOPLINE GROWTH

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 as well as commercialization and distribution of Unyvero products. Curetis' operational and financial objectives are to broadly install Unyvero Systems in hospitals in Europe, in other markets accepting the CE-IVD mark as well as in the U.S., and – once regulatory clearance is obtained – also in China and other key markets. Curetis aims at driving top-line growth by placing and / or selling Unyvero Systems in more and more geographies and selling an increasing number of Unyvero Cartridges for use with these systems.

To that end, Curetis follows a dual strategy of direct commercialization in some key European markets and the U.S., and distribution partnerships in other territories, including the broader EMEA region and Asia. The progress in implementing this strategy is measured by tracking key metrics such as increase of installed base of Unyvero Analyzers, number of accounts covered either directly or via partners, and top-line revenue growth. Additional drivers of growth include the



breadth of the Unyvero application menu and the geographic expansion of the sales territory.

Curetis expects offerings related to Unyvero A30 *RQ* products and ARES*db*-related businesses to at least double peak sales potential in the medium- to long-term, thereby leveraging the existing infrastructure, accessing new customer segments, and reaching several future value inflection points. Both the Unyvero Platform and ARES*db* content are 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.

UNYVERO PLATFORM & APPLICATIONS

Curetis develops, manufactures and commercializes molecular microbiology solutions 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 and parasites), toxins and genetic antimicrobial resistance markers.

Curetis' unique Unyvero Platform currently comprises the Unyvero System with the A50 Analyzer at its core, proprietary software, and single-use, application-specific cartridges (A50 Application Cartridges).

These application cartridges are molecular tests addressing specific severe infectious diseases. The patients targeted by Unyvero Applications 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 clinical and economic challenges to the hospital. Management believes that a timely diagnosis of the underlying pathogens and their resistances could greatly improve outcomes for patients and is likely to provide net savings to the hospital.

Current culture-based diagnostic methods, however, only deliver results within 24 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 early, adequate treatment and hence improved clinical and health economic outcomes. All current Unyvero A50 Application Cartridges deliver results within 4 to 5 hours and some cover over 100 diagnostic targets. The broad Unyvero test panels also allow the identification of microorganisms often overlooked in culture, as well as rare but critical pathogens not routinely tested for by standard methods.

Furthermore, the multiplexing capabilities allow inclusion of a large number of validated genetic resistance markers (typically 10 or more on each cartridge covering major classes of antibiotics). Considering the global spreading of antibiotic resistances, this additional information is critical to clinical decision making. Importantly, Unyvero is designed to process any kind of native sample, making it versatile and easy to integrate into established workflows in the clinical routine.

The Unyvero Application Cartridges are designed for specific indications with the intent to cover the vast majority of relevant pathogens and their associated antibiotic resistance markers, therefore enabling a comprehensive diagnosis of a specific disease.

THE UNYVERO SYSTEM

The current Unyvero System is based on multiplexed endpoint polymerase chain reaction (PCR) with an array-based detection process. The smart integration of established robust molecular diagnostic technologies enables very high multiplexing capabilities. Furthermore, Unyvero believed to work with 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 near-patient settings such as intensive care units as well as in a laboratory environment such as the microbiology laboratory.

The Unyvero System consists of three devices, the 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 users 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 sam-

ple 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 Application 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.

UNYVERO A50 CARTRIDGES

With eight parallel and fully independent multiplex endpoint PCR chambers, the single-use, disposable and sealed application 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.

All Unyvero A50 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 endpoint PCR amplification and array-based detection.

Unyvero Application 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 application 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. The 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.

CURRENT UNYVERO A50 APPLICATIONS

The applications listed below have been launched from 2017 to spring 2018:

UNYVERO PNEUMONIA (LRT) APPLICATION CARTRIDGE (U.S. FDA CLEARED)

- Indication area: severe cases of pneumonia, i.e. healthcare-associated pneumonia (HCAP), hospital-acquired pneumonia (HAP), ventilator-associated pneumonia (VAP), severe community-acquired pneumonia (sCAP)
- Number of targets: 46, i.e. 36 microorganisms and 10 antibiotic resistance markers
- Sample types: tracheal aspirate
- High clinical sensitivity (91.4%) and clinical specificity (99.5%)

UNYVERO INTRA-ABDOMINAL INFECTION (IAI) CARTRIDGE (CE-IVD MARKED)

- Indication area: severe intra-abdominal infections, i.e. peritonitis, appendicitis, acute abdomen, acute pancreatitis, megacolon
- Number of targets: up to 130, i.e. 92 bacterial pathogens, 13 fungi, 3 toxins and 22 resistance markers
- 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)
- High clinical sensitivity (93.8%) and clinical specificity (99.7%)

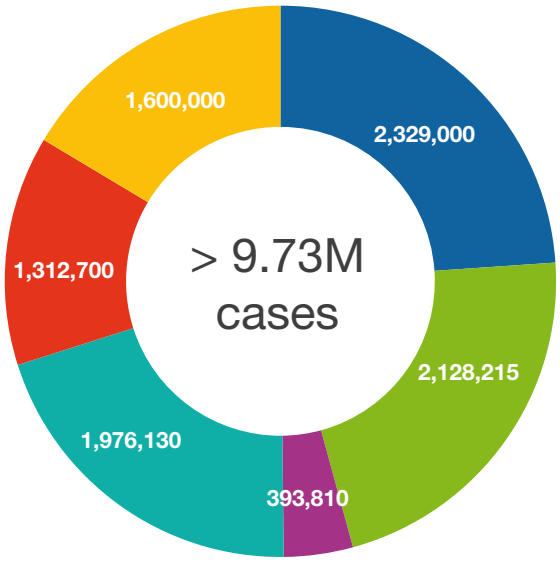
UNYVERO URINARY TRACT INFECTION (UTI) CARTRIDGE (CE-IVD MARKED)

- Indication area: severe urinary tract infections, i.e. urinary tract infections in patients with anatomical, structural and functional alterations, renal impairments, impaired immune status, catheter-associated UTI (CAUTI), patients

failing to respond to therapy and suffering from severe manifestations, urosepsis

- Number of targets: 103, i.e. 88 pathogens and 15 antibiotic resistance markers
- Sample types: midstream urine, catheter urine, suprapubic aspiration, tissue
- High clinical sensitivity (95.6%) and clinical specificity (99.3%)

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



- **Pneumonia (HPN / LRT)**
- **Implant and Tissue Infections (ITI)**
- **Blood Culture (BCU)**
- **Intra-Abdominal Infections (IAI)**
- **Sepsis Host Response (SHR)**
- **Urinary Tract Infections (UTI)**

R&D PIPELINE

THE UNYVERO A30 *RQ* ANALYZER MODULE (DEVELOPMENT STAGE)

Curetis acquired a prototype version of the Unyvero A30 *RQ* Analyzer module from Carpegen and Systec in December 2016 (then called 'Gyronimo'). Currently in the development stage, Curetis intends to fully and seamlessly integrate the A30 *RQ* Analyzer into its Unyvero System suite of products with respect to system architecture, design, software and handling. In doing so, Curetis is expanding its Unyvero Solution to include 'any-plex' capabilities, addressing new market segments and diversifying the application pipeline.

Unyvero A30 *RQ* offers a rapid time-to-result (potentially as fast as 45 to 90 minutes), qualitative and, where needed, quantitative real-time PCR testing in a cartridge format that can provide up to 11 parallel multiplex qPCR reactions from one sample. As such, it lends itself to medium- and low-plexing applications with the potential for up to about 30 diagnostic targets with some additional controls. Importantly, the new Unyvero A30 *RQ* module will use the same Unyvero Sample Tube as the A50 module, leveraging the unique capabilities of the Lysator for seamless workflow integration and flexible handling of very challenging and diverse native patient samples. It will be easy to use, have a small footprint and be point-of-care capable. In addition to being a module for integration into the Unyvero Platform, a stand-alone version is envisaged for certain future applications, particularly in near-patient settings. COGS of the Unyvero A30 *RQ* Analyzer and consumables are expected to be considerably lower than those for current Unyvero Cartridges and other MDx multiplexing systems, opening attractive commercial opportunities in the medium-multiplexing infectious disease testing market segment.

Over the course of 2018, Curetis expects to complete the IVD development and industrialization as well as OEM manufacturing of Unyvero A30 *RQ* Analyzers, develop the first Unyvero A30 *RQ* Cartridges and establish in-house cartridge production. The Company expects completion of development by the end of 2018 with potential CE IVD marking of the system and the first application in 2019.

FURTHER APPLICATION PIPELINE

Curetis is continuously expanding its product portfolio by adding new cartridges every year. Moreover, the Company is

continuously updating and evolving the content and performance of existing cartridges to meet evolving market needs and reflect the dynamically changing pathogen and antibiotic resistance landscape.

Potential future Unyvero A50 applications include an extended respiratory panel (XRP), cardiology-associated infections (CAI) and sepsis host response (SHR) as CE-IVD products as well as the IJI Invasive Joint Infection application for the U.S. market.

The Unyvero A30 *RQ* Analyzer Modules will further broaden the future pipeline by extending it to indications that require low- to medium-level multiplexing. Potential new products could include a respiratory viral Panel (RVP), panels for immuno-compromised patients (IMC), central nervous system (CNS) infections, and infection control (ICO).

The following figure gives an overview of Curetis' current and potential medium-term pipeline of the Unyvero Application Cartridge Pipeline:

A30 *RQ**

A new low- to mid-plex analyzer module for Unyvero integration of stand-alone operation

Unyvero Modularity Concept*

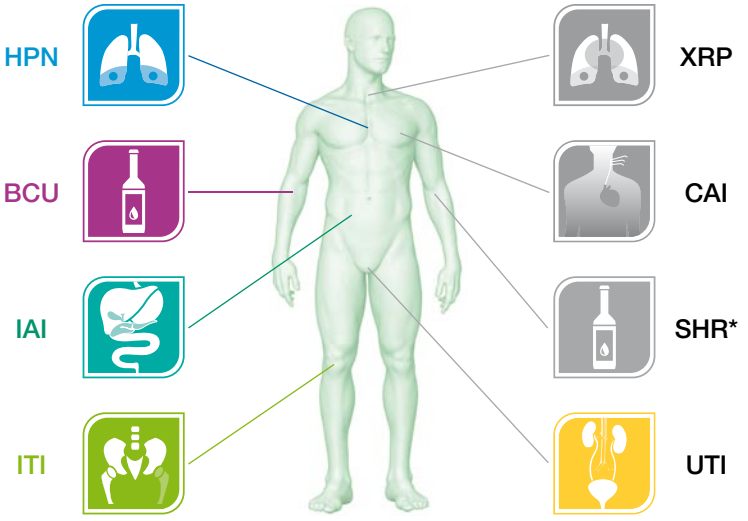
* latest design concept; final product may differ

The Unyvero A50 Portfolio

Menu Expansion on A30 *RQ*

Current Applications

Planned applications



ICO	Infection Control Panel
IMC	Immuno-Compromised Patient Panel
RVP	Respiratory Viral Panel
CNS	Central Nervous System Panel

*development completed; clinical evaluation to follow from 2018 onwards

COMMERCIAL PARTNERSHIPS

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

NEW DISTRIBUTION PARTNERS

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

Currently, Curetis has engaged 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.

New distribution agreements established in 2017 are outlined in the following paragraphs.

ELDAN, ISRAEL: 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 healthcare, chemistry and biology as well as 21 experienced and trained service engineers. The company is the 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.

SYNTTERGY CONSULT, ROMANIA: In January 2017, Curetis and Synttergy Consult signed an exclusive distribution agreement for Unyvero products in Romania. The contract is for an initial term of three years and includes certain minimum purchase commitments by Synttergy Consult. Synttergy Consult is a distribution company specialized in medical devices for ER, intensive care units and laboratories. Furthermore, the company acts as exclusive Romanian distributor of Mitsubishi Chemical Europe, Accriva Diagnostics and Thermofisher Scientific (automated microbiology division).

STRATEGIC PARTNERSHIPS

MGI (NGS-BASED INFECTIOUS DISEASE DIAGNOSTICS): In September 2017, Curetis and MGI, a wholly-owned subsidiary of BGI, signed a memorandum of understanding (MoU) for a broad strategic collaboration to develop targeted next-generation sequencing (NGS) IVD assays for microbial infections. The broad collaboration includes the development of a targeted NGS assay for microbial infections, a workflow for native samples integrating MGI and Curetis instrumentation and the development of assay design and data interpretation by Curetis' subsidiary Ares Genetics. The partnership envisions that MGI will provide hardware and chemistry integration and develop an automated workflow, as well as manufacture the targeted NGS assays. MGI will also be responsible for validating the assay and seeking regulatory approval as needed. Curetis and Ares Genetics will provide expertise in sample preparation technologies, panel design and NGS sequencing assay design using its ARES AMR Database (ARES*db*). Ares will also develop a data interpretation application that automates the bioinformatics analysis of the NGS data and supports the interpretation and visualization of NGS results on pathogens and antibiotic resistance markers detected by the assay to facilitate its deployment in the clinical routine.

In September 2017, the partners entered into an initial collaboration agreement under the MoU to assess the feasibility of using MGISeq sequencing data with ARES*db*. In January 2018, the companies expanded the partnership through an R&D collaboration and service agreement as well as a supply and authorization agreement pertaining to the integration and commercialization of Curetis' Lysator technology in conjunction with MGI's NGS platform. Curetis and MGI expect to enter into further agreements to cover other aspects of the collaboration, e.g. the design of molecular microbiology NGS panels and assays based on ARES*db* and the ARES Technology Platform, and the commercialization of NGS-based molecular microbiology services and solutions.

PHARMACEUTICAL COMPANY PARTNERSHIPS

BIOTEST AG ("BIOTEST"): In August 2017, Curetis entered into a partnership with Biotest, its fourth pharmaceutical partnership program. Under the terms of the agreement, Curetis will provide Biotest with in-house testing services using Curetis' Unyvero IAI Cartridge for the diagnosis of intra-abdominal infections for Biotest's clinical trial PEPPER (Personalized Medicine with Pentaglobin® after surgical source

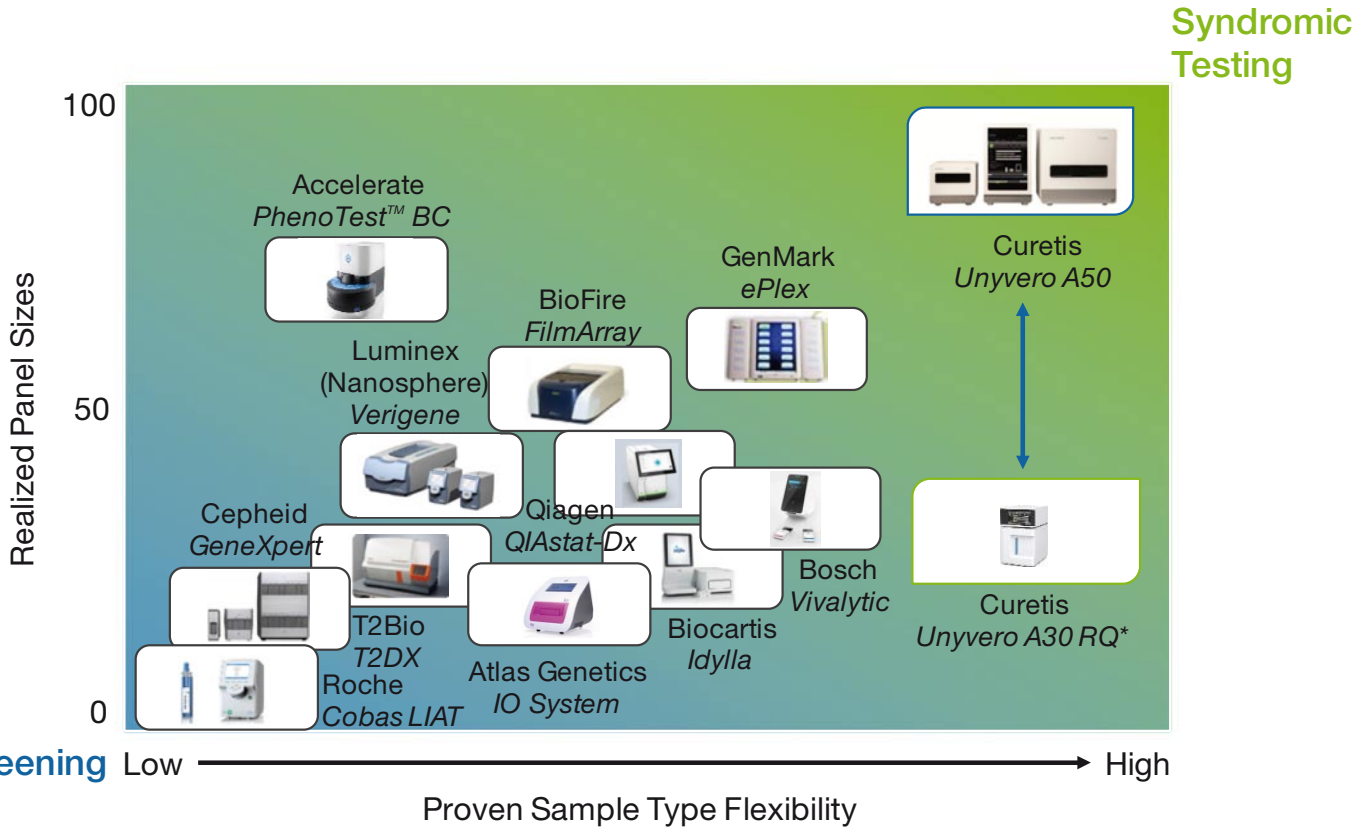
control in patients with peritonitis). PEPPER is a multicentric, two-arm Phase IIb study to test the immune-modulating effect of Pentaglobin®, an IgM enriched immunoglobulin marketed by Biotest, in patients with secondary peritonitis. The clinical trial is being sponsored by RWTH Aachen and conducted at 12 centers across Germany and Austria. Curetis will test approximately 200 native ascites samples and an equal number of matched positive blood culture samples from the same patients.

CURETIS' COMPETITIVE POSITIONING

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

Based on its competitive market analysis, Curetis believes that its Unyvero Platform offers significant advantages over competing solutions, e.g.

- Higher multiplexing capacity: simultaneous performance of eight independent multiplex PCR reactions and eight array-hybridization detections enable the identification of an unprecedentedly broad range of microorganisms and genetic antibiotic resistance markers in a single run;
- Higher multiplexing range: through seamless integration of the qPCR Unyvero A30 *RQ* Analyzer Module into the Unyvero Platform, Curetis will add medium-plexing capabilities to its current set-up;
- Broader patient sample flexibility: ability to process a broader range of even difficult and blood contaminated native samples compared to competing platforms, with no sample preparation or pre-culturing required;
- Fast results: relevant information accessible in an acceptable time frame for critically ill patients with sample-to-answer time of 4-5 hours (potentially as low as 45 to 90 minutes on Unyvero A30 *RQ*) as opposed to 24-72 hours (or longer) with traditional microbiology culture.



* In development; targeted completion of development by end of 2018

Considering its panel design, Curetis believes that there are currently no assays directly comparable to the Company's HPN / LRT, ITI, IAI and UTI Unyvero Applications that are commercially available to date. With its BCU Unyvero Cartridge, Curetis has entered a competitive indication area for which the Company believes it can offer a more comprehensive panel compared to competitors.

HPN and LRT. Curetis believes that it currently has no direct competitor for its HPN and LRT Application Cartridges, as it is currently the only company offering an automated molecular HPN / LRT test. Other companies, such as bioMérieux, Luminex (formerly Nanosphere), GenMark, Seegene, Genomica, Miacom, PathoFinder, Fast-track Diagnostics (recently acquired by Siemens), Randox, ArcDia and Icubate are primarily targeting the upper respiratory tract with their panels. Their panels mainly cover viruses and a few bacteria, and in some occasions a limited number of antibiotic resistance markers only. However, according to publicly available sources, bioMérieux is in the process of developing a BioFire FilmArray application for lower respiratory tract infections. Diatherix offers a manual test claiming to cover both upper and lower respiratory infections.

ITI. For the ITI Application Cartridge, Curetis believes that it currently has no direct competitor. In terms of pathogen panel composition, assays of competitors are very different and Curetis' ITI Application Cartridge covers the broadest range of antibiotic resistance markers. However, Diaxonhit is developing a serological test for prosthetic joint infections, bioMérieux is also currently developing a test, while Diatherix is offering manual tests for skin and soft tissue infections and necrosis. For these tests, panel composition is not yet publicly known.

BCU. For Curetis' BCU Application Cartridge, GenMark, BioFire (BioMérieux) and Luminex (formerly Nanosphere) offer competing panels. However, compared to the Unyvero BCU Application, 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 into different panels, while Unyvero BCU targets both pathogen types at once. Compared to BioFire, Curetis' Unyvero panel is more comprehensive and covers more resistance markers. Curetis believes it offers the most comprehensive panel for bloodstream-associated infections on the market.

IAI. For Curetis' IAI Application Cartridge, there is no other company taking a clear focus on severe intra-abdominal infections as addressed by Curetis' IAI Application Cartridge. These infections represent a high risk to patients, especially for those that are seriously ill, elderly or very young, immunocompromised or in intensive care. BioFire (BioMérieux) has a medium-plexing solution for infectious diarrhea, Nanosphere has an enteric panel identifying common pathogenic enteric bacteria, viruses and genetic virulence markers, Cepheid has a clostridium difficile and norovirus infection panel and Illumina a multiplex gastrointestinal pathogen panel (GPP) which is limited to one sample type. Even though there are other companies offering gastro-intestinal tests, Curetis believes to be offering the most comprehensive panel and being the only provider covering infections of the primary sterile intra-abdominal tract.

UTI. For the Unyvero UTI Application Cartridge, Curetis believes that there is no direct competition commercializing molecular tests in the indication area of urinary tract infections. Diatherix offers laboratory services for UTI testing in the U.S., but its panel with 14 targets is limited and does not cover any antibiotic resistance markers. Rheonix offers a test for research use only, while other companies including ID Genomics, Spectromics, Minion Nanopore and Randox claim to have applications in development.

SHR. For the SHR Application Cartridge, which is being co-developed with Curetis' partner Acumen, there are several companies that are offering or developing tests for sepsis host response. Immunexpress' SeptiCyte LAB test for sepsis received 510(k) clearance from the U.S. FDA for use on a manual PCR instrument in February 2017. However, the tests address different utilities, with Unyvero SHR being able to distinguish between (a) presence and absence of bloodstream infections and (b) a sepsis in response to these infections, while Immunexpress' SeptiCyte test distinguishes between SIRS and Sepsis, with the complication that SIRS is not a commonly accepted concept anymore.

In January 2018, Biocartis and Immunexpress entered into a partnership agreement to co-develop and commercialize the Immunexpress SeptiCyte test for use on Biocartis' Idylla platform. Thermofisher Scientific offers a PCT, procalcetonin, biomarker test for diagnosing and monitoring bacterial infections and sepsis. Inflammatix has validated its SepsisHR test. Abionic is commercializing the PSP (Pancreatic Stone Protein) biomarker-based abioScope PSP test for its AbioSCOPE platform. T2Bio states that its T2Sepsis Solution would enable results with a sensitivity over 90% directly testing from whole blood samples and making results available within 6 hours. Bruker offers the MBT Sepsityper kit using positive blood culture samples promising that, once integrated into mass spectrometry identification workflow, this solution could shorten turn-around time by up to 24 hours by eliminating the step of culturing microorganisms.

STRENGTHS

Curetis believes that the following strengths will enable it to execute its strategy:

- Commercial stage: already selling molecular diagnostics in Europe, the Middle East, and most recently in the U.S. and the ASEAN Region with direct sales in the U.S. and selected European countries
- Clear focus: severe infections in hospitalized patients and antibiotic resistance, addressed through the Unyvero and Ares Genetics businesses
- Comprehensive Unyvero Platform: processing numerous sample types and covering more microorganisms and resistance markers than competing platforms
- Expanding target market: entering low- and medium-plex market segments through integration of Unyvero A30 *RQ*
- Strong pipeline: high-value products addressing significant unmet medical need
- Validated Unyvero Platform: extensive clinical studies (including U.S. FDA trial for LRT) and endorsements from key opinion leaders and a top-tier investigator base
- Health economics: Unyvero Platform likely supports a reduction of hospital costs by allowing effective treatment to be administered more quickly
- Management team: combining decades of operational and commercial experience
- Fully integrated company controlling all key aspects of its value chain such as development, manufacturing and commercialization.

II

CORPORATE GOVERNANCE


curetis

RISK MANAGEMENT PROCEDURES

Before making a decision on whether to invest or not, prospective investors should carefully consider the major risks and uncertainties which may translate into upside or downside potential which may or may not occur.

Curetis is likely going to face a number of the material risks described below, and one or more risks described below may be interdependent. The order in which these risks are presented below is not meant as an indication as to the likelihood of such risks actually occurring, nor of the potential significance of the risks or of the scope of any potential harm to Curetis' business, results of operations, financial position and future outlook.

These risk factors are invariably based on a set of assumptions and are subject to management judgement that may turn out to be incorrect. Also, despite the fact that Curetis' management believes that the risks and uncertainties described below represent the major and material risks and uncertainties as they pertain to Curetis, additional or alternative risks, facts or circumstances not currently known to Curetis, or which it currently assesses to be less critical could, individually or cumulatively, prove to become rather important and might have material adverse effects on Curetis' business, results of operations, financial position and future outlook. The value of Curetis' shares may decline as a result of the occurrence of any or some of these risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and shareholders may stand to lose some or all of their investment's value.

The risk factors outlined below present an overview of material risk factors that Curetis' management believes to be of critical importance and are therefore brought to the attention of all prospective investors. Furthermore, before making an investment decision with respect to any shares, prospective investors should consult their own stockbrokers, bank managers, lawyers, auditors or other financial, legal and tax advisors and carefully review all of the risks associated with an investment in Curetis' shares and consider such an investment decision in light of their personal circumstances and appetite for risk and reward.

Given its various R&D programs, operations and business activities, Curetis faces a number of significant risks and uncertainties. Curetis' management considers a risk to be an event which can result from a management decision (strategic), an action (operational) or an external circumstance and, in case it was to occur, might cause negative deviations from the planned result (e.g. EBIT or cash flow). In order to capitalize on opportunities, certain risks need to be consciously taken to an adequate extent. Possible risk mitigating measures include loss prevention or reduction measures, the creation of adequate reserves or the transfer of individual risks to third parties (e.g. insurance companies).

Short-term deviations from key performance metrics should be identified as early as possible. To that end, Curetis uses a detailed, structured, and timely risk reporting in the accounting and financial controlling system, which includes all relevant information with regard to the assessment of Curetis' position.

Making best use of business opportunities is the primary task of each company. The early and regular identification and assessment of opportunities and associated risks is therefore a core responsibility of all members of staff, but, in particular, a managerial duty. Curetis' planning and forecasting process, regularly held Management Board and Supervisory Board meetings, and the regular communication with all managers responsible for the various projects and cost centers are all essential elements of such risk management.

Throughout 2017, Curetis has continuously used its corporate risk management policy and regular quarterly corporate risk reporting and updates. This system has continued to evolve and will be further fine-tuned on an ongoing basis, but without any fundamental changes scheduled. This risk management approach at Curetis is a very high priority for the Management and Supervisory Boards, respectively. Material risk factors are identified and assessed, as well as the risk mitigation strategies and implementation of specific measures, to reduce the potential impact from these principal risk factors. In 2017, no major failing of the internal risk management and control system was perceived.

The table below not only outlines the key risk factors and uncertainties that the Management Board believes relevant to Curetis' continuity for the period of at least the next twelve months after the preparation of the report, but also provides the risk management approach and a sensitivity analysis of Curetis' financial and operational results to various risk factors. Curetis' internal control systems routinely identify such important risks and their management, which forms the basis for discussion with the Audit Committee, the Supervisory Board and the external auditors. Most of these risk factors have the potential, either individually or in any combination, to impact on timelines, costs, and the ability to reach specific business objectives in the following areas: operational, commercial, financial, strategic, compliance and reliability of financial reporting. If one or more of these material risk

factors were to occur it is quite likely that there would be a potential material adverse effect on Curetis' revenue generating potential, cost structure, ability to ever achieve profitability or to eventually remain consistently profitable. A more detailed and complex sensitivity analysis (e.g. Monte Carlo simulations) across all risk factors and all scenarios is clearly beyond the scope of a small company and is therefore not being undertaken. For a summary of financial risk (such as market risk, foreign exchange risk, other market risk, credit risk and liquidity risk) please also refer to the section on "Financial Risk Management" within the consolidated financial statements.

However, the Management and Supervisory Board members are aware that the continued implementation of Curetis' plans depends on factors which are not within Curetis' control, including the the potential future binding commitments by institutional investors into a possible PIPE financing or other equity raise. These circumstances indicate the existence of a material uncertainty which casts significant doubt regarding the Curetis' ability to continue as a going concern.

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 the first FDA clinical trial and for sample matrices so far not cleared by the FDA).	Non-compliance with implicit and explicit (presubmission communication) FDA expectations in terms of documentation, data quality or size of study and FDA focus on risk / benefit analysis may lead to delayed, limited or even denied regulatory clearance. Alternatively, being compliant may lead to longer, larger and more complex clinical trials than expected.	Interaction with FDA (presubmission interaction, interactive review, in person meetings), CRO, GBC and regulatory experts to ensure best possible quality in planning, execution, submission of results of clinical trial as well as ongoing interaction with the FDA; decision to limit LRT submission to aspirate samples as first step to be followed by improved BAL presubmission & *De Novo* to reduce risk of (substantial) delay in time to market. Consider presubmission meetings to clarify critical issues before starting new clinical trials.
Platform development risks	The Unyvero Platform may lose its broad /unique panel competitive edge compared against competitors' products with similar or disruptive new technologies. It may be considered too slow, too large, too expensive by customers or may not fulfil throughput or other customer needs. Additional effort may be required in the future to remain compliant with upcoming regulations (EU IVD, UDI labeling, controls etc.).	Slower commercial uptake, lower revenues and margins and competitors taking significantly bigger market shares. May make it harder if not impossible to achieve and / or maintain profitability in the medium to longer term.	Continuous improvement of existing processes (e.g. to further reduce run-time, COGS, etc.), cartridge performance and add new / updated pipeline products (lifecycle management) – acquired GEAR and Gyronimo; established wholly-owned subsidiary Ares Genetics GmbH, developing Unyvero A30 *RQ* Platform according to plan.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
REGULATORY RISKS			
U.S. FDA clearance	LRT trial data will be basis for the *De Novo* request; e.g. too few cases for some analytes, only contrived specimen for some analytes; analytical and clinical sensitivity subject to discussion with U.S. FDA, link between resistance markers and AST might be too weak for some markers.	FDA might not clear all analytes and if important ones were missing this might seriously hamper the ability to commercialize the product in the U.S.	Documentation on reasonable best efforts on retrospective sample acquisition (28 providers), contrived study; strong data set from trial! Working with FDA to address all of their concerns and provided additional data wherever possible (i.e. case studies, GEAR/ ARES*db* database for resistance marker occurence etc); provide detailed risk-benefit analysis for clinical assessment with support from outside clinical experts and KOLs.
CFDA clearance	Curetis relies on its partner BCB to execute regulatory 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 approval in China. Curetis has no own experience with CFDA and limited resources to support BCB from a regulatory and R&D perspective.	Posing a significant risk to approval timeline i.e. potential delays and probability of success.	Regular and frequent communication with BCB. Support analytical validation with Curetis' inputs.
CE-IVD regulations tightening	There is an EU wide agreement to significantly tighten and make more stringent the requirements for CE-IVD marking.	Depending on risk classification of devices this will have more or less impact on costs and timelines to CE-IVD marking and EU commercial launches.	Curetis' Regulatory Affairs team has been preparing for this; alreqady working with notified body e.g. for HPN; running trials and regulatory affairs complying already with regulatory provisions before they became a requirement.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Other regulatory	Many international markets require regulatory clearance (e.g. Singapore / ASEAN, Russia etc.); there are various diverse national requirements to fulfil; Curetis has limited knowledge on such international regulations and Curetis is therefore highly relying on distribution partners.	Delays to achieve regulatory clearance / approvals may lead to slower than expected revenue growth, higher cash burn and hence longer time to break-even.	Work very closely with distribution partners (e.g. Acumen for Singapore, Eldan in Israel); hire regulatory affairs manager for international filings and support; use outside consultants wherever necessary or useful.
Other regulatory	A significant number of remaining open CAPAs from prior years.	Audit risk and higher internal effort and cost to resolve these open CAPAs swiftly.	Dedicated task force to close all completed CAPAs as fast as possible. Establish clear criteria for non conformities as opposed to CAPAs.
Other regulatory	Delay of stability validation / shelf life testing caused by limited resources.	Could delay or limit product clearance and approvals and thus negatively impact revenue generation and lead to higher cash burn and delays break-even.	Prioritization of open projects according to market priority and regulatory need. Adaption of validation goal according to available ressources.

OPERATIONAL RISKS

Manufacturing staff	Well trained and experienced staff is key to manufacturing Unyvero Cartridges in larger volumes with constant high quality. Sick leaves and fluctuation of team could impact manufacturing performance.	Negative impact on manufacturing quantity and quality.	Hiring of well educated and 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 work environment.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Manufacturing infrastructure	Unyvero Cartridge production requires a signifcant amount of fully automated and dedicated equipment and a clean room environment.	Any manufacturing line fault may lead to an immediate production stop and out of stock situations leading to higher costs and lower revenues.	Service agreements with equipment suppliers, at least yearly maintenance and calibration for key equipment, surveillance and alarming systems for freezers, monitoring of all relevant clean room parameters, stocking of a minimum amount of finished products for immediate customer shipments.
Manufacturing processes	Many production steps use sophisticated processes.	Even slight deviations from the desired parameters may lead to faulty products, higher costs in warranty, customer dissatisfaction and detrimental impact on the business and financial situation.	Implemented processes are validated for repeatability and robustness, key process parameters are monitored, process validations are also implemented at key suppliers, process improvements or changes are only implemented after process validation.
Manufacturing quality	Unyvero Cartridges are complex products using many diverse parts and manufacturing processes in clean room environment.	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. This in turn would lead to higher costs in warranty, customer dissatisfaction and detrimental impact on the business and financial situation.	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.; significant tightening of QC procedures, expanding number of negative control runs per lot of cartridges, replace QC assay for control gene / caps etc.
Dependence on third parties	As a small company Curetis depends on third parties for many aspects of its value chain: suppliers, OEM, logistics providers, distribution partners, development partners, advisors etc. Thus a lot of aspects of our value creation are not strictly speaking under our control.	Any failure of any of our business partners that we depend on could have a direct impact to our commitment to deliver on time, the quality standards and the prices and conditions agreed may cause significant harm to our business.	Working very closely in collaborative manner along our entire value chain; having clearly assigned contact persons and responsible managers at the interfaces; regular review, audits of service providers and suppliers; regular management reviews.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
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 binds resources, inefficiencies and significant growing pains are to be expected. New entities, new languages, new regulatory and legal requirements etc add to the stress on the organisation; organizational complexity with acquisitions of GEAR and Gyronimo assets has been added. Split of teams into Unyvero and Gyronimo results in additional risk and resource competition.	Higher fluctuation, additional costs for recruiting, training, retention and additional support function in the G&A areas which add to the cost base and cash burn.	Established systematic training programs for all new staff; pooling of teams for training; using outside advisors internationally in many HR and legal, as well as financial matters; leadership coaching and coaching on customer related processes (where growth is strongest); regular review and update of processes.
Losing key personnel	Risk of losing key employees, key contributors or managers; phase of accelerated growth may create opportunities for some, but may also lead to a situation where some no longer feel they can contribute as much.	Higher fluctuation, additional costs for recruiting, training, retention and additional support function in the G&A areas which add to the cost base and cash burn.	Identify and develop high potentials; stock option based retention program; create stimulating work environment and assign key employees to the most challenging and most rewarding projects.
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 company structure towards the newly hired personnel.	Build teams from the top down and then build teams via these new managers' networks to maximize probability of success and minimize recruiting costs.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
MARKET RISKS			
Customer uptake	Customer uptake in DACH as well as key EU markets, in which Curetis pursues a direct sales approach, might 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.	Slower revenue growth leads to delaying break-even point and higher financing need.	Create sales-relevant evidence through post-marketing studies with international and regional KOLs; generation of reference customers; revise pricing strategy to the extend economically reasonable; hire sales force with relevant expertise and experience; refine sales approach to all relevant stakeholders.
Price erosion	With more and more competitors entering the market offering similar applications and increasing cost saving pressure in the healthcare market, a price errosion for multiplexed PCR assay is likely to happen. However, all competitors share similar economics making lobbying for sustainable reimbursement a likely scenario.	Lower revenues at same COGS would lead to lower gross margins, lower profitability and delays to or even inability to reach and maintain profitability longer term.	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 offer directly competing applications may limit Curetis' market penetration and market share; Unyvero may be considered technically outdated in terms of assay technology, TAT, throughput, and foot-print, especially Biomérieux's LRT panel in FDA trial and pipeline.	Slower revenue growth leads to delays to break-even and higher financing need.	Focus on applications that play the strength of Unyvero; continuously update and improve applications in markets where regulatory feasible; 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. ARES*db* and A30 *RQ* 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 hospitals' DRG budget 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.	Slower revenue growth leads to delays to break-even and higher financing need.	Secure provisional funding through research budgets; increasingly work through clinicians and hospital administrations to address the funding issue; refine and apply sales pitch to hospital administrations; the estblishment of a specific OPS code for multiplex PCR in the German DRG system; work with dedicated reimbursment consultants.
Distributor performance	Curetis' distributors are expected to invest in market development for Unyvero to achieve contractually agreed commitments; distributors may not be able or willing to take such investments or may not have the expertise and hence may lag behind contractually agreed commitments or do not perform at all.	Slower revenue growth leads to delays in break-even and higher financing need.	Choose distributors based on thorough due diligence; tightly manage and coach them; monitor performance closely; replace when consistently underperforming (e.g. Romanian distributor to be replaced by new, larger and stronger distributor).

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Partnering risks (pharma)	Curetis' short term revenue 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 IVD products 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. Futhermore, from a cost perspective Unyvero is not ideally suited to serve pharma trial needs with many trial sites that only run few cartridges per year.	Slower revenue growth leads to delays in break-even and higher financing need.	Systematic outreach to pharma companies (via business development and via Curetis USA Inc. team); dedicated marketing materials; attending pharma meetings; strenghten KOL network; refine and expand pharma offering through ARES*db* and A30 *RQ*; work with financial service providers to mitigate funding risk.
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; further such deals may not deliver as planned leading to delays or limited benefits to Curetis' products.	Thorough assessment of technology and content needs; in depth due diligence; negotation discipline with focus on cash-saving backloaded deals with strong success-based components; stringent alliance management. Leveraging ARES*db* and A30 *RQ* into new business development opportunities.

USA COMMERCIAL & STRATEGIC RISKS

Customer uptake	Based on FDA indication claim and sample type approval, could slow instrument uptake (no sputum / BAL samples in initial label claim, LRT vs pneumonia panel).	Slower revenue growth leads to delays in break-even and higher financing need.	Being first to market with any LRT product in USA and marketing/positioning should mitigate this risk. Work on BAL label claim extension in 2018 is planned.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Competing products	Biofire looking to launch LRT panel. Currently Biofire has an installed base of 2,000 systems in U.S. at 1,000 customer accounts. Biofire began trial for LRTI panel in early 2017. Expect approval in the coming 12-18 months. Accelerate is off to a very fast start in the U.S. in first 10 weeks of launch. Benchtop space competition is heating up.	Slower revenue growth leads to delays in break-even and higher financing need.	Time window of 12-18 months post FDA approval to place as many units as possible. Due to FDA decision timeline, this window has now shortend to potentially no more than 6-12 months before the Biofire LRTI release.
Reimbursement	No current CPT codes.	Lack of reimbursement might lead to slower uptake, lower revenues and longer time to break-even.	This is a pure economic sell. $300 (at U.S. list price) vs more days in hospital bed – need for economic model data. Relative at first, but then enlist a site or two to do the study.

LEGAL & COMPLIANCE RISKS

Insurance risks	Significant risks of Curetis that can be insured, e.g. product liability, loss of property, product transports, interruption of business, clinical trials, car insurance, D&O etc. shall be insured at reasonable levels to protect against major or catastrophic losses. 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.	If costs are higher than insurance limits or insurance claim is denied, then additional costs may be incurred, leading to higher losses, higher cash need and longer time to break-even.	Annual review of insurance contracts and discussion with insurance broker regarding insurance coverage and new products.
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.	Potentially high costs, legal fees, distraction and reputation loss if any D&O insurance claim had to be filed.	Code of conduct, insider trading policy, whistleblower policy, clarity of roles and responsibilities for management board and supervisory board; take out D&O insurance.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Fraud	A fraudster could be 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 the company.	This could cause major harm to the reputation, financials and causing legal repercussions.	Code of conduct, Compliance Officer, insider trading policy, whistleblower policy; 4-eye principle; signature authorities clearly defined; treasury and cash pooling in combination with regular review of all company group accounts by the Director Finance, the accounting team and the CEO are measures to mitigate this risk.
Compliance risks	Post IPO listing requirements by AFM and FSMA – Dutch corporate governance codex and other compliance rules on the accounting and legal side.	This could cause major harm to the reputation, financials and causing legal repercussions.	In order to avoid non-compliance we have established a compliance management function via our inhouse 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; active management of insider lists and training of people affected.
International subsidiaries' risks	Complex legal framework as Dutch N.V. is listed in Amsterdam and Brussels and has operating subsidiaries in Germany, UK, France, Netherlands, the USA, Switzerland and Austria; it is tough for a small company to have all of the required know how, expertise and bandwidth inhouse.	This could cause major harm to the reputation, financials and causing legal repercussions.	Having inhouse teams with a lot of experience in the international context of setting up and running international subsidiaries; 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.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Data protection	Adherence of data security and protection laws; legal basis for storing and transfering personal data to the U.S.	This could cause major harm to the reputation, financials and causing legal repercussions.	Added clauses in templates for contracts, executed addendums to current contracts espec. employment; access control on Curetis' premises; appointed Data Security Officer and added training.
Insider trading	Any employee or next of kin or other insider (ab)using such insider information to trade in Curetis' shares; many members of the Curetis teams will at one point or another be privy to material non public information and hence insiders.	This could cause major harm to the reputation, financials and causing legal repercussions.	Insider trading policy; training of all staff on this policy immediately upon IPO, for new employees and at regular intervals; establishing financial calendar with block out periods; administering insider lists for special projects.

IP RELATED RISKS

Loss of IP	To lose Curetis' proprietary IP by dilution or unwanted transfer.	Loss of IP might lead to inability to protect unique selling points (USPs) of Unyvero Platform, enable competitors, lead to negative impact on revenue generation and hence negatively impact our business and financials.	Surveillance of current and new filings by patent law office; regular IP collision reporting and conducting coexistence agreements. Protective clauses against unwanted IP-transfer in contracts; conducted external due diligence on GEAR and Gyronimo IP portfolios.
Obtainment or maintenance of IP protection	Failure to obtain or maintain IP protection for critical own inventions in relevant geographies.	Loss of IP might lead to inability to protect USPs of Unyvero Platform, enable competitors, lead to negative impact on revenue generation and hence negatively impact our business and financials.	Use of high quality patent firm for filing. Individual management decision on each country.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Obtainment or maintenance of IP protection for acquired assets	Failure to obtain or maintain IP protection for critical acquired IP in relevant geographies (ARES*db*/A30 *RQ*).	Loss of IP might lead to inability to protect USPs of Unyvero Platform, enable competitors, lead to negative impact on revenue generation and hence negatively impact our business and financials.	IP Due Diligence for acquired IP with high quality patent firm.
IP related legal prosecution	Legal prosecution for patent infringement.	Could lead to high legal costs and distraction.	Patent exhaustion approach, IP Insurance, change of design to prevent patent infringement – add insurance (s.o.).

FINANCE RISKS

Capital market regulations	AFM and FSMA regulations apply to Curetis as a listed company on Euronext Amsterdam and Brussels; especially notification on any stock price sensitive information is a critical risk.	Delays in such notifications might result in fines and investigations and reputational damage.	All material info is being kept in tight circle; defined insider lists; processes for ad hoc announcements and reportings to AFM/FSMA have been well established and described; working with internal as well as external providers on legal and corporate communication 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 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 the ERP-system to keep all these accounting areas up to date to be able to consolidate the numbers quarterly.	Given the limited resources any sick leave, fluctuation or other absentee reasons of key employees could lead to financial reporting delays and additional costs. Also a possible future listing expansion would significantly increase that risk due to additional audit and accounting requirements.	Curetis has hired additional staff to strengthen the finance team and begun to outsource tasks to advisors. Curetis would hire the necessary additional expertise and bandwidth as needed.
National reporting, tax and disclosure obligations	With the incorporation of subsidiaries in different countries, Curetis entered into national reporting-, tax- and disclosure obligations. As Curetis has so far no overall experience with such possible national regulations in UK, France, Benelux, USA, Switzerland and Austria there is a risk of acting non-compliant or to miss one of such (unknown) regulations.	Might result in inadvertent non-compliance and could lead to fines and investigations and reputational damage.	Curetis works closely together with national advisors and does constantly interact with its service providers. Specific matters, like payroll accounting or national GAAP-financial statements, have been outsourced to special service providers.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
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.	Higher dilution, lower cash balance might lead to having to delay or cancel certain R&D programs or other activities and cut costs, thereby damaging the overall equity story. Worst case running out of cash and having to file for bankruptcy.	Tight monitoring of cash burn and maintaining tight fiscal discipline; continuous dialog with several banks and brokers on possible strategic and tactical financing scenarios, timelines and events that might allow for opportunistic capital raises in the future. Regular non-deal road shows to educate potential new investors and generate buy side demand for stock; EIB debt financing facility may make additional equity raises easier and more likely.
Debt financing risks	So far Curetis has drawn a 10 Mio EUR tranche from EIB as debt on its balance sheet.	Debt that cannot be repaid in time and that might require refinancing measures at unfavorable terms; in worst case debt may force company into distress situation, fire sale or even bankruptcy.	So far there is only limited EIB debt financing on balance sheet. EIB debt financing structure is extremely flexible - 24 month draw down period as de facto free call option - 5 year interest only period from draw down of each tranche with majority of interest also deferred until maturity.
Stock price risks	CURE stock has been rather illiquid, heavily concentrated stock holdings and an overhang of VC investors who at some point will want an exit; furthermore competitors in molecular diagnostics have seen their stock prices under significant pressure in recent quarters.	Could lead to inability to raise the amount of cash required to execute on the business plans in full at the time required.	Delivering on fundamentals is key – growing the commercial teams in EU and U.S. is pre-requisite to achieving significant top-line revenue growth; U.S. FDA trial results and FDA clearance are absolutely mission critical; also considering block trades and follow-on offerings as way to diversify shareholder base; financing outreach generating significant buy-side interest - pent up demand post FDA should bode well for liquidity and stock price appreciation potential.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
ARES GENETICS COMMERCIAL & STRATEGIC RISKS			
Partnering risks	Ares short term revenue planning partially relies on R&D revenue from co-development activities with bioinformatics solution provider or NGS manufacturers as well as pharma services. These deals are difficult to plan due to the prototype stage of ARES*db* and the ARES Technology Platform.	Hence our ability to secure co-development deals and R&D revenue may be limited.	Continue systematic outreach to NGS manufacturer, bioinformatics solutions provider, pharma companies, diagnostic companies and communicate tight timelines for partnering opportunities; dedicated pitches for each potential partner; development of strong pharma service concept including in-vitro resistence development tests; strenghten KOL network.
Grant co-funding risks	Ares short term revenue (other income) planning partially relies on grants. Revenue from grants is difficult to plan and may be limited.	If other income is less than expected need to use more equity capital, delay of break-even.	Implement a grant management process to systematically screen for revelant grants. Continuously monitor and update grant application roadmap and submit to relevant calls. Connect with relevant partners to be included in larger consortia for EU grants.
Growth risk	Ares secures co-development deal but lacks personnel resources to timely translate the ARES*db* R&D prototype into a joint product offering.	Higher costs, lower than expected partnering revenues, missing partnering milestones could negatively impact our financials and business prospects.	Continue search for software architects and developer that have experience delivering product grade data analysis software as well as bioinformaticians.
Risk of uncovered emerging resistance markers (ARESdb)	Antibiotic resistance is continuously evolving and even though the ARES AMR Database, ARES*db* is the most comprehensive resource on genetic antibiotic resistance over the last 3 decades it needs to be continuously expanded in order to sustain its commercial value.	Lack of USP and differentiation would negatively impact our ability to do partnering and licensing deals, generate revenue and would negatively impact our business and financials.	Actively pursue a partnership based approach to further enhance ARES*db* in bilateral projects with academic key opinion leaders as well as work towards implementing a public-private partnership for continuous enhancement of ARES*db*. Additionally, implement a ARES*db* maintance process to enhance ARES*db* by including publically available data after stringent quality curation.

Corporate Risk Area	Risk Description	Potential Impact If Risk Materializes	Mitigation Measures
Risk of validation for ARES*db* antibiotic resistance markers	ARES*db* contains a vast number of potentially novel antibiotic resistance markers. Those markers need to be further validated (functionally and statistically) as well as validated in terms of clinical utility to facilitate clinical application.	Longer time to market, higher costs and delays to commercialization negatively impacting our business and financials.	Actively pursue a partnership based approach to further validate ARES*db* markers in bilateral projects with academic KOLs as well as work towards implementing a public-private partnership for further validation of the ARES*db* database. Perform proof-of-concept validation study for a selected subset of ARES*db* biomarker candidates.

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 2017 give a true and fair view of the Company's assets and liabilities, the Group's financial position as of 31 December 2017, and the results of its consolidated operations for the financial year 2017; and (ii) the Report of the Management Board includes a fair review of the position as of 31 December 2017, and the development and performance during the financial year 2017 of Curetis and the undertakings included in the consolidation taken as a whole, and describes the principal risks that Curetis is exposed to. The names and positions of the Management Board members 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 as of 31 December 2017. 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 on the corporate investor website (http://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, creating a culture aimed at long-term value creation and, in doing so, defining and attaining Curetis' objectives, determining its long-term strategy and corporate risk management policy, and day-to-day management of Curetis' operations and as well to stimulate openness, accountability and compliance with the values and principles outlined in Curetis' Code of Conduct. 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 businesses connected with it, taking into consideration the long-term strategy of Curetis and the interests of all of the stakeholders in Curetis (which include, but are not limited to, its customers, its employees, the shareholders, business partners and others). Once a year, the Management Board evaluates its own functioning as a whole and that of the individual Management Board members.

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' strategies, policies, 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 Curetis within 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 can be found on Curetis' website under http://www.curetis.com/en/investors/corporate-governance.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. Following the resignation of Curetis' co-founder and CTO Andreas Boos in his capacity as Managing Director of Curetis N.V. effective 31 August 2017, the Management Board now consists of three 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 account 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 up to four years. A Managing Director may be reappointed for a term of up to 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 a subsidiary of the Company 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.

DIVERSITY & MANAGING DIRECTORS

Curetis strives towards having a diverse set of skills, experiences, backgrounds and gender in its Management Board. While Curetis currently has one of the company's co-founders and engineer, one molecular biologist and a corporate 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 three members:

Name	Nationality	Age	Position	Date of initial Appointment	Term
Mr. Oliver Schacht, Ph.D.	German	47	Chief Executive Officer	8 October 2015	until 31 December 2018
Mr. Johannes Bacher	German	48	Chief Operating Officer	8 October 2015	until 30 June 2019
Dr. Achim Plum	German	49	Chief Business Officer	8 October 2015	until 31 December 2018

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

OLIVER SCHACHT, PH.D.

Mr. Oliver Schacht, a corporate finance professional and expert in the molecular diagnostics industry, has been CEO of Curetis since April 2011 and prior to that was a Supervisory Board Member 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 corporate 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 (now Oliver Wyman) from 1995 to 1999, he worked on projects in 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 USA.

JOHANNES BACHER

Mr. Johannes Bacher combines over 20 years of R&D and managerial experience with extensive expertise in international project management, finance, human resources and legal affairs. Hence, the Curetis co-founder is ideally suited to managing all R&D operations and clinical trial operations of Curetis.

Mr. Bacher has a degree in electrical engineering (Dipl. Ing.) and has previously worked for several international medical technology companies, including Hewlett Packard, Agilent and Philips Medical Systems.

DR. ACHIM PLUM

Dr. Achim Plum joined Curetis in 2015 as Chief Commercial Officer and has held the position of Chief Business Officer since summer 2017. Dr. Plum oversees all corporate business development, portfolio management and company strategy efforts, and is one of the Managing Directors of Ares Genetics GmbH. Dr. Plum also serves as Managing Director in all of Curetis' international commercial subsidiaries. As of 2018, Dr. Plum also directly manages Curetis' corporate communications (PR&IR), legal and HR.

Dr. Plum joined from a senior management position with Siemens, where he was at last heading global Diagnostics and Bioscience Research in the Siemens Healthcare Technology Center. 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 doctorate 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 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 and therefore will claim any information from the Management Board, the internal audit function and/or the external auditor it deems necessary. 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 6 April 2016 and can be found on Curetis' website at http://www.curetis.com/en/investors/corporate-governance.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 seven 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 upcoming future General Meetings. 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. 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.

TERM 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 once for a term of up to four years and then reappointed twice for another two years each. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board. 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 are 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. The Managing Directors shall attend the meetings of the Supervisory Board, if requested, and they shall provide in such meetings all information required by the Supervisory Board.

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.

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 2017 the Supervisory Board held five meetings (23 February, 23 May, 23 June, 28 September and 7 December) and in addition four extensive telephone conference calls were held (6 April, 18 July, 10 August, 27 October). Typically, the face-to-face Supervisory Board meetings were held at Frankfurt Airport Conference Center with the exception of the Supervisory Board meeting on 23 June 2017, which was held immediately following the General Meeting at Schiphol Airport, the Netherlands. All Supervisory Directors and all Management Board members 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 Supervisory Board has been intimately involved in all strategy discussions, establishment of such strategy and its review. During each of the meetings as well as telephone conferences, the Supervisory Board has monitored the respective implementation of Curetis' strategy by asking specific questions to the Management Board as well as reviewing the written Management Board reports on such strategy issues as well as giving particular emphasis to the associated risks and their mitigation measures.

The meetings in spring were heavily focused on the preparation of the agenda and decision proposals to our shareholders at the General Meeting, including the proposal to also grant stock options to Supervisory Board Members as part of the compensation plan from the 2016 ESOP. On 6 April the entire Supervisory Board reviewed the audit of the 2016 FY financials and 2016 Annual Report together with our external auditor PwC. All material items of the 2016 statements were discussed and all questions answered before approving the 2016 statements. On proposal of the Audit Committee, PwC was again nominated as auditors for FY 2017.

Furthermore, the key performance indicators ("KPIs") of our EMEA Direct Sales team were discussed repeatedly and in depth. Following intensive discussion during the summer certain changes to the roles and responsibilities of Management Board members were implemented, and the EMEA commercial operations put under the additional Executive VP Global Sales responsibility of Chris Bernard. The FDA submission and feedback as well as review and FDA interactions were closely monitored. Following the strategic buy & build asset acquisitions in 2016, during 2017 the Supervisory Board together with the Management Board discussed the implementation into the overall corporate strategy including the formation of Ares Genetics GmbH (Vienna, Austria) as a wholly owned subsidiary of Curetis GmbH for all GEAR/ ARES*db* bioinformatics related activities. The Supervisory Board in all of its meetings also assessed the main business risks and the control system, which includes many ongoing issues throughout the whole year, but also focused particularly on the financial situation and cash reach of Curetis and various potential future strategic and tactical financing options.

The June meeting then was used to welcome, introduce and on-board Curetis' new Supervisory Director Dr. Nils Clausnitzer. It was also the constitutional meeting of the newly elected Supervisory Board. William Rhodes was re-elected as chairman and Werner Schäfer as vice chair and the committee chairpersons and members were also confirmed (see also page 56). Furthermore, it reviewed the key performance indicators of our EMEA sales and marketing organization.

The August telephone conference was used to discuss, review and approve the H1-2017 earnings and financial statements. Updates on all operational areas were discussed and various strategic and tactical financing options reviewed. During the fall 2017 meetings, a key area of attention was the commercial execution and commercial conversion of hospital accounts in key EMEA direct selling markets. In addition to the commercial and financing topics, key themes that were discussed during the September through December Supervisory Board meetings and telephone conferences were the further build-out of the Curetis USA Inc. organization in anticipation of an FDA clearance decision, strategic partnering opportunities such as the MGI memorandum of understanding as well as other deal making opportunities and grant funding options.

The telephone conference in October and the Supervisory Board meeting in December, in addition to quarterly results for Q3 and tracking commercial conversion key performance indicators and progress with the FDA review and approval process, were primarily focused on financing and strategic partnering discussions. Also, the further build-out of the Curetis USA Inc. team was an area of close monitoring and discussion in the Supervisory Board. The December meeting was not only used to discuss various potential business development deals and financing options, but also debate and agree on the final budget for 2018, including the next product and platform development programs in Europe as well as the next U.S. FDA trial for the IJI Cartridge. The Supervisory Board was regularly apprised of the latest operational and commercial developments.

AUDIT COMMITTEE REPORT

The Audit Committee held several meetings and telephone conferences during 2017. On 4 and 5 January 2017, the Audit Committee discussed questions and responses by Curetis to a memo from the AFM on a number of clarification issues of the 2015 annual report as well as the audit priorities and areas of focus for the audit of FY 2017 with PwC. On 28 March, 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 28 July, an Audit Committee telephone conference was convened to discuss the H1-2017 financials and to prepare a Supervisory Board decision proposal to approve the H1-2017 financial statements for publication. On 6 November, the core audit topics for the FY 2017 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 regular, informal and interactive communication between management the internal auditor and the Chairman of the Audit Committee. Upon review, the Audit Committee has come to the conclusion and has presented to the Supervisory Board

its recommendation to not yet implement a full internal audit function or department at this time given the small size of the organization and early stage of its corporate development.

REMUNERATION COMMITTEE REPORT

Following a recommendation by the Remuneration Committee, the Supervisory Board approved the bonus payout decisions for the Management Board based on the analysis of 2016 goal achievements on 23 February 2017. Also, goals for 2017 were discussed, defined and approved for Curetis as a whole but also for each member of the Management Board individually. Furthermore, the decision proposal to also grant up to 15,000 stock options from the 2016 employee stock option plan to all Supervisory Board members of Curetis N.V. as part of the remuneration and compensation plan was discussed extensively and then approved unanimously for inclusion into the agenda of the 2017 General Meeting. The key terms and conditions for the Curetis stock option plan can be found in a term sheet published on Curetis' website under http://www.curetis.com/en/investors/share-information/annual-general-meeting.html

Other topics for the Remuneration Committee in 2017 were the review of compensation of Management Board members and internal benchmarking against e.g. internal pay ratios, share price development or ratio between variable and fixed parts et.al. as well as externally against comparable small cap diagnostics companies in Europe. Management Board members were asked their individual view on the amount and structure of their own remuneration during the review of the compensation.

NOMINATION AND APPOINTMENT COMMITTEE

In early 2017, the Nomination Committee initiated the search for a new EMEA commercial operations experienced Supervisory Director. This was discussed with the Management Board and the entire Supervisory Board. Throughout Q1-2017, several telephone conferences were held between the Nomination Committee and management. The decision was taken to interview a finalist candidate for the open Supervisory Director position and following in-person meetings to interview Dr. Nils Clausnitzer as the top ranked candidate, the Nomination Committee proposed, and the Supervisory Board resolved to invite Dr. Clausnitzer to join the Supervisory Board and to include the resolution into the agenda for the June 2017 General Meeting. An individual review and evaluation of the functioning of the Supervisory Board, its committees as well as each Supervisory Board and Management Board member performance and contribution in 2017 was completed by the Nomination Committee. The evaluation was based on, including but not limited to, attendance (physical or virtual) of respective meetings, KPIs of the Management Board, review of perceived problems and how they were solved, a check of how communication was handled between the respective board members etc. It was carried out by way of a closed-door discussion and was reported to and discussed with the entire Supervisory Board in the Supervisory Board meeting on 22 February 2018. Based on the conclusions reached, there are no specific changes requested by the Supervisory Board at either the Supervisory Board level, nor at committee level, nor for any of the Management Board members beyond the changes already implemented during 2017 (e.g. election of Dr. Nils Clausnitzer, resignation of Andreas Boos from the Management Board of Curetis N.V.).

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, the Dutch Corporate Governance Code provides that the Boards shall aim for a diverse composition of its positions, including in terms of nationality, work background, gender and age. With Prabhavathi Fernandes, Ph.D. joining, the first female Supervisory Director has been serving on the Supervisory Board since 2016. In the recruitment procedure for possible future appointments of Managing and Supervisory Directors, sincere efforts will be made to find Directors suitable according to Curetis' diversity policy and best qualified for the position at that time.

SUPERVISORY DIRECTORS

At the General Meeting 2017, Dr. Nils Clausnitzer was elected as a Supervisory Director. At the date of this Annual Report, Curetis' Supervisory Board therefore is composed of the following seven Supervisory Directors:

Name	Nationality	Age	Position	Date of most recent Appointment	Term
Mr. William E. Rhodes, III	U.S. American	63	Chairman of the Superviory Board and Chairman of the Remuneration Committee	10 November 2015	End of General Meeting held in 2019
Mr. Mario Crovetto	Italian	64	Member of the Supervisory Board and Chairman of the Audit Committee	10 November 2015	End of General Meeting held in 2019
Dr. Werner Schäfer	German	69	Vice-Chairman of the Superviory Board	10 November 2015	End of General Meeting held in 2018
Ms. Prabhavathi Fernandes, Ph.D.	U.S. American	69	Member of the Supervisory Board	16 June 2016	End of General Meeting held in 2019
Dr. Rudy Dekeyser	Belgian	55	Member of the Superviory Board	23 June 2017	End of General Meeting held in 2018
Dr. Holger Reithinger	German	51	Member of the Superviory Board	23 June 2017	End of General Meeting held in 2018
Dr. Nils Clausnitzer	German	48	Member of the Superviory Board	23 June 2017	End of General Meeting held in 2020

Curetis' registered address, Max-Eyth-Straße 42, 71088 Holzgerlingen, Germany, serves as the business address for all Supervisory Directors.

WILLIAM E. RHODES, III

Mr. William E. Rhodes, III, has served as Chairman of the Supervisory Board since the IPO in 2015. 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 US$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 U.S. 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 financings 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 of the Supervisory Board upon the IPO. He is a specialist in the in-vitro diagnostics industry and he has nearly 30 years of management experience in this area, having held 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 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 to 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 holds a Ph.D. in Chemistry from Philipps University Marburg.

PRABHAVATHI FERNANDES, PH.D.

Dr. Prabhavathi Fernandes has been appointed as a 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 Inc, 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 for the company. During more than four decades, her career has focused on anti-infectives, first on clinical microbiology and infectious diseases and subsequently on 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. In 2017, she was appointed to the Board of the National Preparedness Response Science Advisory Board (NPRSB) in the Health and Human Services department of the U.S. government.

DR. RUDY DEKEYSER

Dr. Rudy Dekeyser is a non-executive director of Curetis. Dr. Dekeyser joined LSP in 2012 and is Managing Partner of LSP's Health Economics Funds and invests in medical device, diagnostic and digital health companies. Prior to joining LSP, Dr. Dekeyser was a co-founder of VIB in 1995 and Managing Director of the research institute for 17 years. At VIB, he was also responsible for the management of a large patent estate, the licensing activities and the establishment of start-ups such as Devgen (acquired by Syngenta), CropDesign (acquired by BASF), Ablynx (listed on Euronext and Nasdaq and recently acquired by Sanofi), Actogenix (acquired by Intrexon) and Multiplicom (acquired by Agilent). Rudy was a catalyst in the development of a life sciences cluster in Flanders by uniting the actors in the life sciences association FlandersBio, building bio-incubators and triggering the establishment of bio-accelerators. He has been a chairman and non-executive director on many company boards and is currently a board member at Sequana Medical, reMYND and Celyad. He is chairman of EMBLEM (EMBL's business arm) and is a member of the supervisory/advisory board of several not-for-profit foundations which are funding life sciences research for the benefit of society. Since November 2014, he has been a member of the supervisory board at Curetis. Dr. Dekeyser holds a Ph.D. in Molecular Biology from Ghent University.

DR. NILS CLAUSNITZER

Dr. Nils Clausnitzer was elected to Curetis' Supervisory Board in June 2017. Dr. Clausnitzer is Executive VP Europe of Avantor/VWR International llc./ VWR GmbH, Germany, and has profound knowledge in sales and marketing of diagnostics and medical products. Prior to VWR International, he was President and Head of Commercial Operations, EMEA, at Qiagen N.V. and General Manager for Olympus Germany. He also worked as Managing Director for Abbott Diagnostics Germany.

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 German 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), Cellnovo Limited (2014-2015) and Rigontec GmbH (sold to MSD in 2017). 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) and catalYm 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 Curetis' corporate investors website under http://www.curetis.com/en/investors/corporate-governance.html. As of the date of this Annual Report, each committee consists of three Supervisory Directors, respectively. Reports of deliberations and findings were presented to the Supervisory Board, which is ultimately responsible for all decision-making at each subsequent Supervisory Board meeting or telephone conference by the Chairman of the respective Committee either under a separate topic or when appropriate in connection with an item already on the Supervisory Board's respective agenda.

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:

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

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 Curetis' 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:

- Mr. Mario Crovetto (Chairman)
- Dr. Holger Reithinger
- Dr. Nils Clausnitzer

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 Curetis' 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 of the External Auditor at the General Meeting. Furthermore, the Audit Committee makes proposals to the Supervisory Board on the policy applied to 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.

MEMBERS OF THE NOMINATION AND APPOINTMENT COMMITTEE ARE:

- Dr. Werner Schäfer (Chairman)
- Prabhavathi Fernandes, Ph.D.
- Dr. Nils Clausnitzer

REMUNERATION AND EQUITY HOLDINGS

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.

The Supervisory Board establishes the remuneration of the individual Management Board members in accordance with the principles laid down in the Management Board remuneration policy as adopted by the General Meeting of Shareholders on 23 June 2017. Details are also published on Curetis' corporate governance 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. An equity-based incentive plan has been established at the General Meeting of Shareholders in 2016.

Curetis' current remuneration policy, which can be found on its website under http://www.curetis.com/en/investors/corporate-governance.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. The compensation packages of the Curetis N.V.'s Management Board have been benchmarked against a relevant group of international, small-cap, publicly listed molecular diagnostics companies as well as other comparable Germany-based micro-cap biotech companies that are publicly listed. The average Management Board compensation at Curetis is in the lower third of relevant benchmarks and for certain executive positions about a third below the average of benchmarks. This has not changed compared to 2016 as Management Board remuneration remained unchanged.

- When the overall remuneration is fixed, its impact on pay differentials within Curetis shall be taken into account. Typically the ratio between average Management Board member fixed cash compensation and the senior management (e.g. Director) level should not exceed a ratio of 2:1 for 2017 and not more than 10:1 compared to the lowest average entry level salaries within the Curetis Group. This has not changed compared to 2016 as Management Board remuneration remained unchanged.

- 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, 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 (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to requirements of reasonableness and fairness. In addition, the Supervisory Board has the authority under Dutch law to recover the variable remuneration from a Managing Director if such remuneration is awarded on the basis of incorrect information with regard to reaching certain targets and the occurrence of certain events (claw back).

REMUNERATION OF THE MANAGEMENT BOARD

An overview of the remuneration received by the Management Board for the year ended 31 December, 2017, is shown on the following 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 200	kEUR 0	kEUR 32	kEUR 0	kEUR 196 [3]	kEUR 428
Mr. Andreas Boos *	kEUR 195	kEUR 0	kEUR 23	kEUR 0	kEUR 34 [3]	kEUR 252
Dr. Achim Plum [1]	kEUR 200	kEUR 0	kEUR 30	kEUR 5 [2]	kEUR 196 [3]	kEUR 431
Mr. Oliver Schacht, Ph.D.	kEUR 240	kEUR 0	kEUR 45	kEUR 0	kEUR 196 [3]	kEUR 481

[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

** Andreas Boos decided with effective date 31 August 2017 to step down from the Management Board of Curetis N.V. to focus on his role as the Group's CTO and program director for the Unyvero Analyzer A30 RQ (former Gyronimo) Platform development. Andreas continued to serve as one of the managing directors of Curetis GmbH since 01 September 2017. The figures in the table above show the compensation Andreas Boos received from both, Curetis N.V. and Curetis GmbH.*

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 that are set by the Supervisory Board in advance of each financial year. The key performance indicators will relate to the financial results, and operational 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 2017, the Supervisory Board established a set of corporate goals (e.g. revenue, cash burn, corporate growth, FDA review and clearance 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, creating strategic and tactical financing optionality and Management Board evolution (CEO), commercial traction and sales, generation of long-term profitable business partnerships (CBO), FDA review and clearance, product development objectives and product improvements etc. (COO), and manufacturing metrics, yield, scale-up, platform improvements etc. (former 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 2017. The Remuneration Policy for the Management Board was adopted by the General Meeting on 16 June 2016, and

Beneficiary	Options granted in 2016	Strike Price	Options granted in 2017	Options Vested in 2017	Options Exercisable as of 31 Dec 2017	Options Exercised in 2017	Options forfeited in 2017	Share Compensation in 2017 (kEUR)
Mr. Johannes Bacher	100,000	EUR 6.45	0	50,000	0	0	0	196
Mr. Andreas Boos*	100,000	EUR 6.45	0	39,889	0	0	61,111	34
Dr. Achim Plum	100,000	EUR 6.45	0	50,000	0	0	0	196
Mr. Oliver Schacht, Ph.D.	100,000	EUR 6.45	0	50,000	0	0	0	196

** Andreas Boos resigned from Curetis N.V. Management Board effective 31 August 2017. While he forfeited 61,111 options he was also granted 30,000 new employee stock options effective 1 October 2017, with a strike price of EUR 4.98 for his new role as Managing Director of Curetis GmbH.*

with regards to Stock Options stipulated an initial grant of 100,000 options to each Managing Director in 2016 and further entitlements to be agreed upon between Supervisory Board and each Managing Director in connection with stipulating the respective Managing Director's challenging targets beforehand. Initial grants were made effective in 2016 with no new grants in 2017 as per the table above.

"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 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 term sheet, which can be downloaded on the company's website under http://www.curetis.com/en/investors/corporate-governance.html. As all the options are vested until mid-2019, there are currently neither plans for buying nor did the company buy back any shares in the past. The Company expects to fulfil its obligations regarding the options in 2019 by issuing new shares then or at a later date once options are exercised as per the plan's terms and conditions.

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 Best Practice Provision 3.4.2 of the Dutch Corporate Governance Code.

Position	Mr. Johannes Bacher COO	Dr. Achim Plum CBO	Mr. Oliver Schacht, Ph.D. CEO
Fixed remuneration (gross per year)	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 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 advance by the Supervisory Board.
Stock options	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45. No further options granted in 2017.	Initial grant on 1st July 2016 of 100,000 options at a sstrike price of EUR 6.45. No further options granted in 2017.	Initial grant on 1st July 2016 of 100,000 options at a strike price of EUR 6.45. No further options granted in 2017.
Severance	N/A	N/A	N/A
End date	30 June 2019	31 December 2018	31 December 2018
Notice period	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)
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).

EQUITY HOLDINGS

The number of shares in Curetis N.V. held on 31 Dec 2017 by the Managing Directors (MD) and Supervisory Directors (SD) are as follows:

Name	Shares in Curetis held as of 31 December 2016	Shares in Curetis held as of 31 December 2017
Mr. Johannes Bacher (MD)	107,865	107,865
Mr. Oliver Schacht, Ph.D. (MD)	23,541	23,541
Dr. Achim Plum (MD)	0	0
Dr. Werner Schäfer (SD)	2,702	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.

Curetis does not grant any loans, advanced payments or 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 2017 as well as additional remuneration for committee chairing roles as well as per meeting and per telephone conference fees earned in 2017.

Name	Max. fixed remuneration in 2017	Committee chairing fees	Meeting & Telco fees	Total remuneration paid in 2017 (excl. ESOP expenses)
Mr. Wiliam E. Rhodes, III (chairman and chairman of remuneration committee)	EUR 60,000	EUR 10,000	EUR 14,000	EUR 84,000
Dr. Werner Schäfer (vice chairman and chairman of nomination committee)	EUR 40,000	EUR 10,000	EUR 14,000	EUR 64,000
Mr. Mario Crovetto (chairman of audit committee)	EUR 20,000	EUR 10,000	EUR 14,000	EUR 44,000
Dr. Rudy Dekeyser	Waived	n.a.	Waived	Waived
Dr. Holger Reithinger	Waived	n.a.	Waived	Waived
Ms. Prabhavathi Fernandes, Ph.D.	EUR 20,000	n.a.	EUR 14,000	EUR 34,000
Dr. Nils Clausnitzer	EUR 10,833	n.a.	EUR 9,000	EUR 19,833
TOTAL	EUR 150,833	EUR 30,000	EUR 65,000	EUR 245,833

The Remuneration Policy for the Supervisory Board was proposed to and approved by the General Meeting on 23 June 2017, and can be found on Curetis' website under http://www.curetis.com/en/investors/corporate-governance.html. According to which, each of the Supervisory Directors also received a grant of 15,000 Stock Options from the ESOP 2016 (see Table below). All Supervisory Board members accepted the grant with the exception of Dr. Rudy Dekeyser who waived the grant under LSP fund policies.

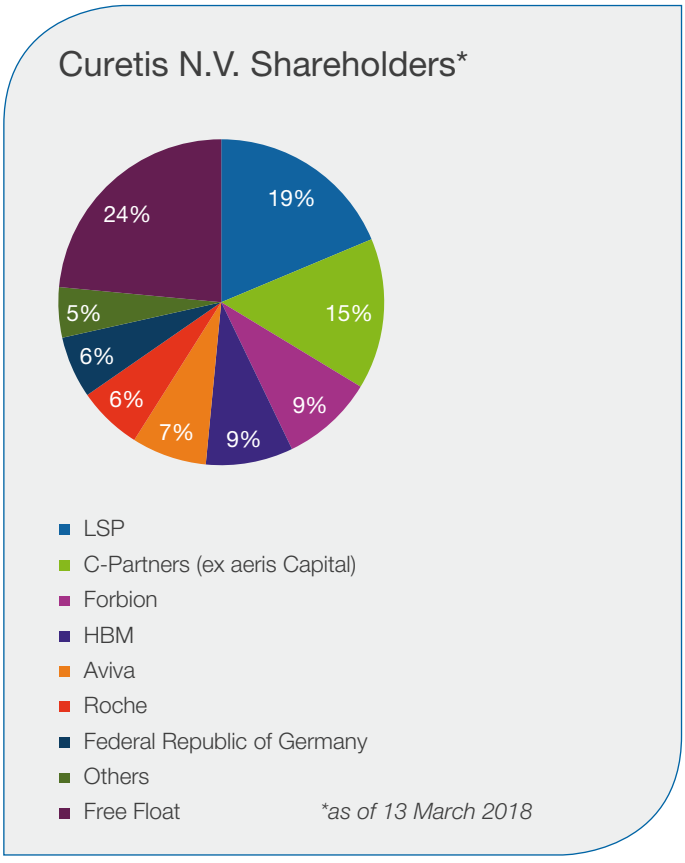
Name	Stock Options granted in 2017	Strike Price	Options Vested in 2017	Options Exercised in 2017	Options Forfeited in 2017	Stock Option Expense in 2017
Mr. William E. Rhodes, III	15,000	EUR 4.93	0	0	0	EUR 10,627
Dr. Werner Schäfer	15,000	EUR 4.93	0	0	0	EUR 10,627
Mr. Mario Crovetto	15,000	EUR 4.93	0	0	0	EUR 10,627
Dr. Rudy Dekeyser	Waived	n.a.	n.a.	n.a.	n.a.	EUR 0
Dr. Holger Reithinger	15,000	EUR 4.93	0	0	0	EUR 10,627
Ms. Prabhavathi. Fernandes, Ph.D	15,000	EUR 4.93	0	0	0	EUR 10,627
Dr. Nils Clausnitzer	15,000	4.93	0	0	0	EUR 10,627
TOTAL	90,000		0	0	0	EUR 63,762

SHAREHOLDERS

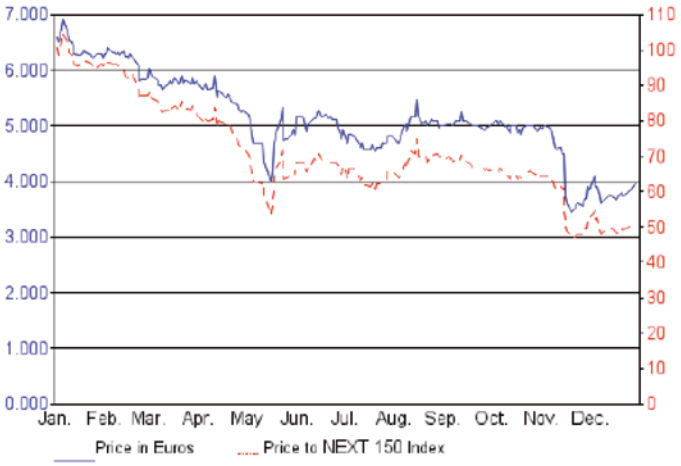
CAPITAL STRUCTURE

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, 5:38 and/or 5:43 of the Financial Supervision Act and have been included in the Dutch AFM's public register in January 2017: LSP Curetis Pooling B.V. (18.68%), C-Partners (ex Aeris Capital Holding GmbH) (14.99%), Federal Republic of Germany (6.14%), BioMed Partners AG (2.02%), CD-Venture GmbH (2.97%), Forbion Capital Fund II Coöperatief U.A. (9.18%), Roche Finanz AG (6.39%), HBM BioCapital II Management Ltd. (8.67%), Aviva Investors Global Services Ltd (7.45%). No further updates or changes to these have been filed in 2017 nor until the date of this Annual Report.



SHARE PRICE COMPARED TO NEXT 150 INDEX IN 2017



Euronext (2017) Curetis trading Activity summary 2017

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 authorized, 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 23 June 2017, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2017, as the corporate body authorized 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 2017 plus (ii) an additional 10% of the total number of shares issued and outstanding on the date of the annual general meeting 2017 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 2017 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 23 June 2017, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2017, as the corporate body authorized to, subject to approval of the Supervisory Board, limit and/or exclude statutory pre-emptive rights on newly issued shares or rights 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 2017 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 authorized by the General Meeting to repurchase shares, which authorization 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 authorization is valid for a specific period not exceeding 18 months. As part of the authorization, 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 23 June 2017, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2017, 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 2017 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 authorized 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	2017	2016
Financial statement audit	161,000.00	182,181.00 (thereof 19,181.00 for audit 2015)
Audit related services and other audit work	65,000.00	0
Tax consultancy	0	0
Total	226,000.00	182,181.00

PricewaterhouseCoopers Accountants N.V. and its member firms and/or affiliates did not render any services or charge any fees that were not related to the audit of the financial statements.

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. It cannot currently be foreseen any circumstances in which any such anti-takeover measures would be warranted.

CONFLICTS OF INTEREST

MANAGEMENT BOARD

The laws of the Netherlands and the Dutch Corporate Governance Code 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 interest 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 and the Dutch Corporate Governance Code also provide 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 Direc-

tors 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. Rudy Dekeyser and Dr. Holger Reithinger are affiliated with 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 interest as a shareholder representative on the one hand and as a Supervisory Director on the other.

The Supervisory Director Dr. Werner Schaefer had received a certain number of shares from certain existing Shareholders under a Carve Out Agreement (as disclosed in the IPO Prospectus in 2015). As of 31 December 2017, he held 2,702 shares in Curetis N.V. 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 and Oliver Schacht hold a minority stake in Curetis. All three Managing Directors, including Dr. Achim Plum, are also beneficiaries under Curetis PSOP Roll-Over Agreement as well as beneficiaries under the Curetis ESOP 2016 (see notes 4.20, 25 and 32 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, Managing Directors and their respective relatives 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. Best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code have been complied with.

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.

There was no transaction in FY 2017 between Curetis and legal or natural persons who hold at least ten percent of the shares in Curetis. Best practice provision 2.7.5 of the Dutch Corporate Governance Code was complied with.

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 arbi-

tration, 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 2004, 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 is based on the notion that a company is a long-term alliance between the various stakeholders of the company. Stakeholders are groups and individuals who, directly or indirectly, influence – or are influenced by – the attainment of the company's objectives: employees, shareholders and other lenders, suppliers, customers and other stakeholders. The Management Board and the Supervisory Board have responsibility for weighing up these interests, generally with a view to ensuring the continuity of the company and its affiliated enterprises, as the company seeks to create long-term value, 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 revised Dutch Corporate Governance Code was published on 8 December 2016, and became effective on 1 January 2017. 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 Supervisory 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 http://www.mccg.nl/?page=4738

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) fully comply with or deviates from the best practice provisions with the following rationale and explanation provided below:

- Best practice provision 1.3.3 provides that the internal audit function should draw up an audit plan involving the Management Board, the Audit Committee and the external auditor in this process. There is no formal audit plan, but due to the position as Director Finance of Curetis GmbH, the internal auditor has interactions with all three named parties and does his auditing on an ongoing basis in constant consultation with them.

- Whilst Curetis has appointed an internal auditor, due to its size and resource constraints, this function is held by Curetis GmbH's Director Finance. Therefore, no specific audit plan was approved by the Management and Supervisory Boards (best practice provision 1.3.4). However, due to his position as Director Finance, he has full access to all information needed, to the Audit Committee and the external auditors. The Audit Committee evaluates the need for an independent and/or bigger internal audit function on a regular basis and may make a recommendation to the Management and Supervisory

Board based on this assessment. Any such recommendation will be included in the Supervisory Board reports.

- Best practice provision 2.1.8 provides criteria for the independence of Supervisory Directors. As of year-end 2017, two out of seven of the Supervisory Directors, being Dr. Rudy Dekeyser and Mr. William E. Rhodes III, are not deemed independent according to these criteria. However, due to different criteria being concerned, Curetis still meets the limits for the Supervisory Board as such given in best practice provision 2.1.7 of the Dutch Corporate Governance Code.

  Dr. Dekeyser does not meet the requirements of best practice provision 2.1.8 vii. 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 in 2018).

  Mr. Rhodes shall formally not be deemed independent as best practice provision 2.1.8 iii. assumes automatic dependency with Supervisory Directors which acted as consultants to the company prior to the appointment as Supervisory Director. A few weeks prior to the date of the IPO, 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 2,000 it no material consultancy fees have been paid. Given his track record in the diagnostics industry and previous executive 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.

- Best practice provision 2.3.4 provides that more than half of the members of the Audit Committee and the Remuneration Committee should be independent within the meaning of best practice provision 2.1.8. As indicated above, two out of seven Supervisory Directors are not deemed to be 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 2.3.4 provides that the Remuneration Committee may not be chaired by the Chairman of the Supervisory Board. Mr. Rhodes, however, is Chairman of both the Remuneration Committee and the Supervisory Board. Due to his vast experience, 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.

- Curetis does not yet comply with best practice provision 2.4.5, 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 provisions 3.1.2 vi. and 3.3.3 provide that any shares awarded to Managing Directors shall be held for at least five years after award and shares held by 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 Phantom Stock Option Plan (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 PSOP, amongst which the Managing Directors, shall be allotted shares as a step of the equity settlement of the PSOP. As part of the expected future settlement of

the PSOP, 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 PSOP.

- Best practice provision 3.3.2 provides that Supervisory Directors may not be granted any shares or rights to shares by way of remuneration. At the General Meeting on 23 June 2017, the General Meeting approved a Supervisory Board remuneration plan under which each Supervisory Board Director (except for Dr. Rudy Dekeyser who waived this grant under LSP fund policies) has been granted 15,000 Stock Options effective 1 July 2017, under the ESOP 2016. Under this plan, stock options may be granted to Supervisory Directors on an annual basis subject to approval by the General Meeting. 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.

- Best practice provision 4.2.3 provides that Curetis shall grant all Shareholders access 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 complies 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.

VALUES, CULTURE AND CORPORATE SOCIAL RESPONSIBILITIES

To spread its values into its organization, Curetis' Management Board has established a Code of Conduct, an Insider Trading Policy, a Whistle-blower Policy and a Policy on Bilateral Contacts with Shareholders. Overarching theme is a shared culture of "we do what's right" across all Curetis group entities. Each of these documents can be found on Curetis' investor relations and corporate governance website. All employees are trained on these key CSR principles and corporate governance documents as part of their on-boarding with Curetis and as part of general corporate governance update trainings to all staff. Curetis' employees are especially satisfied with the affinity of the rules to day-to-day business. No violation was perceived until now.


curetis

III

CONSOLIDATED FINANCIAL STATEMENTS

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

For the years ended 31 December

in kEuro	2017	2016
Revenue [4]	1,187	1,306
Cost of sales [5]	-1,649	-1,596
Gross loss	**-462**	**-290**
Distribution costs [7]	-7,302	-5,091
Administrative expenses [8]	-3,755	-3,024
Research & development expenses [9]	-7,362	-7,027
Other income [11]	314	198
Operating loss	**-18,567**	**-15,234**
Finance income	21	101
Finance costs	-1,004	-30
Finance result – net [12]	**-983**	**71**
Loss before income tax	**-19,550**	**-15,163**
Income tax expenses [13]	52	-10
Loss for the period	**-19,498**	**-15,173**
Other comprehensive income for the year, net of tax*	171	-28
Total comprehensive loss for the period**	**-19,327**	**-15,201**

Loss per share attributable to the ordinary equity holders of the company [14]	2017	2016
Basic	-1.26	-0.98
Diluted	-1.26	-0.98

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

* Relates to exchange differences on translation of foreign operations, which may be recycled through profit and/or loss in the future
** Total comprehensive loss is solely attributable to owners of the company

CURETIS N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

in kEuro	31 December 2017	31 December 2016
Current assets	**24,009**	**30,272**
Cash and cash equivalents [15]	16,311	22,832
Trade receivables [16]	200	101
Inventories [18]	6,946	5,870
Other current assets [19]	552	1,469
Non-current assets	**11,506**	**12,514**
Intangible assets [20]	7,524	7,520
Property, plant and equipment [21]	3,566	4,466
Other non-current assets [22]	182	212
Other non-current financial assets [23]	156	316
Deferred tax assets [31]	78	—
Total assets	**35,515**	**42,786**

LIABILITY & EQUITY

in kEuro	31 December 2017	31 December 2016
Current liabilities	**2,926**	**2,384**
Trade and other payables [24]	928	721
Provisions current [26]	124	51
Tax liabilities	24	10
Other current liabilities [27]	1,226	1,120
Other current financial liabilities [28]	624	482
Non-current liabilities	**10,385**	**41**
Provisions non-current [26]	43	41
Other non-current financial liabilities [29]	10,342	—
Total liabilities	**13,311**	**2,425**
Equity [32]	**22,204**	**40,361**
Share capital	155	155
Capital reserve	152,793	152,793
Other reserves	8,527	7,360
Currency translation differences	143	-29
Retained earnings	-139,414	-119,918
Total Equity and liabilities	**35,515**	**42,786**

[..] 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 kEuro	2017	2016
Profit before income tax	-19,498	-15,172
Adjustment for:		
– Net finance income / costs	983	-71
– Depreciation, amortization and impairments	1,327	1,744
– Gain on disposal of fixed assets	2	2
– Changes in provisions	75	23
– Changes in equity settled stock options	1,167	767
– Changes in the PSOP-liability	0	-367
– Net exchange differences	371	-30
– Changes in deferred tax assets and liabilities	-78	0
Changes in working capital relating to:		
– Inventories	-1,076	-3,083
– Trade receivables and other receivables	1,008	201
– Trade payables and other payables	911	270
Effects of exchange rate differences not realized from consolidation	-199	2
Income taxes received (+) / paid (-)	-52	0
Interests paid (-)	-622	-10
Net cash flow provided by operating activities	-15,681	-15,724
Payments for intangible assets	-111	-7,025
Payments for property, plant and equipment	-320	-456
Interests received	10	51
Net cash flow used in investing activities	-421	-7,430
Proceeds from other non-current financial liabilities	10,000	0
Payments for finance lease liabilities	-48	-105
Net cash flow provided by financing activities	9,952	-105
Net decrease in cash and cash equivalents	-6,150	-23,259
Net cash and cash equivalents at the beginning of the year	22,832	46,060
Net decrease in cash and cash equivalents	-6,150	-23,258
Effects of exchange rate changes on cash and cash equivalents	-371	30
Net Cash and cash equivalents at the end of the period	16,311	22,832

[..] 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 kEuro	Share capital	Capital reserve	Other reserve	Currency translation difference	Retained earnings	TOTAL equity
Balance at 1 January 2016	155	152,793	6,592	0	-104,746	54,794
Loss of the year					-15,172	-15,172
Other comprehensive income				-28		-28
Total comprehensive income	0	0	0	-28	-15,172	-15,200
Transactions with owners in their capacity as owners						
Equity stock option program 2016			767			767
Balance as of 31 December 2016	155	152,793	7,359	-28	-119,918	40,361
Loss of the year					-19,496	-19,496
Other comprehensive income				171		171
Total comprehensive income	0	0	0	171	-19,496	-19,325
Transactions with owners in their capacity as owners						
Equity stock option program 2016			1,168			1,168
Balance as of 31 December 2017	155	152,793	8,527	143	-139,414	22,204

For detailed information please see note 32.

CURETIS N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2017

1 GENERAL INFORMATION ABOUT THE COMPANY

1.1. GENERAL INFORMATION ABOUT THE BUSINESS AND THE COMMERCIAL DEVELOPMENT OF 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 several CE-marked applications:

- The Unyvero 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.
- The Unyvero IAI (Intra-abdominal infections) cartridge for the detection of up to 130 targets, microorganisms (108) and antibiotic resistance markers (22).

The development of the Unyvero UTI (Urinary tract infections) cartridge has been completed and it is now in final clinical validation at multiple hospitals in Europe. Additional cartridges are currently in the development phase.

In addition to the existing Unyvero A50 multiplex platform, Curetis has started in 2016 to expand its product portfolio with the development of a low- and midplex analyzer, the new Unyvero A30 *RQ* for Unyvero integration or as a standalone operation. The Unyvero A30 *RQ* analyzer will aim at ca. 5 to 30 targets with sensitive and quantitative real-time PCR technology within about 45-90 minutes time-to-result and just a few minutes of hands-on-time. Curetis expects to drive development of A30 *RQ* analyzer towards completion with a commercial launch in Europe expected in 2019. The new solution will accelerate the product pipeline and leverage synergies with R&D, (OEM) manufacturing and supply chain operations and commercial infrastructure that is already established.

Furthermore in Q4-2016 Curetis acquired the GEAR database from Siemens, which is the most comprehensive database on genetics of antibiotic resistance. In 2017, Curetis established Ares Genetics GmbH, a wholly-owned subsidiary of Curetis GmbH in Vienna, Austria. Ares Genetics is dedicated to maximize the R&D and related scientific and business opportunities of the GEAR assets for the entire Curetis Group.

1.2 CORPORATE STRUCTURE

The Company has one subsidiary, Curetis GmbH, Holzgerlingen, Germany where it holds 100% of the shares. As of 31 December 2017 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
- Ares Genetics GmbH, Vienna, Austria

(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 2017 comprise as such the Company and its wholly owned and controlled subsidiary Curetis GmbH, Holzgerlingen, Germany and the aforementioned subsidiaries of Curetis GmbH.

1.3 LOCAL EXEMPTION RULES APPLIED BY SUBSIDIARIES OF THE GROUP

Curetis GmbH makes use of the exemption clause, available under §264 (3) HGB in 2017. The consolidated financial statements of Curetis N.V. as of and for the year ended 31 December 2017 will be filed in Germany as a supplement to the financial statements of Curetis GmbH, in order to meet the requirements of the exemption clause available under §264 (3) HGB in 2017.

Curetis UK Limited (a company registered in the UK, company number: 10164457) is a subsidiary of Curetis GmbH. Curetis UK Limited is included in the group's consolidated financial statements, it is exempt from audit by virtue of section 479A of the UK Companies Act 2006.

1.4 HISTORICAL FINANCING TRANSACTIONS OF THE COMPANIES

Curetis N.V. has been listed on Euronext Amsterdam and Brussels since 11 November 2015 under the ticker symbol CURE. The Group does not have an ultimate parent entity nor a controlling party. 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 2017 the Group's operations have been primarily funded through:

- EUR 63.7 million in equity investments from venture capital and private equity investors.
- EUR 44.3 million of gross proceeds from the Group Initial Public Offering completed in November 2015 on Euronext Amsterdam and Brussels.
- EUR 10.0 million of non-dilutive debt financing tranche drawn down under the facility from the European Investment Bank (EIB).

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 30 April 2018.

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 function of expense method. The financial statements have been prepared on a going concern basis (see also Note 3.27 below). 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

  Unyvero A30 *RQ* (formerly Gyronimo) has not been amortized since acquisition, since the platform is not yet available to be used. The carrying amount of this intangible asset is reviewed at each reporting date for any indication of impairment. Impairment is recognized if the carrying amount of an asset or the cash-generating unit (CGU) exceeds its estimated recoverable amount by using a discounted cash flow model.

- Estimates of provisions – note 26

  When measuring provisions for warranty forward-looking assumptions and estimates and estimations are inputs into the calculation. The calculation is based on historical data but as Curetis is in an early commercial stage these assumptions may change in the future.

- Estimates of fair values of contingent liabilities and contingent purchase commitments – note 3.14

  Some of the future purchase prices for raw materials, goods and services are based on quantities and contractual periods. When valuating these contingent liabilities and commitments the calculation is based on budgeted numbers and current assumptions of the future business development.

- Estimate of inventory obsolescence and inventory valuation – note 18

  The obsolescence write-downs on inventories are estimated considering the expected lifetime and usage of a Unyvero-System. As so far Curetis has no reliable sales-track-record the write-downs are based on the best estimate considering technical aging and estimated sales prices for used systems.

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 1 January 2017, and have been applied in preparing these financial statements

Standard / Interpretation	Effective Date[1]
Amendment to IAS 7	1 January 2017
Amendment to IAS 12	1 January 2017
Annual Improvements 2014-2016 Cycle – amendment to IFRS 12	1 January 2017

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

The International Accounting Standards Board (IASB) has published amendments to IAS 7 “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 improving the information provided to users of financial statements about an entity’s financing activities.

When it comes to IAS 12; the International Accounting Standards Board (IASB) has published final amendments to IAS 12 ‘Income Taxes’. The IASB had concluded that the diversity in practice around the recognition of a deferred tax asset that is related to a debt instrument measured at fair value is mainly attributable to uncertainty about the application of some of the principles in IAS 12.

Within the annual improvements 2014-2016 Cylce the international Accounting Standards Board (IASB) clarified the scope of the standard IFRS 12 by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity´s interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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
Amendments to IFRS 9	Prepayment Features with Negative Compensation	No	1 January 2019
IFRS 15: Revenue from contracts with customers	Accounting for revenue recognition	Yes	1 January 2018
Clarifications to IFRS 15: Revenue from contracts with customers	Accounting for revenue recognition	Yes	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	No	1 January 2018
Amendments to IFRS 2	Share-based Payment	No	1 January 2018
Amendments to IFRS 4	Insurance Contracts	Yes	1 January 2018
Amendments to IAS 40	Transfer of Investment Property	No	1 July 2018
Amendments to IFRS 1, IFRS 12, IAS 28	Amended by Annual Improvements to IFRS Standards 2014–2016 Cycle	No	1 January 2018
IFRS 16: Leases	Accounting of Leasing-transactions	Yes	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	No	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	No	1 January 2019
Amendments to IFRS 3, 11, IAS 12, IAS 23	Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle	No	1 January 2019
Amendments to IAS 28	Long-Term Interests in Associations and Joint Ventures	No	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	No	1 January 2019
IFRS 17 (replace IFRS 4)	Insurance Contract	No	1 January 2021

None of these amendments to standards 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 2018, see page 89.

The Group is assessing the potential impact that IFRS 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, the new standard governing financial instruments, may lead to changes in the classification and measurement of financial assets and financial liabilities. Upon first-time recognition, financial assets are classified as assets to be measured "at fair value" or "at amortized cost", depending on the business model and the contractually agreed cash flows for the respective financial instruments. Depending on the classification, the subsequent measurement of financial assets is carried out either at amortized cost or at fair value. Changes in the fair value are to be recognized in profit or loss or in other comprehensive income. The requirements for the de-recognition of financial assets and liabilities and the general accounting of financial liabilities have been adopted to a large extent from IAS 39. Changes to the classification result in changes to Curetis´ financial assets that are classified as "loans and receivables" in accordance with IAS 39. There are not material conversion effects with regard to the measurement of financial assets and financial liabilities. As Curetis does hold its receivables to collect contractual cash flows these will also according to IFRS 9 be measured at amortized costs, as in the past according to IAS 39 and thus no conversion effects will arise.

The provisions in the new standard for the recognition of impairments are based on the expected credit loss model and replace the model of incurred losses applied under IAS 39. Unlike under IAS 39, financial assets are to be divided into different risk classes according to historical and future expected loss probabilities and a risk provision must be recognized before the occurrence of loss events. The group do not expect any material conversion effects as past experiences and the group's expectations regarding the performance of existing assets. The Group does not hold any investments in equity instruments or borrows loans to third parties, hence only the short-term trade receivables do apply to this new regulation.

IFRS 9 is not expected to have an impact on the recognition of hedging relationships. As of 31 December 2017, there is neither a forward rate agreement that is subject to hedge accounting in according with IAS 39 nor any other hedging instrument that will be subject to hedge accounting.

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. IFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers and replaces IAS 18 Revenue. 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 distributors and direct customers. This review revealed that the implementation of IFRS 15 will have no material impact to the recognition of revenues at Curetis. Curetis operates currently only pure supply and service transactions without timing differences.

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 ('lessee') and the supplier ('lessor'). 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) 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. Impairment tests are carried out in each case at Group level, since there are no independent cash inflows below the level of the Group as a whole, and for that reason, the whole Group is treated as one cash-generating unit. Strategic business decisions are controlled by the management board using the implemented single-segment reports.

The second main intangible asset of the group, the GEAR-platform, so far also does not generate separate cash-flows. The group just founded a new subsidiary Ares Genetics GmbH in 2017 to further develop and commercialize GEAR. The asset was transferred in late 2017, before the asset-transfer GEAR was mainly used within the core business of Curetis. The future development of GEAR and the implementation within Ares Genetics GmbH, Austria, may change the current assessment of GEAR and result in separate cash flows. Curetis will further assess this and adjust the segment reporting accordingly.

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 2017 of 1 Euro = 1.1993 USD (31 December 2016 of 1 Euro = 1.0541 USD).

Curetis converted amounts in CHF to the functional currency with the exchange rate as of 31 December 2017 of 1 Euro = 1.1702 CHF (31 December 2016 of 1 Euro = 1.0739 CHF).

Curetis converted amounts in GBP to the functional currency with the exchange rate as of 31 December 2017 of 1 Euro = 0.88723 GBP (31 December 2016 of 1 Euro = 0.85618 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.

c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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.

Net debt reconciliation

in kEuro	31 December 2017	31 December 2016
Cash and cash equivalents [15]	16,311	22,832
Borrowings – repayable within one year	0	0
Borrowings - repayable after one year	10,342	0
Net debt	5,969	22,832
Cash and cash equivalents [15]	16,311	22,832
Gross debt – fixed interest rates	0	0
Gross debt - variable interest rates	10,342	0
Net debt	5,969	22,832

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.

The group's revenues include revenues for the sale of Unyvero-cartridges and –systems, as well as other disposals and services related in connection with Unyvero.

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 changes 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 that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. 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 2017 Curetis did not operate any lease model as a lessor. During the comparison period Curetis operated just 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 offers 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 cases where 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

Finance income and finance costs are recognized in the income statement in the period as they occur. For non-current loans 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 aver-

age 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 (Level 1).
- 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 its cost, a provision for obsolescence is accounted for and the related expenses are recognized under cost of sales.

3.18 INTANGIBLE ASSETS

3.18.1 LICENSES AND PATENTS

Separately acquired licenses and patents are shown at historical cost.

If licenses and patents have a finite useful life (in case that

they have a limited period of benefit to the entity) they are subsequently carried at cost less accumulated amortization and impairment losses.

Licenses for biomarkers are amortized according to the terms of validity of the patent (up to 17.6 years) and amortized according to the straight-line method.

If licenses and patents have an infinite useful life (in case of no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity) the intangible assets will not be amortized. It´s useful life will be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate. Also licenses and patents with an indefinite useful life are assessed for impairment annually or if a triggering event happens.

3.18.2 SOFTWARE

Costs associated with maintaining software programmes are recognized as an expense as incurred.

Software which is acquired is recognized at acquisition cost. Standard Software licenses and ERP-licenses are amortized with their respective useful lives (between 3 and 5 years) using the straight-line-method

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 their respective 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).

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 2017 the Group did not have any financial assets available for sale. The Company neither has financial assets at fair value through profit or loss or financial assets held to maturity.

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 a loan financing facility (other non-current financial liabilities), 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 recognition is done 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
- financial liabilities measured at amortized cost.

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 non-current financial liabilities, finance lease agreements and trade and other payables relating to the operating activities into the category 'Finance liabilities measured at amortized cost' (referred to in IAS 39 as "other liabilities"). There are no financial liabilities categorized as 'Financial liabilities measured at fair value through profit or loss'.

Financial liabilities measured at amortized cost, are subsequently measured and accounted for using the effective interest method.

For current financial liabilities, this means that they are recognized at the redemption or settlement amount.

Non-current financial liabilities, and financial debt, are subsequently measured and accounted for using the effective interest method.

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 liabilities and borrowings with a due date of more than 12 months after the reporting date are classified as non-current financial liabilities.

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. In the financial statements of Curetis no offset of assets and liabilities where applied.

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.

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 is 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 has 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 write-off.

When accounting for provisions, management must make assumptions regarding the probability of expected future cash outflows for Curetis. Estimates regarding the amount and timing of probable 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 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.

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 – as is typical in the biotech industry for development stage and early commercial stage companies – has been incurring net losses since its incorporation until 2014 and again in 2016 and 2017. In 2015, the Group incurred a profit for the first time (due to an extraordinary gain). The retained earnings of the Group are still negative and as of 31 December 2017 amounting to EUR 139.4 million.

For the period of 2018 and 2019, Curetis expects to continue incurring significant losses and indeed experience significantly higher cash burn than in 2017 due to the costly U.S. commercial launch and roll out of Unyvero LRT (including the placement of around 60 to 80 Unyvero Analyzers within the first full year of US commercial launch) as well as continuing EMEA commercial operations and global R&D activities such as future Application Cartridge developments, FDA trials (e.g. BAL label claim extension for LRT as well as IJI trial) and the A30 *RQ* platform and Ares Genetics development programs.

At 31 December 2017 Curetis had EUR 16.3 million in cash and cash equivalents remaining as, plus EUR 0.3 million in VAT refund receivables. Based on the EIB contract dated 12 December 2016 Curetis also has potential future access to additional tranches totaling up to EUR 15 million non-dilutive debt capital via a senior, unsecured loan under the European Growth Finance Facility of the European Investment bank (EIB). However, the current assets and cash are not sufficient to finance Curetis' operating activities for the 12 months after the signing date of these financial statements. Therefore going concern is dependent upon the success of Curetis in securing additional funding and access to cash as laid out below.

The Management Board of Curetis N.V. emphasizes and highlights that funding of Curetis' operations beyond one year after these financial statements is greatly affected by its ability to grow product sales from direct commercialization in Europe as well as the U.S. as well as international distributor sales and partnering or licensing agreements to generate positive cash flows in the future. All of these items are subject to material risks and uncertainties.

These conditions indicate the existence of a material uncertainty which casts significant doubt regarding Curetis' ability to continue as a going concern and therefore Curetis may be unable to realize its assets and repay its liabilities in the normal course of business.

The following measures are aimed at ensuring that Curetis can continue to operate as a going concern:

1. EIB Debt Financing Facility Amendment

The EIB and Curetis have signed an amendment to the EIB debt financing agreement in terms of the conditions precedent and milestones such that a further EUR 3 million became immediately available upon FDA clearance, in April 2018, and another EUR 5 million will become available upon incremental equity financing raised totaling at least EUR 15 million. The remaining up to EUR 7 million will become available upon meeting certain commercial installed base and revenue goals by December 2019, which is another 12 month extension of the EIB draw down option period.

2. Various Equity Financing Options

In line with earlier public communications, the Management board started to raise additional equity capital funding, since the obtained FDA clearance. To that end, the company has been in continuous dialog with and has engaged some of its brokers and banks to prepare for several possible financing scenarios in 2018.

Specifically, the use of two separate 10% shelf registrations approved at the AGM 2017 would allow Curetis to raise significant amounts of additional equity capital from institutional investors as well as potentially using the second 10% authorized capital from some of its strategic collaboration partners via a 'PIPE' (Private Investment in Public Equity) transaction process. In this PIPE transaction process Curetis could potentially issue new common shares to financial and / or corporate strategic investors, respectively and thereby raise additional equity capital.

As of the date of this Annual Report, Curetis has received several clear indications of interest by potential investors and is in constant dialog with all of its financial and legal advisors on timing, pricing and allocation of such financing and status of the order book.

Curetis has also obtained and agreed upon the key terms for potential additional equity financing as well as possible future debt financing with additional institutional investors. Especially any larger debt financing facility will depend upon achieving certain minimum amounts of additional equity capital raised well beyond the scope of PIPE transaction. To that end Curetis will propose to its AGM 2018 to be held on 21 June 2018 in Schiphol, the creation of additional authorized capital and shelf registration(s) in order to enable the company to execute potential future financing transactions in the coming 12 months which are relevant for the going concern assessment.

3. Non-Dilutive Grant Funding and Partnering

The company is also assessing further ways of adding non-dilutive financing and has successfully won a competitive research grant from the Austrian FFG (see PR issued 6 February 2018). Furthermore, the business development efforts have already led to signing several agreements for R&D collaboration and commercialization of certain products with MGI (a BGI company). Additional deals are in advanced stages of negotiation and would potentially add further non-dilutive funding or allow the funding of certain R&D programs, manufacturing build-up and commercialization of certain assets (e.g. the Unyvero A30 *RQ* platform) via collaborations and partnerships.

4. Cost Reduction Scenarios

To the extent required Curetis has also identified a series of individual measures that taken together would allow significantly reducing operating costs in R&D as well as Distribution Costs globally in order to ensure going concern depending on the amounts of additional cash raised and accesses under measures 1 to 3 above.

The Management Board has concluded, taking into account the current status of the discussions with several potential institutional investors and taking into account the intention to consummate such equity financing transaction(s) and the progress which has been achieved towards that end, so based on the assessment and various scenario analyses, that funding of our business operations for a period of at least 12 months after the signing date of these financial statements is realistically manageable and achievable. However, the Management Board is aware that the execution of Curetis' plans depends on factors that are not within its control, including the timing and pricing of any potential future equity raise, and therefore there is material uncertainty that such transactions will be completed at all or at prices or on terms favorable to Curetis.

Overall, in conclusion of the assessments made, these financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if Curetis were unable to continue as a going concern.

3.28 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	2017	2016
Sale of Unyvero Systems	448	690
Sale of cartridges	736	573
Sale of services	17	48
Discounts	-14	-5
Total revenues	1,187	1,306

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	2017	2016
Germany, Austria, Switzerland	450	650
Western Europe	28	178
Asia	270	278
Rest of the world	439	200
Total revenues	1,187	1,306

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

The decrease in revenues compared to 2016 in Germany, Austria, Switzerland and Western Europe is mainly due to fewer Unyvero-Systems actually sold, partly compensated by higher cartridge sales due to higher usage of the Unyvero Systems installed.

5 COST OF SALES

Cost of sales includes the total acquisition and manufacturing costs incurred for products, goods and services that are sold. In 2017, cost of sales amounting to kEUR 1,649 (2016: kEUR 1,596). Curetis manufactures cartridges and disposables at its manufacturing plant and purchases Unyvero-Systems from its OEM-supplier.

The increase of cost of sales compared to 2016 mainly results from higher write-downs on Unyvero-Systems to reflect marketability discounts and significant idle costs for the manufacturing of cartridges. Cost of sales exceed revenues as the cost of sales also include fixed and idle costs for the manufacturing plant.

Cost of sales also include share-based-payments of kEUR 34 (2016: kEUR 129).

6 EXPENSES BY NATURE

in kEuro	2017	2016
Employee benefit expenses	10,165	7,503
Depreciation, amortization and impairment charges	1,327	1,744
Changes in inventories of finished goods and work in progress	31	17
Raw material, goods and consumables used	909	1,189
Facility expenses	519	399
Disposables for clinical trials and R&D activities	751	818
3rd party services for clinical trials incl. US-FDA-trial	377	839
Marketing and travel expenses	1,448	1,099
Other consulting, advisory & 3rd party support	2,140	1,291
Other expenses	2,400	1,838
Total Cost of Sales, distribution costs, administrative expenses and research & development expenses	20,067	16,737

The Employee benefit expenses in 2017 include kEUR 1,139 (2016: kEUR 767) 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.

7 DISTRIBUTION COSTS

in kEuro	2017	2016
Personnel expenses	4,628	2,987
– thereof from share-based payments equity-settled	*566*	*295*
Depreciation and Amortization	170	173
Other operating expenses	2,504	1,931
– thereof marketing expenses & travel expenses	*1,146*	*901*
– thereof travel expenses	*520*	*407*
– thereof consulting, advisory & 3rd party service	*431*	*353*
Total	7,302	5,091

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 2017 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 increased from 20.3 during 2016 to 27.6 during 2017.

The increase in other operating expenses compared to 2016 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	2017	2016
Personnel expenses	1,603	1,215
– thereof from share-based payments equity-settled	*312*	*195*
Depreciation and Amortization	104	135
Other expenses	2,048	1,674
– thereof for remuneration of supervisory board	*310*	*213*
– thereof from share-based payments equity-settled	*64*	*0*
– thereof consulting, advisory & 3rd party service	*751*	*718*
Total	3,755	3,024

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 increase of Personnel expenses in 2017 is mainly due to (i) additional hired employees in general & administrative departments. The number of FTEs increased from an average of 9.1 FTEs during 2016 to an average of 12.0 FTEs during 2017, (ii) higher number of granted equity stock options and correspondingly higher valuation.

The increase of other expenses is mainly due to an increase of supervisory board remuneration with equity settled stock options granted in 2017.

9 RESEARCH AND DEVELOPMENT EXPENSES

in kEuro	2017	2016
Personnel expenses	3,665	3,147
– thereof from share-based payments equity-settled	*228*	*143*
Depreciation and Amortization	810	1,254
Material expenses	407	625
Other expenses	2,480	2,001
– thereof clinical trial expenses	*367*	*747*
– thereof costs for laboratory demand	*303*	*290*
– thereof other manufacturing expenses for cartridges used in R&D	*395*	*401*
Total	7,362	7,027

The increase of Personnel expenses in 2017 is due to higher personnel expenses due to additional hired employees in research & development departments to accelerate the product pipeline such as the Unyvero A30 *RQ* and GEAR related programs. The number of FTEs increased from an average of 20.2 FTEs during 2016 to an average of 26.4 FTEs during 2017.

This was only partly compensated by lower depreciation and amortization for Unyvero-Systems used in the FDA-clinical trial and less other expenses for clinical trial activities.

10 EMPLOYEE BENEFIT EXPENSES

in kEuro	2017	2016
Wages and salaries	7,808	5,871
Social security costs	1,218	870
EPOSs / PSOs granted to management and employees	1,139	762
Total employee benefits	10,165	7,503

The employer's contribution paid to the statutory retirement insurance (Deutsche Rentenversicherung) in Germany amounted to kEUR 374 in 2017 (2016: kEUR 335).

Increase of expenses for equity settled stock options (ESOPs) is due to the newly implemented ESOP 2016 as explained in note 3.25.2 and the increasing number of granted stock options.

11 OTHER INCOME

Other income mainly comprises income from government grants for research and development projects amounting to kEUR 109 (2016: kEUR 86) and gains from the reversal of other current liabilities and other current financial liabilities amounting to kEUR 136 (2016: KEUR 9).

12 FINANCE RESULT / COSTS NET

in kEuro	2017	2016
Finance income	21	101
Finance cost	-1,004	-30
Finance result / costs net	-983	71

Finance result – net amounting to a loss of kEUR 983 (2016: profit of kEUR 71) arising primarily from accrued interests for the 10 million Euro tranche drawn from the EIB debt facility and foreign currency exchange difference resulting from the exchange rate decrease of USD.

in kEuro	2017	2016
Foreign exchange differences	-371	30
Interests for borrowings	-621	0
Other finance income / finance costs	9	41
Finance result / costs net	-983	71

13 INCOME TAX

in kEuro	2017	2016
Current Income taxes		
– Germany	*0*	*0*
– other countries	*25*	*10*
Total current income taxes	25	10
Deferred taxes	-78	0
Total	-53	10

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% (2016: 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 2017, Curetis has a trade tax rate of 12.05% (2016: 12.05%).

The company according to the double taxation treaty 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	2017	2016
Loss before income tax	-19,550	-15,162
Expected income tax at a tax rate 2017: 27.88% (2016: 27.88%)	5,451	4,227
Non-taxable income and non-deductible expenses	-37	-32
Expenses resulting from Equity settled stock options	-232	—
Changes in the recognition of deferred tax assets on tax loss carry-forwards	-4,129	-4,094
Effect from revaluation of DTA (in context with DTL)	-79	99
Tax effect from local taxes	-20	-2
Tax effect of the application of foreign tax rates and use of foreign tax losses carried forward	-927	-206
Other effects	26	-2
Income tax as stated in P&L	53	-10
Effective tax rate	0%	0%

Changes in the recognition of deferred tax assets on tax loss carry-forwards of kEUR – 4,129 are due to not recognized deferred tax assets on tax loss carryforwards for 2017.

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

14 LOSS PER SHARE

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 loss per share

in Euro	2017	2016
From continuing operations attributable to the ordinary equity holders of the company	-1.26	-0.98
Total basic loss per share attributable to the ordinary equity holder of the company	-1.26	-0.98

Diluted loss per share

in Euro	2017	2016
From continuing operations attributable to the ordinary equity holders of the company	-1.26	-0.98
Total diluted loss per share attributable to the ordinary equity holder of the company	-1.26	-0.98

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

Reconciliation of losses used in calculating earnings per share

Basic loss per share

in kEuro	2017	2016
Loss attributable to the ordinary equity holders of the company used in calculation basic earnings per share:		
From continuing operations	-19,498	-15,173
TOTAL basic losses as basis for the calculation of loss per share	-19,498	-15,173

Diluted loss per share

in kEuro	2017	2016
Loss attributable to the ordinary equity holders of the company used in calculation basic earnings per share:		
From continuing operations	-19,498	-15,173
TOTAL basic losses as basis for the calculation of loss per share	-19,498	-15,173
TOTAL diluted losses as basis for the calculation of loss per share	-19,498	-15,173

Weighted average number of shares used as the denominator

weighted average number	2017	2016
Weighted average number of ordinary shares used as the denominator calculating basic earnings per share	15,495,956	15,495,956
Stock options equity settled	1,354,922	659,237
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	16,850,878	16,155,193

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

15 CASH AND CASH EQUIVALENTS

On 31 December 2017, cash and cash equivalents amounted to kEUR 16,311 (31 December 2016: kEUR 22,832). 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 mainly due to a negative cash outflow from operating activities of kEUR 15,681, only partly compensated by a positive cash-inflow from EIB financing activities of kEUR 10,000.

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 2017	31 December 2016
Trade receivables, gross	202	127
less provision for doubtful receivables	-2	-26
Trade receivables, net	200	101

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

in kEuro	31 December 2017 gross	31 December 2017 provision	31 December 2016 gross	31 December 2016 provision
Amounts not due	195	-2	103	-4
Past due 0-30 days	4	—	8	-7
Past due 31-60 days	3	—	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	202	-2	127	-26
Trade receivables, net		200		101

As of 31 December 2017, trade receivables of kEUR 7 (31 December 2016 kEUR 24) were past due no major impairments are expected. The aging analysis of these trade receivables is as follows:

in kEuro	31 December 2017	31 December 2016
Up to 3 months	7	10
3 to 6 months	—	7
6 to 9 months	—	7
Total	7	24

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

in kEuro	2017	2016
Balance as of 1 January	-26	-11
Net additions (–) / reversals (+)	-1	-15
Use	25	—
Balance as of 31 December	-2	-26

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 2017 Loans and receivables	Total
Trade receivables [16]	200	200
Other non-current financial assets [23]	156	156
Cash and cash equivalents [15]	16,311	16,311
Total	16,667	16,667

in kEuro Liabilities as per balance sheet date	Other financial liabilities at amortized amortized	Total
Finance lease liabilities [30]	—	—
Other financial liabilities [28;29]	624	624
Trade payables [24]	928	928
Other non-current financial liabilities [29]	10,342	10,342
Total	11,894	11,894

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	Other financial liabilities at amortized amortized	Total
Finance lease liabilities [30]	118	118
Other financial liabilities [28;29]	364	364
Trade payables [24]	721	721
Total	1,203	1,203

[..] 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 2017	31 December 2016
Raw materials	875	898
Semi-finished goods	46	61
Trade goods	7,285	5,723
Finished goods	47	63
Spare parts	66	16
Total inventories, gross	8,319	6,761
Valuation allowance	-1,373	-891
Total inventories, net	6,946	5,870

The change of write off to net asset value of inventories recognized as an expense and included in 'Cost of Sales' in 2017 amounted to kEUR 495 (2016: kEUR 482).

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 2016 is due to a larger number of systems purchased on stock for future sales and demos and to be prepared for the ramp-up of the USA business launch post FDA-approval.

19 OTHER CURRENT ASSETS

As of 31 December 2017, other current assets mainly comprise VAT receivables amounting to kEUR 295 (31 December 2016 kEUR 1,195). Furthermore, other current assets include prepaid expenses amounting to kEUR 170 as of 31 December 2017 (kEUR 169 as of 31 December 2016). 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 2016	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
Additions	83	—	27	110
Disposals	—	—	—	—
Amortization	-53	-53	—	-106
Reclassifications	—	—	—	—
Balance as of 31 December 2017	95	7,402	27	7,525
Cost	657	7,484	27	8,168
Accumulated amortization/impairments	-564	-80	—	-644
Balance as of 31 December 2017	93	7,404	27	7,524

In 2017 amortization of kEUR 0 (2016: kEUR 0) is included in 'Cost of Sales', in distribution costs kEUR 17 (2016: kEUR 20), in R&D costs kEUR 60 (2016: kEUR 35) and kEUR 29 (2016: kEUR 94) in administrative expenses.

The GEAR platform was transferred from Curetis GmbH in Q4-2017 to the wholly owned subsidiary Ares Genetics GmbH. The platform was not amortized since acquisition in Q4-2016 until the transfer to Ares Genetics GmbH as it also was not available to be used. After the transfer to a dedicated Bio-IT-company Curetis has started to amortize the platform according to the runtime of the main patent (17.8 years), as the platform is now also being 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. Intangible assets with an indefinite useful life (Unyvero A30 *RQ*) must be treated for impairment annually. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable 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.

The material intangible assets do not generate separate cash flows. The acquired Gyronimo-asset (column 'Licences & Patents' is meanwhile renamed to Unyvero A30 *RQ* and will be developed as a fully integrated platform of the existing Unyvero-technology. The technology is still in a development phase and the development takes place in the same team that developed and maintain the Unyvero-multiplex-platform. Also in the future the only change will be that the existing Unyvero-Multiplex-Cash-generating-unit will be developed with the integration of Unyero A30 *RQ* to a anyplex-platform and hence will be still only one cash generating unit. During the annual impairment test carried out for the CGU Curetis Group (one-CGU-Structure) no impairment has been identified.

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 2016	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	-1,620	—	-6,070
Balance as of 31 December 2016	30	3,443	793	199	4,465
Additions	—	1	232	90	323
Disposals	—	-2	-9	—	-11
Amortization	-7	-833	-371	—	-1,211
Reclassifications	—	—	—	—	—
Balance as of 31 December 2017	23	2,609	645	289	3,566
Cost	72	7,852	2,636	289	10,847
Accumulated depreciation/impairments	-49	-5,241	-1,991	—	-7,281
Balance as of 31 December 2017	23	2,611	645	289	3,566

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 0 as of 31 December 2017 (2016: kEUR 48). 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 2017	31 December 2016
Rent deposit	64	64
Bank deposit	92	252
Total	156	316

Bank deposits of kEUR 92 (2016: kEUR 252) comprise kEUR 0 (2016: kEUR 155) for deposits for financial leases, kEUR 50 (2016: kEUR 50) for bank guarantees and kEUR 42 (2016: kEUR 47) permanent credit card deposits.

24 TRADE AND OTHER PAYABLES

in kEuro	31 December 2017	31 December 2016
Trade and other payables	928	721
Total	928	721

The increase in trade payables is due to higher study costs and higher R&D-development expenses incurred during the fiscal year 2017 but invoiced in December 2017 and not yet due at year end. 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 01.01.2017	0	6,592,372	6,592,372
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	0	0	0
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 2017	0	6,592,372	6,592,372

The weighted average exercising price per PSO (considering the strike-price) as of 31 December 2017 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 2017. 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 2017	31 December 2016
Asset retirement obligations	37	36
Other provisions	130	56
Balance	167	92
– of which: current	*124*	*51*
– of which: non-current	*43*	*41*

The movements in the provisions are as follows:

in kEuro	Asset retirement obligation	Warranty provision	Other Provisions
Balance at 1 January 2016	35	28	4
Additions	1	22	1
Usage	—	—	—
Release	—	—	—
Change in estimates	—	—	—
Unwinding of discount	—	—	—
Balance as of 31 December 2016	36	50	5
Additions	1	123	2
Usage	—	-50	—
Release	—	—	—
Change in estimates	—	—	—
Unwinding of discount	—	—	—
Balance as of 31 December 2017	37	123	7

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

27 OTHER CURRENT LIABILITIES

in kEuro	31 December 2017	31 December 2016
Accruals for vacation	322	226
Accruals for Employee Bonuses	345	426
Accruals for audit and preparation of financial statements	193	176
Other tax liabilities	151	117
Other liabilities	215	175
Balance	1,226	1,120

Other liabilities mainly comprise liabilities for other personnel expenses amounting to kEUR 148 as of 31 December 2017 (kEUR 98 as of 31 December 2016), as well as deferred income amounting to kEUR 0 as of 31 December 2017 (kEUR 13 as of 31 December 2016).

Gains from the reversal of other current liabilities that arose originally in previous years are recognized as other operating income.

28 OTHER CURRENT FINANCIAL LIABILTIES

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

in kEuro	31 December 2017	31 December 2016
Liabilities for outstanding invoices	345	364
Provision for deferred interest	279	—
Lease liabilities	—	118
Balance	624	482

Gains from the reversal of other current financial liabilities that arose originally in previous years are recognized as other operating income.

29 OTHER NON-CURRENT FINANCIAL LIABILITIES

In 2016 Curetis entered into a contract for an up to EUR 25 million senior, unsecured loan financing facility from the EIB (European Investment Bank). The financing in the first growth capital loan under the European Growth Finance Facility (EGFF), launched in November 2016. It is backed by a guarantee from the European Fund for Strategic Investment (EFSI). EFSI is an essential pillar of the Investment Plan for Europe (IPE), under which the EIB and the European Commission are working as strategic partners to support investments and bring back jobs and growth to Europe.

The funding can be drawn in up to five tranches within 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.

In April 2017 Curetis drew down a first tranche of EUR 10 million from this facility. This tranche has an interest rate of 4% p.a. payable after each 12-month-period from the draw-down-date and another additional 6% p.a. that is deferred and payable at maturity together with the principal.

Other non-current financial liabilities comprise the EIB debt facility and the deferred taxes, calculated with the effective interest method. The effective interest rate applied by the Company is 9.01%.

in kEuro	31 December 2017 current	31 December 2017 non-current	31 December 2016 current	31 December 2016 non-current
Loan from EIB	—	10,000	—	—
Deferred interest	279	342	—	—
Balance	279	10,342	—	—

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 2017	31 December 2016
Finance lease liabilities	—	118
– of which: current	—	118
– of which: non-current [1]	—	—

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

in kEuro	31 December 2017	31 December 2016
Cost-capitalized finance lease	—	690
Accumulated depreciation	—	-642
Total	—	48

Curetis leased machinery under finance lease agreements. The lease term was 5 years. In 2017 the lease contract expired and Curetis acquired the laser welding machine from the lessor. Curetis operates no further finance lease contracts.

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

in kEuro	31 December 2017	31 December 2016
Less than 1 year	—	48
1-5 years	—	—
More than 5 years	—	—
Total	—	48

31 TAXATION

Deferred tax assets and liabilities:

in kEuro	31 December 2017		31 December 2016	
	total	thereof current	total	thereof current
DTA	430	104	430	61
current income tax receivables	—	—	—	—
DLT	430	73	430	61
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 2017	31. December 2016	31. December 2017	31. December 2016
Assets				
Trade and other receivables	—	—	—	—
Inventories	—	—	73	61
Property, plant and equipment	—	—	357	369
Receivables unrealized currency differences	104	—	—	—
Liabilities				
Financial liabilities	—	—	—	—
Provisions current	—	—	—	—
Other current liabilities	16	8	—	—
Other current financial liabilities	—	33	—	—
Provisions non-current	4	5	—	—
Other non-current financial liabilities	—	—	—	—
Equity				
loss-carry-forwards	306	384	—	—
Deferred Taxes (gross)	**430**	**430**	**430**	**430**
Offsetting	430	430	430	430
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 2017, Curetis had tax loss carryforwards that were not utilizable and for which no deferred taxes were recognized. These tax loss carryforwards amount to kEUR 89,562 for corporate tax purposes and kEUR 89,452 for trade tax purposes (31 December 2016: kEUR 75,303 for corporate tax purposes and kEUR 74,247 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 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Tax loss carryforwards corporate tax	82,173	68,377	7,389	6,926	89,562	75,303
Tax loss carryforwards trade tax	81,957	68,328	7,389	6,919	89,452	75,247

32 EQUITY

At 31 December 2017 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 and thus unchanged compared to year end 2016.

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 presents 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, 2017 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 employee stock options during the year, as well as the grant date and the remaining term of the option:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Grant date	1 July 2016	1 October 2016	1 January 2017	1 April 2017	1 July 2017	1 October 2017
Granted stock options	570,000	45,000	42,500	5,000	110,000	123,500
Remaining contractual term of the option	8.50 years	8.75 years	9.00 years	9.25 years	9.50 years	9.75 years
Exercise price	6.45 Euro	6.41 Euro	6.42 Euro	5.81 Euro	4.93 Euro	4.98 Euro
Outstanding at 1 January 2017	570,000	45,000	0	0	0	0
Granted during the year	0	0	42,500	5,000	110,000	123,500
Forfeited during the year	76,111	20,000	0	0	0	0
Exercised during the year	0	0	0	0	0	0
Expired during the year	0	0	0	0	0	0
Cancelled during the year	0	0	0	0	0	0
Outstanding at 31 December 2017	493,889	25,000	42,500	5,000	110,000	123,500
Exercisable at 31 December 2017	0	0	0	0	0	0

The beneficiaries of the granted options are as follows:

Beneficiary	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Oliver Schacht, CEO	100,000	0	0	0	0	0
Johannes Bacher, COO	100,000	0	0	0	0	0
Andreas Boos, CTO*	38,889	0	0	0	0	0
Dr. Achim Plum, CCO	100,000	0	0	0	0	0
William Rhodes, Chairman of Supervisory Board	0	0	0	0	15,000	0
Nils Clausnitzer, Supervisory Board	0	0	0	0	15,000	0
Mario Corvetto, Supervisory Board	0	0	0	0	15,000	0
Holger Reithinger, Supervisory Board	0	0	0	0	15,000	0
Werner Schäfer, Supervisory Board	0	0	0	0	15,000	0
Prabhavati Fernandes, Supervisory Board	0	0	0	0	15,000	0
Other employees	165,000	25,000	42,500	5,000	20,000	123,500

* Andreas Boos received as CTO of Curetis N.V. 100,000 equity stock options. Andreas Boos decided with effective date 31 August 2017 to step down from the Management Board of Curetis N.V. to focus on his role as the Group's CTO and program director for the Unyvero Analyzer A30 *RQ* (former Gyronimo) platform development. Andreas continue to serve as one of the managing directors of Curetis GmbH since 1 September 2017.

With his decision to step down from management board of Curetis N.V. 61,111 equity stock options of the 100,000 granted stock options forfeited on 31 August 2017.

VESTING CONDITIONS

Each option grant will vest over a period of three years whereby the first third of any such option grant will vest at the first anniversary of the date of grant and the remaining two thirds of such granted 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 exer-

cised) 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 and 2017 at the measurement date:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Measurement date	5 July 2016[1]	1 October 2016	1 January 2017	1 April 2017	1 July 2017	1 October 2017
Expected life of the option on the grant date (years)	5.0	5.0	5.0	5.0	5.0	5.0
Share price on the measurement date (Euro)	6.44	6.18	6.34	5.69	4.74	4.86
Weighted avg. exercise price (Euro)	6.45	6.41	6.42	5.81	4.93	4.98
Expected dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	-0.61	-0.61	-0.49	-0.40	-0.19	-0.28
Expected volatility of the share price (%)	78.15	81.36	60.90	57.99	55.75	55.55
Option value (Euro)	3.94	3.86	3.14	2.69	2.15	2.22

[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 2017 and 2016 is shown in the following table:

in Euro	31 December 2017	31 December 2016
Expense arising from equity-settled share-based payment transactions	1,166,695	767,451
Expense arising from cash-settled share-based payment transactions	0	0
Total expense arising from share-based payment transactions	1,166,695	767,451

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 of 31 December 2017. 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 of 31 December 2017.

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 cooperation 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 2017	31 December 2016
USD	690	676

If the USD/EUR exchange rate were to increase/decrease by 10%, compared to year-end 2017 exchange rates, this would have a negative / positive impact of kEUR 69. 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. Curetis had had write-downs on trade receivables of kEUR 2 in 2017 (2016: kEUR 26). 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 were to expand the business to other more credit-risky countries Curetis would 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 and Going Concern

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 2017 Curetis drew down a EUR 10 million tranche from the up to EUR 25 million debt financing facility from the EIB (European Investment Bank). Another up to EUR 15 million would become available after Curetis reaches certain pre-defined milestones and the EIB has agreed to amend the financing contract to allow for immediate access to an additional EUR 3 million upon FDA clearance of Unyvero LRT and another EUR 5 million upon completion of potential future equity capital raised of at least EUR 15 million cumulatively. The remaining up to EUR 7 million tranche would become available upon meeting certain milestones with regards to installed base and revenue by December 2019, which constitutes another 12 month extension of the option period to draw down funds under the EIB agreement. With cash & cash equivalents balance of EUR 16.3 million at year-end 2017, and the EUR 0.3 million VAT refund receivable it is estimated that the group was funded for operating expenses and capital expenditure requirements at least into H2-2018 with the cash available at year-end 2017. With such access to additional debt financing tranches upon FDA clearance and commitments from potential PIPE investors, as well as potentially putting on hold, delaying, or reducing expenditures for certain R&D, commercialization and operational programs, the management board has assessed in various scenario analyses and concluded that liquidity should be sufficient for at least another 12 months after the date of this report and therefore the going concern assumption is still valid (see also Note 3.27 above).

We will need additional funding in the future, which may not be available to us at all or not at acceptable or favorable terms. This could lead to a situation where we would have to delay execution of parts of our business plans, which in turn could impair our ability to develop and commercialize our products and achieve profitability at some point in the future and could therefore have a material adverse effect on our equity story and value creation potential. There can be no assurance that such additional funds will become available on a timely basis, at favorable terms and conditions or become available at all. Nor is it certain whether such funds if raised would be sufficient to allow us continuing to execute our business plans and strategies long-term.

However, in case Curetis were unable to raise additional equity or debt capital or otherwise generate non-dilutive funding for its operations, there would be a material risk of running out of cash unless operating costs were drastically reduced short term.

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 and subsequent U.S. commercial launch;

- 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 would be required which may or may not be available at all or might be available only at rather unattractive terms and conditions.

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.

Balance as at 31 December 2017 in kEuro	Up to 1 year	1-3 years	3-5 years	More than 5 years
Trade and other payables	928	—	—	—
Finance lease liabilities	—	—	—	—
Other financial liabilities	345	—	—	—
Loans	—	—	10,000	—
Interests accrued	400	800	3,800	—

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	—	—	—

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.

in kEuro	2017	2016
No later than 1 year	4,956	5,581
Later than 1 year and no later than 5 years	631	1,134
Later than 5 years	0	0
Total	5,587	6,715

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 200	kEUR 0	kEUR 32	kEUR 0	kEUR 196 [3]	kEUR 428
Andreas Boos	kEUR 195	kEUR 0	kEUR 23	kEUR 0	kEUR 34 [3]	kEUR 252
Dr. Achim Plum [1]	kEUR 200	kEUR 0	kEUR 30	kEUR 5 [2]	kEUR 196 [3]	kEUR 431
Oliver Schacht, Ph.D.	kEUR 240	kEUR 0	kEUR 45	kEUR 0	kEUR 196 [3]	kEUR 481
TOTAL	**kEUR 835**	**kEUR 0**	**kEUR 130**	**kEUR 5**	**kEUR 622**	**kEUR 1,592**

[1] Cost reimbursement only, no additional flat catering expenses
[2] Company car reimbursement
[3] Expense recognized for granted ESOP
[4] Includes holiday compensation payouts
[5] Relates to the bonus for performance year 2017 that will be paid in 2018
[6] Andreas Boos decided with effective date 31 August 2017 to step down from the Management Board of Curetis N.V. to focus on his role as the Group´s CTO and program director for the Unyvero Analyzer A30 RQ (former Gyronimo) platform development. Andreas continued to serve as one of the managing directors of Curetis GmbH since 01 September 2017. The figures in the table above show the compensation Andreas Boos received from both, Curetis N.V. and Curetis GmbH.

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

in kEuro	2017	2016
Salaries and other short-term employee benefits	965	1,147
Post-employment benefits	—	—
Share based payments	622	520
Others	5	5
Total	1,592	1,672

COMPENSATION OF SUPERVISORY BOARD

The compensation of Supervisory Board is shown below:

in kEuro	2017	2016
William Rhodes	95	84
thereof from equity stock options	*11*	—
Dr. Werner Schäfer	75	64
thereof from equity stock options	*11*	—
Mario Crovetto	55	44
thereof from equity stock options	*11*	—
Prabhavathi Fernandes	45	19
thereof from equity stock options	*11*	—
Dr. Nils Clausnitzer	31	—
thereof from equity stock options	*11*	—
Dr. Frank Mühlenbeck	—	—
thereof from equity stock options	—	—
Dr. Holger Reithinger	11	—
thereof from equity stock options	*11*	—
Dr. Rudy DeKeyser		—
thereof from equity stock options	—	—
Total	312	211
thereof from equity stock options	66	—

Dr. Rudy Dekeyser and Dr. Holger Reithinger have also been Supervisory Directors in 2017 but they received no compensations from Curetis (except granted equity stock options for Holger Reithinger).

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 2017 Mr. Nils Clausnitzer was elected as a Supervisory Director.

36. AVERAGE NUMBER OF EMPLOYEES

In 2017 the Group employed on average 89 employees (FTEs) (2016: 69).

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.	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
Ares Genetics GmbH	468899h	Austria	100.00 %	Maximize R&D and related scientific opportunities with Bio-IT platform GEAR

The equity of Curetis GmbH at 31 December 2017 amounted to kEUR 13,689 (31 December 2016: kEUR 24,522) and the company realized a loss of kEUR 14,326 in 2017 (2016: loss of kEUR 12,950).

The equity of Curetis USA Inc. at 31 December 2017 amounted to kEUR -2,932 (31 December 2016: kEUR -622) and the net result a loss of kEUR 2,844 in 2017 (2016: loss of kEUR 744).

The equity of Curetis UK Ltd. at 31 December 2017 amounted to kEUR 80 (31 December 2016: kEUR 58) and the net result a profit of kEUR 26 in 2017 (2016: profit of kEUR 21).

The equity of Curetis France S.A.R.L. at 31 December 2017 amounted to kEUR 63 (31 December 2016: kEUR 35) and the net result a profit of kEUR 18 (2016: profit of kEUR 4).

The equity of Curetis BeNeLux B.V. at 31 December 2017 amounted to kEUR 41 (31 December 2016: kEUR 31) and the net result a profit of kEUR 11 (2016: profit of kEUR 6).

The equity of Curetis Schweiz GmbH at 31 December 2017 amounted to kEUR 51 (31 December 2016: kEUR 29) and the net result a profit of kEUR 13 (2016: profit of kEUR 3).

The equity of Ares Genetics GmbH at 31 December 2017 amounted to kEUR -429 and the net result a loss of kEUR 471 in 2017.

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
2017	
Financial statements audit	161,000
Audit-related services and other audit work 2017	65,000
Tax consultancy 2017	0
Total	226,000
2016	
Financial statements audit – *thereof for audit 2015*	182,181 *19,181*
Audit-related services and other audit work 2016	0
Tax consultancy 2016	0
Total	182,181

39 EVENTS AFTER THE BALANCE SHEET DATE

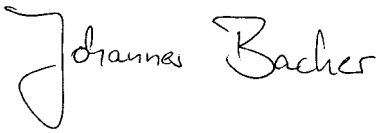
Some of the events after 31 December 2017 – listed below in chronological order – have had material impact on the share price and liquidity in trading in Curetis shares. There have been a series of relevant news events during the ordinary course of business in 2018 so far:

- Raising EUR 4.1 million in PIPE and access to additional USD 10 million equity
- Obtained CE-IVD marking for Unyvero Urinary Tract Infection (UTI) Application
- Established U.S. Scientific Advisory Board
- Initiating broad commercial rollout of the Unyvero LRT Application in the U.S. in Q2-2018
- U.S. FDA granted De Novo request for Curetis' Unyvero System and Unyvero LRT Application on 3 April 2018
- Unyvero HPN and BCU Application Cartridges received an approval by Singapore Health Science Authority
- Signed a strategic partnership with MGI to leverage Curetis' sample preparation technology and to enable short-term commercialization of NGS-based molecular microbiology
- Received a grant funding commitment for EUR 1.6 Mio. project of Ares Genetics by Austrian Research Promotion Agency (FFG)

Holzgerlingen, 30 April 2018

Curetis N.V.

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



Johannes Bacher
Chief Operating Officer (COO)

Dr. Achim Plum
Chief Commercial Officer (CBO)

IV

COMPANY FINANCIAL STATEMENTS

CURETIS N.V.
COMPANY INCOME STATEMENT

For the period ended 31 December 2017 and 31 December 2016

in kEuro	2017	2016
Revenues		
Cost of Sales		
Gross profit		
Administrative expenses [3]	-3,035	-2,838
Other income [4]	6	7
Other income Group [4]	1,215	1,289
Operating loss	-1,814	-1,542
Finance income	7	44
Finance costs	0	-1
Finance result – net	7	43
Loss before income tax	-1,807	-1,499
Income tax expenses		
Share in result of investments [5]	-17,661	-13,700
Loss for the year	-19,468	-15,199

[..] 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

For the period ended 31 December 2017 and 31 December 2016
After profit appropriation

ASSETS

in kEuro	31 December 2017	31 December 2016
Fixed assets [6]	10,509	24,593
Financial fixed assets		
Interests in group companies	9,747	23,773
Accounts receivable from group companies	580	617
Other accounts receivable	182	203
Current assets [7]	13,135	17,640
Account receivable		
Other accounts receivable	293	1,242
Cash at banks and in hand	12,842	16,398
Total	23,644	42,233

LIABILITY & EQUITY

in kEuro	31 December 2017	31 December 2016
Capital and reserves [8]	22,204	40,362
Called-up share capital	155	155
Share premium account	51,676	51,676
Legal reserves	143	0
Other reserves	8,527	7,360
Retained earnings	-38,297	-18,829
Current liabilities [9]	1,440	1,871
Trade creditors	78	49
Accounts payable to group companies	824	1,370
Other liabilities	538	452
Total	23,644	42,233

[..] 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. and also its statutory seat in Amsterdam, Netherlands. The Company was founded 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 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 2017 incorporated Ares Genetics GmbH; Vienna, Austria, a wholly owned subsidiary to commercialize and further develop the GEAR platform acquired from Siemens in 2016. As of 31 December 2017 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
- Ares Genetics GmbH, Vienna, Austria

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. (see not 3.27 of the consolidated financial statements of Curetis N.V.).

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

These financial statements cover the period from 1 January 2017 to 31 December 2017. The comparable numbers of 2016 cover the period from 1 January 2016 to 31 December 2016.

The functional currency of the Company is the Euro. The primary financial statements are presented in kEuro and the notes to the financial statements are presented in kEuros 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.

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 acquire 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 re-measures the investment at the end of each business period. Differences are accounted for in the statement of profit or loss.

AMOUNTS DUE FROM INVESTMENTS

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

CURETIS N.V. NOTES TO THE COMPANY INCOME STATEMENT

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 comprises intercompany-income from management fees charged to subsidiaries for management services provided by Curetis N.V. for its subsidiaries with a total value of kEUR 1,215 (2016: kEUR 1,289) and other income of kEUR 6 (2016: kEUR 6).

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 (kEUR 16,549). On the balance sheet date of the previous year on 31 December 2016 the net asset value of Curetis GmbH was EUR 24,522,911, since the capital of Curetis GmbH was increased by mEUR 22 during 2016 in cash considerations and by kEUR 248 through equity settled stock options granted to employees and management of Curetis GmbH. These increases have partly been compensated by the loss for 2016 of Curetis GmbH, which amounted to kEUR 12,950.

In 2017 Curetis N.V. increased the capital of Curetis GmbH by mEUR 3 and granted equity settled stock options to employees and managers of Curetis GmbH and its subsidiaries with a value of kEUR 491. The net asset value of Curetis GmbH on the balance sheet date on 31 December 2017 was kEUR 13,689 since the loss for 2017 for Curetis GmbH amounted to kEUR 14,326.

CURETIS N.V. NOTES TO THE COMPANY BALANCE SHEET

6 FIXED ASSETS

INTERESTS IN GROUP COMPANIES

Curetis N.V. holds 100% of the shares of Curetis GmbH.

in kEuro	Investments in consolidated subsidiaries
At 1 January 2016 Net book value	15,224
Movements in book value 2016	
investments – in cash	22,000
investments – ESOs	249
Share in result of investments	-13,700
Dividends received	—
At 31 December 2016 Net book value	23,773
Movements in book value 2017	
investments – in cash	3,000
investments – ESOs	491
Share in result of investments	-17,661
Dividends received	—
Currency translation differences	143
At 31 December 2017 Net book value	9,746

The currency translation differences relate to the currency translation reserve (note 8), that is recognized for the translation of foreign subsidiaries to the presentation currency of Curetis N.V.

ACCOUNTS RECEIVABLES FROM GROUP COMPANIES

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

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 NON-CURRENT ASSETS

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

7 CURRENT ASSETS

OTHER ACCOUNT RECEIVABLE

As of 31 December 2017, other account receivable mainly comprise VAT receivables amounting to kEUR 271 (31 December 2016: kEUR 1,177) and prepaid expenses amounting to kEUR 22 (31 December 2016: kEUR 22).

CASH AT BANKS AND IN HAND

At 31 December 2017, cash and cash at banks and in hand amounted to kEUR 12,842 (31 December 2016: kEUR 16,398). That amount consists of bank balances and is at the Company's free disposal.

8 CAPITAL AND RESERVES

in kEuro	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total equity
Balance as of 31 December 2015	155	51,676	6,592	-3,629	54,794
Valuation of equity settled stock options IFRS 2			768		768
Loss of period				-15,200	-15,200
Balance as of 31 December 2016	155	51,676	7,360	-18,829	40,362
Valuation of equity settled stock options IFRS 2			1,167		1,167
Loss of period				-19,325	-19,325
Balance as of 31 December 2017	155	51,676	8,527	-38,154	22,204

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 2017 amounted to kEUR 1,934 (2016: kEUR 767).

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.

The consolidated loss for the year 2017 (kEUR 1,948) and the company loss for the year 2017 (kEUR 1,968) are not equal, as a result of the currency translation adjustment of kEUR 29k relating to 2016, that has been recognized in the legal reserve for currency translation differences in 2017 and rounding to kEUR.

9 CURRENT LIABILITIES

TRADE CREDITORS

The Trade payables are due within 1 year.

ACCOUNTS PAYABLE TO GROUP COMPANIES

The accounts payable to group companies are due within 1 year. The accounts payable to group companies comprise liabilities for reclaims of VAT-refunds from the German tax authorities of Curetis N.V. as the parent company of Curetis GmbH with a value of kEUR 607 (31 December 2016: kEUR 1,285) and liabilities for Public relation services and investor relations services amounting to kEUR 217 (31 December 2016: kEUR 85).

OTHER LIABILITIES:

in kEuro	31 December 2017	31 December 2016
Accruals for vacation	89	54
Accruals for bonuses	124	230
Other liabilities for annual financial statements	147	119
Other tax liabilities	28	34
Total	388	437

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 on the compensation of the executive directors.

COMPENSATION OF SUPERVISORY BOARD

The compensation of Supervisory Board is shown below:

in kEuro	2017	2016
William Rhodes	95	84
thereof from equity stock options	*11*	—
Dr. Werner Schäfer	75	64
thereof from equity stock options	*11*	—
Mario Crovetto	55	44
thereof from equity stock options	*11*	—
Prabhavathi Fernandes	45	19
thereof from equity stock options	*11*	—
Dr. Nils Clausnitzer	31	—
thereof from equity stock options	*11*	—
Dr. Frank Mühlenbeck	—	—
thereof from equity stock options	—	—
Dr. Holger Reithinger	11	—
thereof from equity stock options	*11*	—
Dr. Rudy DeKeyser		—
thereof from equity stock options	—	—
Total	312	211
thereof from equity stock options	66	—

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 2017, Curetis had a trade tax rate of 12.05% (2016: 12.05%).

In 2017 as well as in 2016, the income statement effect resulting from current and deferred taxes is kEUR 0.

12 EMPLOYEES

During the year 2017, the average number of employees, based on full time equivalents, was 0 (2016: 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	Total Pricewaterhouse-Coopers
2017	
Financial statements audit	161,000
Audit-related services and other audit work 2017	65,000
Tax consultancy 2017	0
Total	226,000
2016	
Financial statements audit – *thereof for audit 2015*	182,181 *19,181*
Audit-related services and other audit work 2016	0
Tax consultancy 2016	0
Total	182,181

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 on the net loss for 2017 of kEUR 19,468 will be added to the retained earnings.

OFF-BALANCE SHEET COMMITMENTS

Curetis N.V. issued an unrestricted, unlimited comfort letter to its wholly owned subsidiary Curetis GmbH for all current and future liabilities to ensure their ability to fulfil all their financial obligations against third parties.

EVENTS AFTER BALANCE SHEET DATE

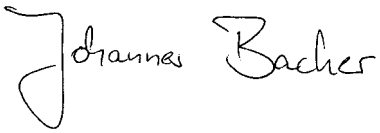
Some of the events after 31 December 2017 – listed below in chronological order – have had material impact on the share price and liquidity in trading in Curetis shares. There have been a series of relevant news events during the ordinary course of business in 2018 so far:

- Raising EUR 4.1 million in PIPE and access to additional USD 10 million equity
- Obtained CE-IVD marking for Unyvero Urinary Tract Infection (UTI) Application
- Established U.S. Scientific Advisory Board
- Initiating broad commercial rollout of the Unyvero LRT Application in the U.S. in Q2-2018
- U.S. FDA granted De Novo request for Curetis' Unyvero System and Unyvero LRT Application on 3 April 2018
- Unyvero HPN and BCU Application Cartridges received an approval by Singapore Health Science Authority
- Signed a strategic partnership with MGI to leverage Curetis' sample preparation technology and to enable short-term commercialization of NGS-based molecular microbiology
- Received a grant funding commitment for EUR 1.6 Mio. project of Ares Genetics by Austrian Research Promotion Agency (FFG)

Holzgerlingen, 30 April 2018

Curetis N.V.

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



Johannes Bacher
Chief Operating Officer (COO)

Dr. Achim Plum
Chief Commercial Officer (CBO)

CURETIS N.V.
OTHER INFORMATION

ARTICLES OF ASSOCIATION GOVERNING PROFIT APPROPRIATION

Article 36.2 of the articles of association states the following regarding profit and loss allocation:

The management board may determine what part of the profits as shown by the annual accounts shall be added to the reserves. A resolution of the management board to reserve profits as shown by the annual accounts shall require the approval of the supervisory board. The profits remaining shall be at the free disposal of the general meeting. In the event of a tie vote regarding a proposal to distribute or reserve profits, the profits concerned shall be reserved.

Independent auditor's report

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

Report on the financial statements 2017

Our opinion

In our opinion:

- Curetis N.V.'s consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of its result and its 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; and
- Curetis N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 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 2017 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' or 'Curetis group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the following statements for 2017: the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2017;
- the company income statement for the year then ended; and
- 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.

PricewaterhouseCoopers Accountants N.V., Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, the Netherlands
T: +31 (0) 88 792 00 40, F: +31 (0) 88 792 94 13, www.pwc.nl

Material uncertainty related to going concern

We draw attention to the going concern paragraph in Note 3.27 in the consolidated financial statements, which indicates that the Group is dependent upon the success of negotiating additional equity- and debt financing. As stated in note 3.27, this condition, along with other matters as set forth in note 3.27, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Independence

We are independent of Curetis N.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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 Euronext, Amsterdam (the Netherlands) and Brussels (Belgium). The group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The financial year 2017 was characterised by the process of obtaining clearance of the FDA by the company to enable the sales of the Unyvero systems and LRT cartridges in the United States of America, and negotiating additional equity- and debt financing. This affected our audit procedures related to the going concern assumption that is applied in the financial statements. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important 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 the

related higher inherent risks of material misstatement in relation to the valuation of intangible assets, we considered this to be a key audit matter as set out in the section 'Key audit matters' of this report.

Other areas of focus that were not considered to be key audit matters were the procedures around- and accounting for research and development expenditure, status of the FDA clearance (which was granted on 3 April 2018), 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 the management board that may represent a risk of material misstatement due to fraud.
We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a commercial-stage diagnostics company. We included specialists in the area of share based payments and IT in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €190,000.

Audit scope

- We conducted our audit work at the head office of the Group at Holzgerlingen, Germany.
- Audit coverage: 99% of consolidated revenue, 99% of consolidated total assets and 91% of consolidated profit before tax.

Key audit matter

- Impairment assessment for 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'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. 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, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€190,000 (2016: €150,000).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 1% of total expenses.
Rationale for benchmark applied	We used total expenses as the primary benchmark, a generally accepted auditing practice based on our analysis of the common information needs of users of the financial statements. The company is still developing its products and extending their company in new territories, and the main focus for the stakeholders and the company is on its operations, obtaining clearance by the regulators in various territories and developing a strong pipeline of applications. On this basis we believe that total expenses is an important metric for the financial performance of the company.
Component materiality	Curetis GmbH is the component that executes all operating activities. Therefore Curetis GmbH and Curetis N.V. are the significant components of the group. We have audited the financial information of Curetis GmbH and Curetis N.V. with an overall materiality level of €190,000.

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 €9,500 (2016: €8,000) 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. The financial information of this group is included in the consolidated financial statements of Curetis N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level.

The group audit primarily focussed on the significant components Curetis GmbH and Curetis N.V. These components were subject to an audit of their complete financial information as the components are individually financially significant to the group. Additionally, we have performed audit procedures at group level with regards to two other components that were selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	99%
Total assets	99%
Profit before tax	91%

None of the remaining components represented more than 2% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed all the audit work at the Curetis N.V. head office in Holzgerlingen, Germany, given the significance of the operations that are executed from the head office in Holzgerlingen and the importance of the judgements exercised by the management board located at the head office in Holzgerlingen with regards to the appropriateness of the going concern assumption as well as the impairment assessment for intangible assets (refer to the section 'Key audit matter' of this report).

By performing the procedures above, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the 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. The key audit matter is not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on this matter.

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

In addition to the matter described in the section 'Material uncertainty related to going concern' we have determined the matter described below to be the key audit matter to be communicated in our report.

Based on the developments within the company, the key audit matter 'accounting for acquisition of intangible assets' previously in 2016 has changed, whereby the focus for 2017 is on the 'impairment assessment for these intangible assets'.

Key audit matter	*How our audit addressed the matter*
Impairment assessment for intangible assets *Notes 3.18 and 20 in the annual report* In the Company's consolidated financial statements, intangible assets amounting to €7,524,000 (21.2% of the total assets) are reported as of 31 December 2017. The Company performed an impairment assessment for the intangible assets, including the Unyvero A30 *RQ* (Gyronimo) platform and the GEAR BIO-IT platform, together representing a carrying value of €7,000,000 per 31 December 2017. For the purpose of performing the impairment assessment, the management board identifies the business of the Curetis group as a single cash-generating unit ("CGU"), since there are no independent cash inflows below the level of the Curetis group as a whole. The assumptions and inputs used in the impairment assessment, including the determination of fair value less cost to dispose, are based on the market capitalization of Curetis N.V. The market capitalization of Curetis N.V. includes the expectations of the shareholders concerning Curetis' future developments in technology, state of technological progress, the amount of current and planned investment in its products and competitors' general performance. Separately, the management board analysed their expected future income from the operating business activities on group level to assess indications that would lead to contradicting view on potential impairment triggers. The management board concluded that no impairment was necessary for the intangible assets as at 31 December 2017. Unexpected future market, economic or political conditions may have an effect on business development and the company's performance. Changes in these circumstances may lead to potential impairment charges on the carrying value of the intangible assets. We focused on this area as the intangible assets are significant to the Curetis group's operations and the assessment made by the management board in this respect is subject to considerable uncertainty.	We obtained the impairment assessment prepared by the management board to evaluate the recoverable amounts of the intangible assets. We validated at which level the performance of the business of the Curetis group is monitored by the management board, and identified that the business of the Curetis group is internally managed and reported upon as one CGU. We consider management board's evaluation that Curetis' business should be considered as one CGU to be reasonable. We tested the mathematical accuracy of the underlying calculations in the impairment assessment. Based on available market data (shareprice and number of shares) we verified the input used in this assessment. After we evaluated the assumptions and inputs used in the impairment assessment, based on the market capitalization of Curetis N.V., we evaluated the expected future income and results of the 2018 business plan of Curetis. We challenged the assumptions and expectations underlying the 2018 business plan, including estimates with respect to the further implementation of planned cost saving measures and the anticipated growth rate, by comparing historical actual results to those budgeted to assess the reasonableness of forecasts made by the management board. In addition, we performed a sensitivity analysis to the market data used in the impairment assessment and to the business plan to ascertain that adverse changes to the key inputs and assumptions, both individually and in aggregate, would not indicate a need for impairment. Based on the audit procedures performed, we did not identify material exceptions and we considered the management board's assumptions supported by available evidence.

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

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 the 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 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of 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 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 3 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 38 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board 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 the management board 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, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board 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, 30 April 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

Appendix to our auditor's report on the financial statements 2017 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 the management board.
- Concluding on the appropriateness of the management board'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. In this respect we also issue an additional report to the audit

committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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 2017

Auditors: Pricewaterhouse Coopers

Concept: akampion, The Ruth Group

Photography: Atelier Nassal

Layout & Graphics: JKK Jörg Krawczyk Kommunikation

curetis

Max-Eyth-Straße 42 I 71088 Holzgerlingen I Germany
Tel.: +49 (0)7031 49195 10 I Email: contact@curetis.com
www.unyvero.com I www.curetis.com