2018 ANNUAL REPORT

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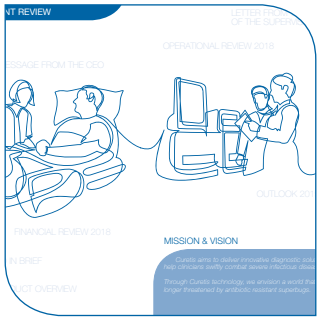

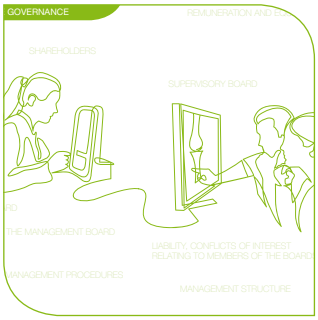

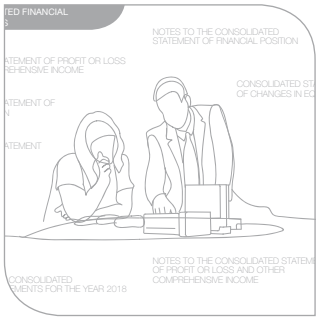

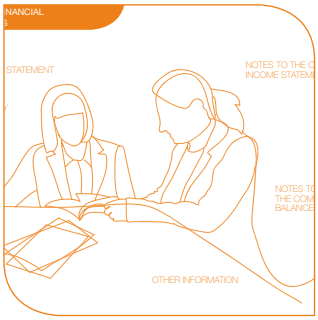

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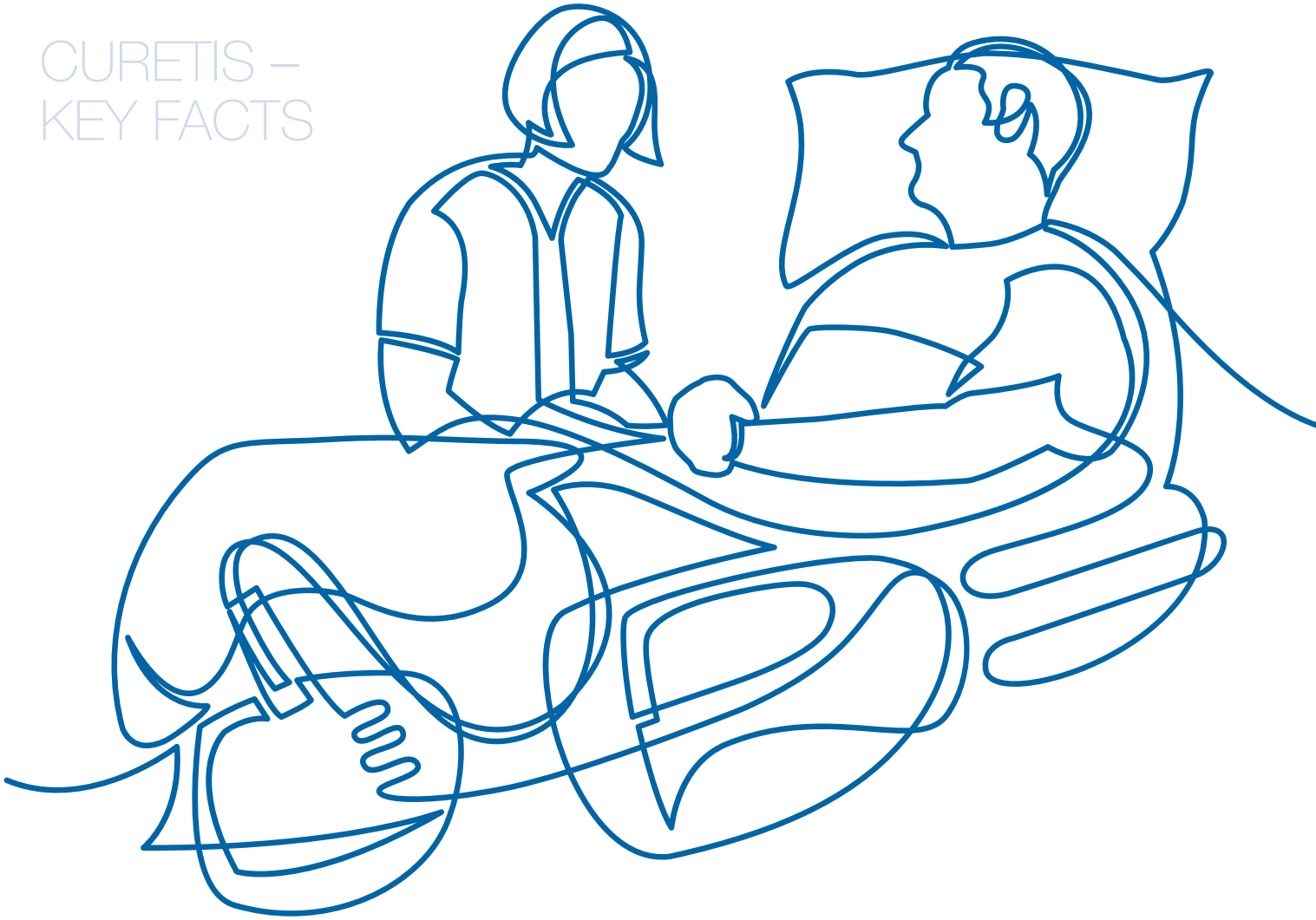

FINANCIAL REVIEW 2018

2018 AND YTD IN BRIEF

BUSINESS AND PRODUCT OVERVIEW

MISSION & VISION

Curetis aims to deliver innovative diagnostic solutions to help clinicians swiftly combat severe infectious diseases.

Through Curetis technology, we envision a world that is no longer threatened by antibiotic resistant superbugs.

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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 A50 high-plex PCR platform for comprehensive and rapid diagnosis of severe infectious diseases in hospitalized patients. The platform is based on proven, yet intelligently integrated technologies, allowing for the testing of very broad panels of pathogens and antibiotic resistance markers and the processing of a large variety of native patient samples with 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 develop a platform with low- to medium-plex capabilities that will be commercially leveraged predominantly in partnerships with one or more diagnostics industry partners.

In combination, Unyvero A50 and Unyvero A30 *RQ* are intended to provide a versatile 'any-plex' sample-to-answer solution for molecular diagnostics to be leveraged by Curetis as well as through a network of commercial partners.

2. The ARES AMR Database (ARESdb), that is likely the world's most comprehensive database on the genetics of antimicrobial resistance (AMR), which permits Curetis to increasingly utilize the proprietary biomarker content in its own assay and cartridge development, as well as to build an independent business in next-generation sequencing (NGS) based offers for AMR research and diagnostics in collaboration with partners in the life science, pharma and diagnostics industries. To further advance ARESdb, the underlying ARES Technology Platform, and NGS-based services and products, 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, and as of 31 December 2018, 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 has raised EUR 137.3 million in private and public equity financings, convertible notes and non-dilutive debt financing with further tranches of debt and convertible notes potentially available to the company in the future.

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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 (ARESdb) 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)
  - Singapore and Thailand: HPN and BCU
- Growing Installed Base: 167 Unyvero Analyzers by the end of 2018. See page 25 for further explanations.
- Global Commercial Presence:
  - Headquarters and cartridge production facility in Germany
  - Wholly-owned subsidiaries in the USA and in Austria with other subsidiaries being closed down
  - Growing network of distribution partners in Europe, Middle East, Africa, Latin America and Asia
- Strong Partner Network in the Diagnostics and Pharmaceutical Industries: Menarini Diagnostics (EMEA Distribution), Heraeus Medical (Co-Promotion), Siemens (GEAR Database as basis for ARES AMR Database, ARESdb), QIAGEN, Sandoz and undisclosed IVD corporation (Ares partnerships), MGI/BGI (NGS-based molecular microbiology), Biotest (Unyvero for clinical trials), Carpegen (Unyvero A30 *RQ* Analyzer), Zollner (Unyvero A50 instrument manufacturing)
- Lean Organization: About 95 employees at the beginning of Q2-2019 (about 116 employees at 31 December 2018)

2018 AND 2019 YEAR-TO-DATE IN BRIEF

EVENTS

2019 YTD

- Curetis and A. Menarini Diagnostics sign strategic pan-European distribution agreement for the Unyvero A50 Platform and Application Cartridges
- Curetis' Subsidiary Ares Genetics and Qiagen enter Strategic Bioinformatics Partnership
- Curetis' Partner Beijing Clear Biotech Submits Filing for Unyvero Approval in China
- Unyvero Application cartridges receive regulatory approvals in Malaysia (Unyvero HPN) and Thailand (Unyvero HPN and BCU)
- Ares Genetics receives additional non-dilutive grant co-funding for the EUR 1.3 million Triple-A project

EVENTS Q4-2018

- Ares Genetics teams up with Sandoz and signs feasibility agreement with undisclosed major IVD corporation
- Curetis sharpens focus on near-term strategic value drivers and reduces headcount by up to 30% and expects reduction of cash burn by up to 50% in 2019
- Curetis successfully closes follow-on offering with EUR 8.9 million gross proceeds
- Accelerating 510k submission to the U.S. FDA for Unyvero LRT using BAL specimen
- Curetis and Beijing Clear Biotech significantly expand their strategic collaboration for Greater China
- Curetis signs Yorkville financing facility of up to EUR 20 million of convertible notes and accesses first EUR 3.5 million tranche immediately

EVENTS Q3-2018

- Ares Genetics initiates development of AI-powered infectious disease test
- Chris Emery joins as President and CEO of Curetis USA Inc. following the resignation of Chris Bernard
- Curetis expands its geographic presence in Northern Africa and Latin America with three new distribution partnerships in Egypt, Mexico and Uruguay
- Ares Genetics launches ARES & CO pharma partnering program

EVENTS Q2-2018

- Curetis launches Unyvero LRT in the USA at ASM Microbe in June
- Curetis raised EUR 4.1 million in PIPE transaction and accesses USD 10 million equity line financing facility with GCF
- Holger Reithinger resigns from Curetis Supervisory Board
- CE IVD marking of Unyvero UTI Application Cartridge for critical urinary tract infections
- Presentation of novel study data at ECCMID 2018
- Curetis establishes USA Scientific Advisory Board
- Unyvero BCU Application Cartridge approved in Singapore
- U.S.-FDA clears Unyvero LRT

EVENTS Q1-2018

- Curetis Unyvero Lysator patent approved by USPTO in the USA
- Ares Genetics wins Silicon Valley incubator stay
- Unyvero HPN Application Cartridge approved in Singapore
- Ares Genetics receives funding commitment for EUR 1.6 million project
- Curetis and MGI advance their strategic partnership in molecular microbiology

MESSAGE FROM THE CEO

Dear Shareholders,

A major step forward for Curetis in 2018 has been the granting of our *De Novo* request by the FDA in April and subsequent U.S. launch in summer of our Unyvero platform and Unyvero LRT cartridge for pneumonia.

Whilst this has enabled us to raise an additional EUR 19.5 million in additional funding during the course of 2018 in multiple transactions and forms from two equity raises via the Yorkville convertible notes facility to a further non-dilutive EIB debt financing tranche, the overall financing goals were not fully reached. We have therefore taken decisive action in December 2018 to focus on key value drivers and made significant changes to Curetis' strategy, commercial channel and R&D pipeline priorities. The necessary re-organization has led to a reduction in force by about 25%. Having put on hold or made contingent upon partner co-funding several R&D programs should allow us to reduce cash burn in 2019 compared to the approximately 22.7 million in 2018 by almost half in 2019.

Throughout 2018, we have continued to drive forward our Unyvero Platform and Lower Respiratory Tract Infection Cartridge (LRT) towards FDA a successful clearance and subsequent launch. The Curetis USA Inc. commercial team has been further developed and will be comprised a highly experienced commercial team of about 12 staff in 2019. Given the initial FDA clearance of Unyvero LRT for use with tracheal aspirate specimen we have been working with the FDA and accelerating the planned 510k submission of our Unyvero LRT for use also with BAL specimen which we envisage for mid-2019. Preparations for our second U.S. cartridge, the Unyvero IJI for invasive joint infections have also progressed nicely. However, the IJI trial will depend on additional funding becoming available e.g. via potential partnerships in 2019 and beyond.

The Unyvero A30 *RQ* Analyzer has made excellent progress in development and by Q4-2018 we have had available a first fully integrated and functional prototype instrument. Cartridge design for the A30 has been finalized and first injection molds and cartridge parts obtained with final molds already commissioned for 2019. Again, the final IVD development of A30 *RQ* Application Cartridges and commercial launch has been shifted from a direct-to-market strategy towards a partnering driven model in late 2018.

In light of available financial resources and funding for Curetis we have made the strategic decision to streamline European commercial operations by moving from a direct sales model in key European markets towards a distribution model in 2019. In Q4-2018 we announced the re-organization of our commercial teams in Europe with sole focus of supporting a large pan European distribution partnership approach going forward. Subsidiaries in the UK, France and The Netherlands as well as Switzerland will be closed and dissolved. Also, throughout most of 2018 we have had to carefully manage working capital and rather than deploying many new Unyvero systems we focused on completing demo installations, reallocating systems from non-revenue generating accounts and study sites to other promising commercial opportunities. This has led to a slight decline in overall global installed base from 175 at the end of 2017 to 167 at the end of 2018. Renewed growth in installations is expected to be driven by the U.S. commercial roll out in 2019 and further distribution deals. In the coming years we also expect China to become a significant growth driver for Unyvero. With the expansion of our strategic collaboration with Beijing Clear Bio in China from 5 to 8 years post CFDA approval which we currently expect for 2020, there is a contractual commitment for at least 350 Unyvero systems and over 1.5 million Unyvero cartridges by our partner over that 8-year period.

With the completion of cartridge development of our urinary tract infection cartridge in 2018, and first prototypes of our Sepsis Host Response cartridge ready for investigational use in 2019, our pipeline of novel and differentiated Unyvero cartridges has further grown. A proof of concept development program with a panel of representative assays demonstrating the strengths of the platform is under way on the A30 *RQ* platform. With multiple R&D grants and strategic collaborations, Ares Genetics has significantly expanded its contribution to the current and future growth of Curetis as a group. Deals with QIAGEN, with Sandoz and an undisclosed major diagnostics corporation bode well for exciting news flow and revenue generation by Ares Genetics in 2019 and beyond.

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

LETTER FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear Curetis Shareholders,

After three years as Chairman of the Supervisory Board, I am pleased to update you on Curetis' activities, including gaining U.S. FDA clearance of the Unyvero System and LRT Cartridge and our U.S. launch, as well as the initiatives we are undertaking to further advance our molecular infectious disease offerings.

All of our Supervisory Board members continuously 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. In 2018 we have done this in an environment of challenging financing transactions and volatile capital markets. This focus on ensuring shareholder and stakeholder value, while also optimizing the opportunities for the success of Curetis, led us to undertake a painful but necessary corporate re-organization.

We continue to work very closely with the Management Board to ensure persistent 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. During critical times the Management Board and Supervisory Board have interacted and communicated in real-time on an almost daily basis.

The Supervisory Board is continuously kept informed and updated, and all members are engaged in relevant discussions of all material aspects of the business and corporate development. Together we routinely review, among other things, items such as the progress toward and obtaining FDA clearance and clinical trials, strategic partnering opportunities, the setting of commercial goals, global organizational structure, marketing and selling approaches, overall company financial and sales performance against budgets and targets 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.

2018 was a year of contrasts and challenges successfully met by the organization in several financing rounds. Despite the FDA approval and U.S. product launch, Curetis' financing fell short of targets and put us in a position where decisive action and implementing significant organizational and strategic changes became key to ensuring the company can move forward into 2019 with multiple strategic options available to it.

Curetis' offering has continued to expand beyond the highly multiplexed Unyvero cartridges, with increasing focus on partnering the Ares Genetics AMR Database and bioinformatics offerings and the timely development of the A30 *RQ* platform module to a point where it can be strategically partnered. Together with the Management Board, the Supervisory Board has been actively monitoring the Company's commercial progress in the EMEA markets and fully supports, after considerable consideration, discussion and due diligence, the shift from direct sales to a distribution model. We have also been working closely together to refine and evolve Curetis' organizational structure in the US.

This includes critically analyzing and challenging management on various available future financing options as well as direct interaction with the Company's brokers and strategic financial advisors. Being able to fund future development and execution of the strategy is of the highest priority for the Supervisory Board and management, and Curetis is well-positioned to access further capital in various forms such as the Yorkville convertible notes facility, EIB milestone tranches and available shares under various shelf registrations that were approved by the AGM in 2018 and not yet been fully utilized.

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 as well as preparation of the securities prospectus for the Euronext follow-on offering. 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 steps in 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 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. As the Company moves forward, it will be key to 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 development plans and to ensure that all such initiatives are vigorously pursued with the best interests of all shareholders and stakeholder groups in mind.

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

OPERATIONAL REVIEW 2018

FINANCING, STRATEGY, REORGANIZATION

FINANCING

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. A further trance of EUR 3 million was drawn down in Q2-2018, following the successful completion of the milestone of U.S.-FDA clearance of the Unyvero System and the Unyvero LRT Application cartridge.

In April 2018, Curetis raised EUR 4.1 million in a private placement of public equity shares and issued 854,166 new shares. In addition, Curetis secured access to an additional USD 10 million equity facility offered by Global Corporate Finance (GCF) in New York allowing the Company solely at its request to raise capital over a period of up to 36 months subject to certain pre-agreed floor pricing.

To further strengthen Curetis' efforts to secure non-dilutive funding, in June 2018, the Company contracted The Freemind Group LLC, Boston, MA, USA, as an advisor to identify grant opportunities in the U.S. and support the drafting and submission process. Several grant applications for potentially significant non-dilutive funding have already been submitted. In October 2018 Curetis secured up to EUR 20 million in growth capital through the issuance of convertible notes with share subscription warrants to YA II PN, LTD., an investment fund managed by Yorkville Advisors Global LP, an U.S. based management firm. By 31 December 2018, Curetis had drawn down EUR 3.5 million of the first tranche.

In November 2018, Curetis raised EUR 8.9 million through private placements to institutional investors in Europe and the U.S. In this transaction, 4,450,000 out of 7,085,546 offered new ordinary shares were placed at an offer price of EUR 2.00 per share, resulting in additional available funds of EUR 7.3 million. The Company intended to use the proceeds from the sale of the Offer Shares for (i) funding the commercialization of its Unyvero Platform and LRT Application Cartridge in the U.S., (ii) its European commercialization activities, (iii) working capital requirements, (iv) research and development programs and (v) for general corporate purposes.

STRATEGIC REASSESSMENT & REORGANIZATION

In the light of the lower than expected proceeds from financing transactions in 2018 the Company had to re-assess the priorities and allocation of proceeds and in December 2018 sharpened its focus on near-term strategic value drivers. In detail the Company:

- Will continue its highly targeted U.S. commercialization approach for the Unyvero Platform and its first-in-class Lower Respiratory Tract (LRT) Application Cartridge for pneumonia with a focus on high-volume, early-adopter accounts. In addition, Curetis decided to explore potential further commercial channel collaborations alongside its direct sales and marketing efforts in the U.S.

- Decided to increasingly use distribution partners for the commercialization of the Unyvero product line in other key markets, including major markets in Europe currently served directly. With the market development work done already over the last years in some of these markets, Curetis believes that such markets provide for attractive partnering opportunities and that the Company can benefit from a larger local commercial footprint of suitable partners in such markets. To this end, the Company has entered into an exclusive strategic pan-European distribution partnership with A. Menarini Diagnostics for the Unyvero A50 System and the Unyvero A50 Application Cartridges covering initially eleven European countries including all European markets previously served directly, i.e. Germany, France, the United Kingdom, Switzerland, and BeNeLux.

- Will align R&D activities with short- to medium-term priorities, while the Company intends to partner R&D programs with mid- to longer-term commercial impact, such as the late-stage development of the Unyvero A30 *RQ* platform with strategic partners.

- Will continue its strategic focus on its subsidiary Ares Genetics with the potential to raise equity capital funding directly for Ares Genetics and accelerate the development of its NGS-based infectious disease diagnostics. Curetis and Ares Genetics are also exploring a number of potential strategic collaboration opportunities that could help monetizing Ares Genetics assets for Curetis.

To reflect these strategic priorities and streamline the organization accordingly, the Company in December 2018 initiated a reorganization of its global operations. The planned

measures included, among others, in agreement with the respective local management, the closing and unwinding of the Company's sales subsidiaries in France, the UK, the Netherlands, and Switzerland and moving its current direct sales model increasingly towards a distribution partnership model in key EMEA markets. In total, the Company by the beginning of Q2-2019 had reduced its global headcount across all levels by about 25% compared to the end of Q3-2018. and expects to have liquidated and / or dissolved its European sales subsidiaries by mid 2019.

As a result, the Company expects to optimize net cash consumption in 2019 to around EUR 12.5 to 15 million, a reduction of up to 50% compared to a net cash consumption of around EUR 22.7 million for the full year of 2018 (original guidance for 2018: around EUR 30 million). Total restructuring costs are expected to be in the range of EUR 200 to 400 thousand.

The Company will also continue to assess all tactical and strategic options to raise additional capital as non-dilutive grant funding, via partnering and licensing cash inflows, or as equity or debt funding using existing or future facilities. As of 31 December 2018, Curetis' liquidity was EUR 10.3 million in cash and cash equivalents plus access to potential additional financing under the convertible notes facility provided by YA II PN, LTD., an investment fund managed by Yorkville Advisors Global LP, with a total volume of up to EUR 20 million, of which so far EUR 3.5 million have been drawn down in 2018. Furthermore, the Company expects a EUR 5.0 million non-dilutive European Investment Bank debt financing tranche for 2019. Curetis also has significant leeway for potential equity financings under its 2018 shareholder meeting authorizations that allow issuing of up to 4,274,803 further new shares to investors and strategic collaboration partners in the future and intends to propose the authorization of new shelf registrations at the upcoming Annual General Meeting 2019.

COMMERCIAL OPERATIONS

UNITED STATES

For the commercialization of Unyvero in the U.S., Curetis incorporated Curetis USA Inc. as a wholly-owned subsidiary in San Diego in 2016. The U.S. commercial operation comprises all functions crucial for the market development and initial commercial roll-out in the U.S., including sales, marketing, scientific affairs customer service and support, warehousing and logistics. Initially built by Christopher M. Bernard, who had joined Curetis in 2016, Chris Emery took over in September 2018 as President & CEO of Curetis USA Inc., after Mr. Bernard decided to resign to pursue other opportunities. Chris D. Emery brings more than 20 years of relevant commercial experience in the diagnostics and pharmaceutical industries. His primary focus has been leading the commercial launch and execution for numerous next- generation molecular diagnostic tests in the precision medicine market. Most recently, he was the Chief Commercial Officer – North America for Menarini Silicon Biosystems, where he directed the U.S. sales and business development activities for the DEPArray NxT molecular device as well as the integration of the FDA-cleared CellSearch Circulating Tumor Cell test. Prior to this, he was the General Manager for Abbott's PersonalizeDx cancer diagnostics laboratory division, and he also held senior level management roles as Chief Operating Officer at CombiMatrix, VP Sales & Marketing at Response Genetics, and National Sales & Marketing Manager at U.S. LABS, prior to its acquisition by LabCorp. He began his career in healthcare with Johnson & Johnson, promoting the antibiotic Levaquin (Levofloxacin) into hospital systems for a wide variety of bacterial infections, including hospital-acquired pneumonia. He obtained his MBA from Pepperdine University and his BA in Communications from University of California – San Diego.

Under Mr. Emery's leadership, the U.S. commercial operation has been streamlined in Q1-2019 and as of 31 March 2019 comprises a total of 11 commercial and operations experts supported by various external experts. With the shift to a more partnering-based strategy announced in December 2018, the company is exploring potential further commercial channel collaborations alongside this direct sales and marketing effort in the U.S.

EMEA

In addition to its headquarters in Germany, Curetis' commercial organization in the EMEA region at the end of 2018 still comprised 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.

With the sales cycle progressing in the current direct selling areas Curetis is seeing good progress with a growing number of accounts becoming commercial accounts after having

evaluated Unyvero in the course of 2018.

With the shift to a more partnering-based strategy announced in December 2018, Curetis also decided to increasingly use distribution partners for the commercialization of the Unyvero product line in key markets, including major markets in Europe recently still served directly.

With the market development work done already over the past several years in some of these markets, Curetis believes that such markets provide for attractive partnering opportunities and that the Company can benefit from a larger local commercial footprint of suitable partners in such markets. To this end, the Company in March 2019 partnered with A. Menarini Diagnotics for the exclusive pan-European distribution of the Unyvero A50 product portfolio in intially 11 countries.

As a consequence, Curetis is planning to unwind its commercial subsidiaries in the UK, France, The Netherlands, and Switzerland and expects to close these down in the course of 2019 while handing over the respective countries A. Menarini Diagnostics.

LATIN AMERICA

In August 2018 Curetis signed exclusive distribution partnerships for the entire Unyvero CE-IVD product portfolio in Mexico, and Uruguay with Quimica Valaner S.A. de C.V., and Biko S.A., respectively. These new partnerships allow Curetis to expand its commercial reach into countries in Latin America for the first time. The two partners collectively committed to purchasing a minimum of 27 Unyvero Systems at Curetis' distributor transfer prices over a three-year period. In addition, they have collectively committed to minimum purchases of several thousand Unyvero Application Cartridges over the term of the agreements. The process of registering Unyvero in each of these countries had been initiated following the execution of the respective agreements.

By end of Q1-2019, Curetis had in total signed 19 distribution partnerships covering 38 countries and is planning to expand its distribution network and commercial reach through further partnerships with suitably positioned distributors with a particular focus on consolidating its commercial partner network in Europa and partner certain key markets in Europe currently served directly with suitable commercial partners.

INSTALLED BASE

Upon completion of a pharmaceutical partner's phase III clinical trial, Curetis in Q1-2018 had exercised an option to buy back multiple Unyvero Systems deployed in this clinical trial and due to financing availability has concurrently taken a cautious working capital management approach with much stronger focus on higher priority accounts and conversion efficiency throughout 2018, which has led to a re-deployment of Unyvero Analyzers resulting in a temporary decrease in the installed base of Unyvero Analyzers to 167 Analyzers as of the end of 2018, down by a net of 8 Analyzers compared to 175 Analyzers at year-end 2017. The Company expects to offset this decrease through additional future U.S. placements and by entering into additional distribution partnerships.

MARKET ACCESS

UNITED STATES

On 3 April 2018, the FDA reached a positive clearance decision on the De Novo request for the Unyvero System and the Unyvero LRT Lower Respiratory Tract Infection Cartridge for tracheal aspirate samples. The Unyvero System and LRT Application Cartridge was launched during the ASM Microbe Conference in June 2018. Unyvero LRT Application Cartridge covers more than 90% of infection cases of hospitalized pneumonia patients and provides clinicians with a comprehensive overview of genetic antibiotic resistance markers detected. As the first-in-class molecular test for lower respiratory tract infections it addresses a significant unmet medical need that causes over US$10bn in annual costs for the U.S. healthcare system[1,2]. It is also the first time that the U.S. FDA has granted clearance for an automated molecular diagnostic test for the atypical microorganism *Legionella pneumoniae*.

The potential of the Unyvero System and LRT Application Cartridge to positively impact clinical outcomes, support

[1] CDC (2015) 'New CDC study highlights burden of pneumonia hospitalizations among U.S. adults', available at: https://www.cdc.gov/media/releases/2015/p0714-pneumonia- hospitalizations.html

[2] American Thoracic Society (2015) 'Top 20 pneumonia facts – 2015', available at: https://www.thoracic.org/patients/patient- resources/resources/top-pneumonia-facts.pdf

antibiotic stewardship, and create health economic benefits was substantiated by several key contributions by U.S. key opinion leaders to the scientific program of ASM Microbe 2018.

The Unyvero System and the Unyvero LRT Application Cartridge are currently commercially rolled-out and about 1,000 U.S. hospitals have been identified as initial targets for Curetis' U.S. sales force with numerous accounts engaged in in-depth discussions or commercial product evaluations. With the shift to a more partnering-based strategy announced in December 2018, the company is exploring potential further commercial channel collaborations alongside its direct sales and marketing efforts in the U.S.

To broaden the product offering for the U.S. market, Curetis is working on the clinical validation and submission of a Unyvero LRT Application Cartridge specifically designed for the use with bronchoalveolar lavage (BAL) samples with an expected submission to the U.S.-FDA in H1-2019 and an expected clearance in H2-2019. Further, the Company is in the process of identifying a potential partner for the late stage clinical development and commercialization of its Unyvero IJI Invasive Joint Infection Application cartridge for the U.S. market (see above).

CHINA

Working towards a Chinese market clearance, analytical validation of the Unyvero Hospitalized Pneumonia (HPN) Cartridge by Curetis' exclusive commercial partner for Greater China, Beijing Clear Biotech (BCB) in China was completed in mid-2018 under the auspices of the Beijing Institute of Medical Device Testing of the Beijing Center for Medical Device Quality Supervision and Testing. This Analytical validation is a key part of any submission to the Chinese National Medical Product Administration (NMPA; formerly Chinese FDA). In February 2019, BCB filed for regulatory approval of the Unyvero A50 HPN Application Cartridge for pneumonia with the NMPA in the name and on behalf of Curetis. The submission is based on comprehensive data from Curetis' U.S.-FDA trial as well as from European CE-IVD validation studies comprising data sets from close to 1,400 patient samples in total, combined with analytical validation data of the Unyvero HPN Application Cartridge that were generated under the auspices of the Beijing Institute of Medical Technologies. The use of foreign data in submissions to the newly formed NMPA became possible in October 2017 when a respective new regulation was issued by the Chinese government. BCB has already generated clinical data from several hundred patient samples at a Chinese hospital and further intends to collect additional clinical data on the performance of Unyvero HPN in China under appropriate protocols to augment the submission, if required, and to support future market access and adoption in Greater China.

Assuming a potential regulatory approval by NMPA in late 2019 or early 2020, Curetis anticipates that it would generate initial revenues from commercial sales through BCB in China starting in 2020.

In the light of the progress made toward gaining market access in China, BCB and Curetis in October 2018 expanded their exclusive distribution agreement from five to eight years post NMPA approval with total minimum purchasing commitments by BCB that would indicate revenues to Curetis of more than EUR 150 million over the entire duration of the contract, an increase by about EUR 90 million compared to the original agreement between the parties.

SINGAPORE AND ASEAN REGION

After filings by Curetis' exclusive distribution partner for Singapore, Malaysia, Indonesia and Thailand, Acumen Research Laboratories Pte. Ltd. (Acumen), several Unyvero Application Cartridges received regulatory approvals by the respective authorities in the Singapore, Thailand, and Malaysia in 2018 and early 2019. The Unyvero HPN and BCU Applications 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. Further, Unyvero HPN was approved by the respective regulatory authorities to market the in Malaysia and Thailand. Thailand also approved the Unyvero BCU Blood Culture Application Cartridge.

With these additional approvals in Asia, Unyvero HPN for the diagnosis of pneumonia in hospitalized patients is now fully registered as an IVD medical device in Singapore, Malaysia, and Thailand – a milestone that allows for broader commercial roll-out and adoption in ASEAN countries with a total combined population of more than 630 million people. Acumen and Curetis intend to submit additional Unyvero Application Cartridges for regulatory approval in the ASEAN

markets to further progress the commercial roll-out of Unyvero in the region.

U.S. AND EU SCIENTIFIC ADVISORY BOARDS

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 appointed 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 EU Scientific Advisory Board. Current members of this board include Dr. Reno Frei (Luzerner Kantonsspital, Switzerland), 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.

RESEARCH AND DEVELOPMENT

Throughout 2018, Curetis has progressed all R&D and product development projects according to plan:

NEW UNYVERO CARTRIDGES

In April 2018, Curetis launched the CE-IVD marked Unyvero Urinary Tract Infection (UTI) Cartridge at ECCMID 2018. The UTI panel covers 103 diagnostic targets, including 88 pathogens (Gram-positive & Gram-negative, important fungi such as *Candida auris*) and 15 resistance markers (incl. emerging markers such as mcr-1). The novel Unyvero UTI Cartridge primarily targets urinary tract infections in patients with complicated and severe UTIs. This includes pregnant women, pediatric patients, and hospitalized patients with anatomical, structural and functional alterations, renal impairments and impaired immune status, as well as catheter-associated urinary tract infections (CAUTI), patients failing to respond to therapy, and urosepsis patients. The CE-IVD marking was based on a prospective multi-center evaluation study with a total of 443 patient samples analyzed that demonstrated an overall weighted average sensitivity of 95.6% at an overall weighted average specificity of 99.3% across the panel of microorganisms covered.

Curetis has also advanced the development of a Unyvero LRT Application Cartridge specifically optimized for the detection of microbial pathogens in bronchoalveolar lavage ("BAL") samples for the U.S. market. In a meeting in Q4-2018, the U.S.-FDA confirmed the suitability of the 510(k)-clearance pathway and that data required for the submission can largely be based on clinical samples previously collected during the original Curetis U.S.-FDA trial for the Unyvero LRT Application Cartridge. The requirements agreed upon with the Agency should allow Curetis to accelerate generating the required data and prepare for a submission to the U.S.-FDA by mid-2019, with an expected clearance decision in 2019. As part of the 510(k) submission, Curetis also plans to include data on an assay for one additional pathogen, *Pneumocystis jirovecii*. This fungus is particularly relevant in lower respiratory tract infections in patients with compromised immune status, such as transplant recipients or AIDS patients.

Curetis has further advanced the development of the Unyvero Invasive Joint Infections (IJI) Application for the U.S. market and advanced sample collection in the retrospective arm of a U.S. clinical trial to obtain data for a regulatory submission to the U.S. FDA. While first trial sites are being set-up for preparatory studies, Curetis – following its shift to a more partnering-based strategy in December 2018 is currently seeking a partner for the full clinical development and U.S. commercialization of the Unyvero IJI Application Cartridge.

UNYVERO PLATFORM EXPANSION TO AN ANY-PLEX SOLUTION

Since the acquisition of the Gyronimo prototype and assets from Carpegen GmbH and Systec GmbH in December 2016, Curetis has worked towards the full development and industrialization of this platform under the brand name Unyvero A30 *RQ* and expects to be ready for any partner-

driven development and verification and validation (V&V) phase of development by mid 2019. Unyvero A30 *RQ* is designed for rapid and, where needed, quantitative low- to mid-plex testing capabilities for diagnostic panels of 5 to 30 diagnostic targets at very favorable COGS for instruments and consumables. 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 lend itself to numerous applications in infectious disease testing but also in numerous indications that are beyond the commercial focus of Curetis, including cancer, genetic testing and companion diagnostics, as well as veterinary or food and environmental testing. Following its strategic shift to a more partnering based strategy, the Company hence is seeking diagnostics industry partners to collaborate in the late stage development and commercialization of Unyvero A30 *RQ* and has engaged in discussions with several potential partners.

A30 *RQ**
A new midplex analyzer module for Unyvero platform integration or stand-alone operation

* latest design concept; final product may differ

BUSINESS DEVELOPMENT

MGI

Following the announcement of a broad strategic memorandum of understanding and initial R&D collaboration between MGI Tech Co. Ltd. (MGI; a BGI affiliate, China) and Curetis / Ares Genetics in September 2017, MGI and Ares Genetics have successfully finalized a feasibility study using MGI next-generation MGI sequencing technology in conjunction with Ares Genetics proprietary database on the genetics of antimicrobial resistance, ARESdb, for next-generation sequencing (NGS) in-vitro diagnostic assays for microbial infections. In January 2018, Curetis and MGI signed R&D collaboration and supply agreements focused on the Unyvero Lysator technology and instruments. The collaboration focuses on creating a universal sample-to-answer workflow for NGS-based molecular microbiology combing Curetis' sample preparation technology with MGI's NGS workflow. Results from the successful feasibility studies in both collaborations were presented at a major conference in October 2018 in Shenzhen, China. Further potential areas of collaboration, including the development and commercialization of an NGS-based molecular microbiology application by Ares Genetics using MGI's NGS Technology, are currently being discussed.

BIOTEST

Curetis' partner Biotest has progressed enrollment of patients 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.

ARES GENETICS

Ares Genetics GmbH, a wholly owned subsidiary of Curetis, throughout 2018 has significantly progressed the development of its ARES AMR Database – ARESdb as well as applications and business development on this unique database and has acquired significant non-dilutive grant funding to support these activities.

ARESdb & ARES TECHNOLOGY PLATFORM

ARESdb is a newly developed AI-curated database on the genetics of antimicrobial resistances (AMR) builds on and expands the GEAR database acquired from Siemens in September 2016. ARESdb is leveraged as a source of genetic AMR markers as well as AMR knowledgebase for Curetis core business building on the Unyvero PCR platform as well as NGS-based services and products developed and offered by Ares Genetics directly.

In February 2018, Ares Genetics received a funding commitment for its "The Digital Microbe" project with a total project

volume of EUR 1.6 million co-funded by the Austrian Research Promotion Agency (FFG). This project is a substantial extension of the ARES Technology Platform and aims to develop deep machine learning tools and advanced bioinformatics algorithms for modeling, diagnostics and prediction of antibiotic resistances.

BIOINFORMATICS PARTNERSHIP

In February 2019 Ares Genetics and Qiagen N.V. (Qiagen) entered into a strategic licensing agreement for ARESdb and ARESтools in the area of antimicrobial resistance (AMR) research that aims at creating a community platform for antimicrobial resistance research. Under the terms of the agreement, Qiagen obtains a restricted license to exclusively develop and commercialize general bioinformatics offerings and services for AMR research based on Ares Genetics' database on the genetics of antimicrobial resistance, ARESdb, as well as on the ARES bioinformatics AMR toolbox, ARESтools. The parties further agreed that Ares Genetics' collaboration partners active in academic and clinical research on AMR that contribute significantly to the further development and expansion of ARESdb may seek to obtain preferential access, under favorable terms, to Qiagen's bioinformatics offerings based on ARESdb and ARESтools.

On the signing of the agreement, Ares Genetics received a technology access fee and will be entitled to a milestone payment at product launch, as well as industry-standard royalty rates on net sales of services based on ARESdb and ARESтools. Ares Genetics retains the full rights to use ARESdb and ARESтools for AMR research, customized bioinformatics services, and the development of specific AMR assays and applications for the Curetis Group including Ares Genetics, as well as third parties, including other diagnostics companies or partners in the pharmaceutical industry. Further, the current license to Qiagen excludes any human diagnostic uses of ARESdb and / or ARESтools.

PHARMA PARTNERING

In July 2018, Ares Genetics launched the ARES & CO (Antibiotic REsistance Solutions by COoperative R&D) pharma partnering program. The program is supported and largely funded by the Vienna Business Agency and aims to establish an alliance for antibiotic stewardship with pharmaceutical companies and contract research organizations. The goal of the program is to counteract antibiotic resistance and to foster antibiotic stewardship by applying advanced data-driven solutions to antimicrobial drug development and life cycle management of existing antimicrobial drugs.

As a result of this initiative, Ares Genetics in December 2018 signed a collaboration agreement with Sandoz to leverage ARESdb and the ARES Technology Platform for Sandoz' anti-infective portfolio. Under the agreement, the companies intend to develop a digital anti-infectives platform combining established microbiology laboratory methods with advanced bioinformatics and artificial intelligence methods to support drug development and life cycle management. The collaboration in the short- to mid-term aims at rapidly and cost-effectively re-purposing existing antibiotics and designing value-added medicines with the objective of expanding indication areas and overcoming antibiotic resistance, in particular in infections with bacteria that already developed resistance against multiple treatment options. Longer-term, the platform is expected to inform the development of novel anti-infectives that are less prone to encounter resistance and thereby preserve antibiotics as an effective treatment option. The collaboration agreement covers the first phases of the collaboration with Sandoz providing certain R&D funding to Ares Genetics.

PRODUCT DEVELOPMENT

In September 2018, Ares Genetics initiated the development of its ARESupa Universal Pathogenome Assay. The assay for the diagnosis of microbial infections and antimicrobial drug response is based on the company's proprietary ARES Technology Platform and genetic antimicrobial resistance database ARESdb. While planning to launch the test as a laboratory-developed test at first, Ares Genetics ultimately aims to seek regulatory approval as an in vitro diagnostic test for broad and scalable commercialization. Ares Genetics is further exploring fast-track options to launch ARESupa as a laboratory-developed test in the U.S., once development of a first-generation ARESupa has been completed.

The concept of ARESupa was previously presented by Ares Genetics at the 2018 PerMediCon conference for Genomic Medicine and won 2nd place in the PerMediCon Award 2018 for translating next-generation sequencing (NGS) informed personalized medicine from cancer to antimicrobial resistance (AMR).

In January 2019, Ares Genetics received a positive funding decision from the Vienna Business Agency (Vienna, Austria)

for co-funding of the two-and-a-half-year TRIPLE-A (Assay Development and Artificial Intelligence to Diagnose Antibiotic Resistant Infections) development project with a total project volume amounting to EUR 1.3 million. With requirement engineering and in-silico assay design further advanced since September 2018, the TRIPLE-A project funded by the Vienna Business Agency aims at developing a laboratory prototype of ARESupa. To this end, Ares Genetics in Q1-2019 has initiated setting up ARESlab, a dedicated R&D and diagnostic service laboratory in Vienna, Austria, for in-house test development and initial commercialization in Europe.

BUSINESS DEVELOPMENT & FUNDING

With initial seed funding of Ares Genetics provided by Curetis and non-dilutive funding through grants, Ares Genetics is currently identifying strategic partners and exploring options for accessing equity capital funding directly for Ares Genetics to accelerate the further development, particularly for the ARESupa Universal Pathogenome Assay and its future commercial deployment. As a winner of the "GoSiliconValley" competition, Ares Genetics is supported in this outreach by the Austrian Economic Chambers (WKO).

As a result of the outreach to potential strategic partners for the development of NGS-based infectious disease solutions, Ares Genetics in December 2018 has initiated a feasibility study with an undisclosed global diagnostics player that is expected to be finalized by mid-year 2019, and if successful may pave the way for a strategic long-term collaboration.

Going forward, ARES aims to expand existing and build new collaborations with Academic AMR research and the public health sector and enter into further value-adding R&D and commercial partnerships with well-known players in the life science, pharmaceutical and diagnostic industries around ARESdb and the ARES Technology Platform with the aim of establishing ARESdb as the key reference database and knowledgebase on the genetics of antimicrobial resistance.

SUPERVISORY BOARD

Dr. Holger Reithinger, General Partner at Forbion Capital Partners, resigned from Curetis' Supervisory Board effective 30 April 2018. Dr. Reithinger served on the Supervisory Board of Curetis N.V. since the IPO in November 2015. Previously, he had already served on the Supervisory Board of the predecessor company, Curetis AG, to which he had been elected in 2011 to represent Forbion, one of the first venture capital companies that invested in Curetis. After Dr. Reithinger's resignation, the Supervisory Board consists of six members.

ANNUAL GENERAL MEETING

During the Annual General Meeting held in Amsterdam on 21 June 2018 the Company's shareholders approved all items on the agenda of the AGM. Oliver Schacht, Ph. D., and Dr. Achim Plum were re-appointed as Managing Directors for a three-year term from 1 January 2019 until 31 December 2021, respectively. Further, Christopher Bernard, President & CEO of Curetis USA, Inc. and EVP Global Sales was appointed as a member of the Company's Management Board for a three-year term until the end of AGM 2021 but resigned from all his appointments with Curetis during Q3-2018 to pursue other opportunities. He was succeeded by Chris Emery in his role as President & CEO of Curetis USA, Inc.

In addition to these Management Board appointments, Dr. Rudy Dekeyser was re-elected to the Company's Supervisory Board for another one-year term and Dr. Werner Schäfer was re-elected for another two-year term. Moreover, the Supervisory Board was authorized to grant stock options to the reelected Managing Directors and the members of Supervisory Board. Further, the proposed extension of the designation of the Management Board to limit or exclude pre-emptive rights on newly issued shares or rights to subscribe for shares, and an extension of authorization of the Management Board to repurchase shares as well as to issue new shares or grant rights to subscribe for shares in relation to strategic capital raising(s) and without, were also approved by the shareholders.

FINANCIAL REVIEW 2018

- Revenue for 2018 was EUR 1.4 million versus EUR 1.2 million in 2017.
- Gross loss increased from EUR -462 thousand in 2017 to EUR -814 thousand in 2018 due to higher write-downs on Unyvero Systems to reflect marketability discounts.
- Distribution costs increased from EUR 7.3 million in 2017 to EUR 8.2 million in 2018, while R&D expenses increased from EUR 7.4 million in 2017 to EUR 10.6 million in 2018.
- Operating loss totaled EUR -22.9 million in 2018 compared with EUR -18.6 million in 2017 due to the commercial expansion and U.S. launch, R&D and pipeline expansion efforts including the Unyvero A30 *RQ* program and Ares Genetics.
- Net loss for 2018 was EUR -24.0 million compared to a net loss in 2017 of EUR 19.3 million.
- On 31 December 2018, Curetis Group's cash, cash equivalents and financial assets amounted to EUR 10.3 million (including the EIB loan facility draw-down of EUR 3 million in 2018 and Yorkville convertible notes draw down of EUR 3.5 million of the first tranche and following the equity financings closed in April and November 2018, respectively) compared with EUR 16.3 million on 31 December 2017.
- Total assets in 2018 were EUR 29.1 million compared to EUR 35.5 million in 2017.
- Inventory levels decreased from EUR 6.9 million at the end of 2017 to EUR 6.7 million at the end of 2018. This was predominantly driven by marketability discounts on Unyvero Systems.
- Trade receivables as of 31 December 2018, were EUR 323 thousand versus EUR 200 thousand at the end of 2017.
- Equity in 2018 was EUR 9.1 million compared to EUR 22.2 million in 2017.
- Net cash flow from operating activities was EUR -22.0 million in 2018 compared to EUR -15.7 million in 2017, while net cash flow used in investing activities was EUR -0.8 million in 2018 compared to EUR -0.4 million in 2017, mainly resulting fromthe operating loss.
- In 2018, there was a net decrease in cash and cash equivalents of EUR 6.4 million compared to a net decrease in cash and cash equivalents or EUR 6.1 million in 2017 due to losses from the operating business only partly covered by cash inflows from financing activities.
- The financial statements 2018 have been prepared on a going concern basis despite the fact that as of 31 December 2018 remaining cash reserves were insufficient to cover at least 12 months after the sign-off date from this report, leading to a material uncertainty regarding going concern. 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 in 2019, access to convertible notes financing facility and strategy execution including potential partnering deals, and various cost reduction and cash preserving measures identified and implemented in Q4-2018 and Q1-2019, respectively.

OUTLOOK 2019 / 2020

After signing an exclusive strategic pan-European distribution agreement for the Unyvero A50 product portfolio with A. Menarini Diagnostics (AMD) in Q1-2019, Curetis expects transferring its direct sales business in Europe to AMD during 2019 with a view to drive future growth of installed base as well as revenue generation by having AMD deploy significantly more commercial team resources across many European markets than Curetis could have done on its own.

Following the 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 by the U.S. FDA, and subsequent launch in the U.S. by Curetis USA Inc., the company expects to move forward into 2019 and 2020 with its own focused sales and marketing organization. Curetis USA Inc. targets to significantly grow the installed base of Unyvero Analyzers across the U.S. market. U.S. commercial uptake is believed to be one of the most important metrics on which future revenues and eventual profitability would depend. Further FDA clearance of LRT for BAL specimen and the potential of future FDA cleared Application Cartridges are also of key importance in that regard. There have been no other special circumstances that would influence our future expectations.

Furthermore, Curetis aims to identify a collaboration partner to co-fund its second U.S. FDA clinical trial for the Unyvero IJI Cartridge, with the aim of initiating 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.

2019 and 2020 are expected to see the progression of Curetis beyond the core Unyvero A50 high-multiplex syndromic testing panels to add partnerships and partner products in the broader molecular microbiology set-up with the Unyvero A30 *RQ* platform and ARESdb, and ARES Technology Platform.

In collaboration with MGI (a BGI company, China), Curetis saw first results presented in Q4-2018 at the ICG-13 conference in Shenzhen. Curetis anticipates continuing evolving this partnership with the BGI Group as well as other NGS technology providers moving forward, to apply the Unyvero as well as Ares Genetics' bioinformatics competencies and assets to their respective NGS platform and fuel future growth. Along similar lines, Curetis also expects additional R&D and commercial partnerships around the ARES AMR Database (ARESdb) and ARES Technology Platform as well as elements of the Unyvero Platform with well-known industry players beyond the recently announced deals with Sandoz, Qiagen and an unnamed IVD corporate feasibility partnership.

The Company also expects its Chinese partner BCB to complete further steps potentially required by the Chinese NMPA (formerly CFDA) to support the submission for the approval of the Unyvero HPN in China that was filed in February 2019 with an expected 2020 CFDA clearance decision. Curetis and BCB have recently expanded their strategic partnership from 5 to 8 years post NMPA approval with a total commitment by BCB over that 8-year period of at least 350 Unyvero Systems and over 1.5 million Unyvero Application Cartridges being sold via BCB in China.

Curetis will continue to evolve its shareholder base and gradually reduce the venture capital ownership and allow for a more diversified blue-chip, long-term institutional investor base. With recent financing transactions and Yorkville convertible notes financing Curetis also aims to further improve liquidity and free float for its stock.

Curetis also expects to continue evolving the composition of its Supervisory Board to include independent members with relevant industry experience. The close collaboration with its Supervisory Board is a key element of Curetis' strategy to execute on its strategy towards becoming a leading provider of molecular microbiology products and solutions and to generate value for its current and future shareholders in the coming years.

Given the negative cash-flow pattern of an early-stage commercial MDx company with a commercial roll-out in the U.S. under way, it is clear that Curetis continues to assess all tactical and strategic options available to it in the capital markets and with potential strategic partners globally.

Curetis had EUR 10.3 million cash available at year-end 2018. The next EUR 5.0 million debt financing tranche from the EIB will become available for draw-down upon completion of legal documentation for the amendment agreed between EIB and Curetis following the waiver of the condition precedent signed by EIB already.

Another tranche under the Yorkville convertible notes facility is also anticipated later in 2019. Curetis expects to generate additional cash inflow from partnering and licensing deals and considers raising additional growth capital by 2020 to

secure appropriate funding and cash for continued operations for the coming at least 12 months to ensure continuing as going concern.

Curetis will continue to assess all available strategic and tactical financing options going forward. Given available funding we have also significantly reduced our headcount globally from more than 127 staff by the end of Q3-2018 to about 95 by the beginning of Q2-2019. Corresponding cash burn is expected to be reduced from the EUR 22.7 million in 2018 towards around 12.5 to 15 million in 2019.

Curetis also expects to pursue various non-dilutive financing mechanisms such as government grants or licensing and partnering models (e.g. for the Unyvero A30 *RQ* platform and ARES AMR Database and Technology Platform and Unyvero Platforms) to partially fund some of its operations in 2019 and 2020.

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, ARESdb, 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 ARESdb, 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, ARES Technology Platform with advanced bioinformatics and deep learning algorithms and increasingly expanding into artificial intelligence concepts leverages ARESdb for surveillance, prediction, and diagnosis of antimicrobial resistance. It provides content and bioinformatics solutions for Curetis' Unyvero Platform and third-party PCR and NGS platforms in the diagnostics and life science industries, as well as for supporting pharmaceutical companies in antimicrobial drug development.

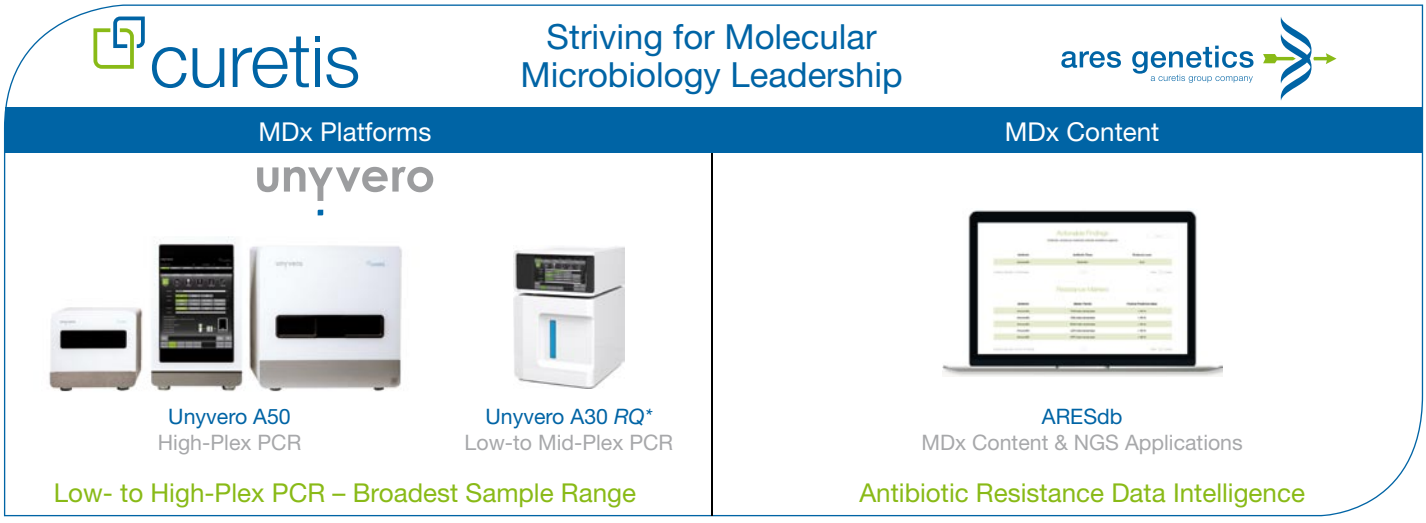
RAPID SYNDROMIC TESTING FOR MICROBIAL INFECTIONS

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 (ARESdb) 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, MoA and MoR studies, lead prioritization and optimization, pre-clinical solutions, clinical trial support, companion diagnostics, post-market surveillance, life cycle management
- Public health insitutions and hospitals: molecular epidemiology, outbreak analysis and monitoring, antimicrobial stewardship

ARESdb builds on and expands the GEnetic Antibiotic Resistance and Susceptibility Database, GEAR, acquired from Siemens in September 2016 and since then has been significantly expanded and advanced using deep-learning and artificial intelligence approaches. Using the wealth of genetic and phenotypic antibiotic resistance data in ARESdb 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* and ARESdb.

With a shift to a more partnering oriented strategy in 2018, Curetis aims at generating significant licensing income from partnering Unyvero A30 *RQ* in infectious disease and other indications with the potential to co-fund the further development of the platform as well as application cartridges though such partnerships.

ARESdb 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- and medium-term. It also targets unique applications through providing proprietary content for the Unyvero Platform mid- to long-term. Furthermore, ARESdb 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, until December 2018, Curetis followed 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. With the approval of the Unyvero System and the Unyvero LRT Application Cartridge in the U.S., Curetis in December 2018 decided to focus its direct selling efforts primarily on the U.S., potentially augmented by suitable commercial partners that can add sales channels into certain market segments. As a consequence of this commercial increased focus on the U.S., key European markets still being served directly in 2018 will be transitioned to a distribution model with one or more commercial partners in the course of 2019.

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.

While installed base is an often-used Key Performance Indicator (KPI) in the diagnostics industry, it is important to realize that there is no direct linear correlation between the number of installed Unyvero Analyzers and revenue generation. This is especially true since only a minority of Unyvero Analyzers in 2018 was routinely revenue generating and many more were installed for customer evaluations and clinical studies. Therefore revenues from sales of Unyvero cartridges could increase in 2018 despite a slight decrease in installed base. specifically this effect is based on an increase in the absolute number of commercially routinely used Unyvero Analyzers and several key accounts have

seen significant volume increase in Unyvero Analyzer utilization whereas non-revenue generating Unyvero Analyzers deployed for use in evaluations and studies have been reduced as part of the prudent working capital management.

Curetis expects partnerships related to Unyvero A30 *RQ* and ARESdb to significant contribute to the group's revenue in the short-, medium-, and long-term, thereby leveraging these assets in reaching future value inflection points. Both the Unyvero Platform and ARESdb content are expected to facilitate multiple new deal making and partnering opportunities as well as additional product launches and regulatory approvals by the Curetis Group or partners. 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 is 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 minutes of 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 sample analysis. Step-by-step instructions guide the user from preparing a test to executing the fully automated process in the Analyzer in just a few minutes. The results display, storage of results and data storage, as well as information about the performed tests including the cartridges' shelf-life and lot numbers, are generated automatically and can be exported in various standard formats.

The Unyvero A50 Analyzer consists of mechanical, electronic, pneumatic and optical elements and enables a fully automatic random-access processing of the Unyvero 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

In the course of 2018, the following new Unyvero A50 Application Cartridges where added to the Unyvero product portfolio:

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%)

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 covered by 29 multiplexed PCR assays
- Sample types: tracheal aspirate
- High clinical sensitivity (92.5%) and clinical specificity (97.4%)

With the addition of Unyvero UTI, the CE-IVD-marked Unyvero product portfolio contains applications for all major primary infections sites potentially causing sepsis as well as

for bloodstream infections:

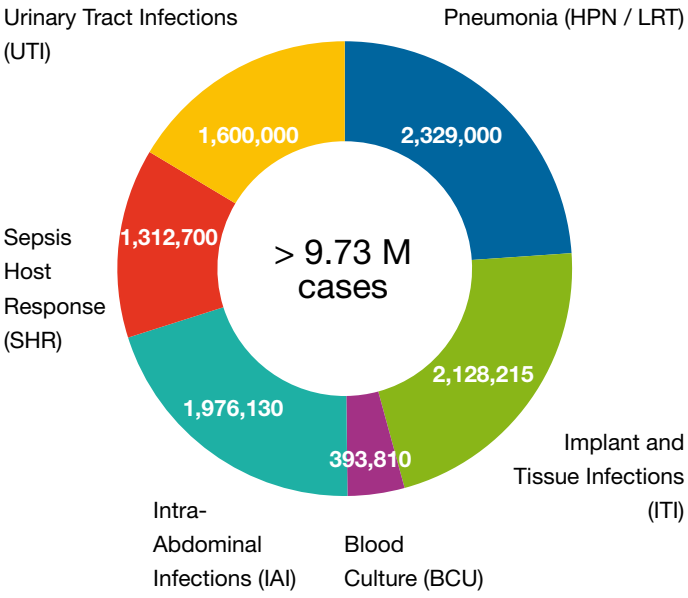
- Unyvero HPN for hospitalized patients with severe pneumonia
- Unyvero IAI for severe intra-abdominal infections
- Unyvero UTI for sever urinary tract infections
- Unyvero ITI for implant and tissue infections
- Unyvero BCU for bloodstream infections (for blood cultures)

The U.S.-FDA approval and launch of the Unyvero System and LRT Application Cartridge marks a key milestone in the history of Curetis as it permits the company for the first time to commercialize one of its innovative products in the world's largest and most important molecular diagnostics market.

Unyvero LRT is a first-in-class product with great potential to help drive the installed base of Unyvero Analyzers in the U.S:

- First U.S.-FDA-cleared molecular test to specifically address lower respiratory tract (LRT) infections such as pneumonia
- First U.S.-FDA-cleared sample-to-answer molecular panel with broad coverage of microorganisms and corresponding resistance markers
- First U.S.-FDA-cleared molecular diagnostics panel to include Legionella pneumoniae and only to include Stenotrophomonas M.
- First molecular diagnostic panel for aspirate samples

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



R&D PIPELINE

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

A30 *RQ**
A new midplex analyzer module for Unyvero platform integration or stand-alone operation

* latest design concept; final product may differ

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, 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-plex applications with the potential for up to about 30 diagnostic targets with some additional controls.

Importantly, the new Unyvero A30 *RQ* Analyzer will use the same Unyvero Sample Tube as the Unyvero 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. 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 low- to medium-multiplexing molecular diagnostic market segment in indications such as infectious disease testing, cancer, genetic testing and companion diagnostics applications.

Curetis expects to complete the development of small series manufacturing prototypes and a first AMR Application Cartridge both ready for verification and validation studies by future partners by mid-2019. The further development timeline and potential product launches will depend on Curetis entering into agreements with suitable diagnostics industry partners for the final stages of platform and product development and commercialization.

FURTHER APPLICATION PIPELINE

With most major indications for severe infections in hospitalized patients covered by CE-IVD-marked Unyvero A50 Application Cartridges, further R&D work focuses on life cycle management and continuous improvement of existing applications for the European markets and further markets that accept CE-IVD-marking as a basis for market authorization to meet evolving market needs and reflect the dynamically changing pathogen and antibiotic resistance landscape.

Beyond this life cycle management, plans to deploy the Unyvero SHR Application cartridge testing for sepsis host response under investigational use only (IUO) label for clinical validation by its Partner Acumen Research Laboratories Pte. Ltd., the licensor of the biomarkers underlying the Unyvero SHR panel.

To further expand its offerings in the U.S. market, Curetis by mid-2019 intends to submit for the clearance for an additional Unyvero LRT Application Cartridge specifically optimized for the use with bronchoalveolar lavage (BAL) samples, the second, most commonly obtained sample type in the diagnostic work-up of patients with suspected lower respiratory tract infections. With a suitable partner for late stage clinical development and commercialization, Curetis further plans to finalize the development of its Unyvero IJI Application Cartridge for invasive joint infections for the U.S. market and file a submission to the U.S.-FDA for this product. Discussions with multiple potential partners are ongoing.

With a switch to a more partnering-based strategy in December 2018, a first application cartridge for the Unyvero A30 *RQ* Analyzer will focus on showcasing the capabilities of this platform. The further application pipeline for Unyvero A30 *RQ* by Curetis or potential future partners for the co-development and commercialization of this platform will depend on the need of and the agreement with such partners. Curetis expects that in particular partners with an existing portfolio and broad assay menu on standard lab equipment might have a strong interest in porting their assay portfolio to Unyvero A30 *RQ* to address novel laboratory and diagnostic market segments.

COMMERCIAL PARTNERSHIPS

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

COMMERCIAL NETWORK & NEW DISTRIBUTION PARTNERS

Curetis addresses the U.S. market through its own sales force and increasingly relies on distribution partners to expand its commercial reach into other geographies including key European markets previously addressed directly.

Currently, Curetis has engaged 19 distribution partners covering 38 countries, including Austria, Belgium, Bulgaria, Croatia, the Czech Republic, France, Germany, Greece, Ireland, Italy, Luxemburg, the Netherlands, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom in the EU, as well as Belarus, China, Egypt, Hong Kong, Indonesia, Israel, Kazakhstan, Kuwait, Malaysia, Mexico, Qatar, Russia, Singapore, Taiwan, Thailand, the United Arab Emirates, Ukraine, and Uruguay.

This includes the expansion of the commercial partner network into Latin America and Northern Africa in August 2018

with exclusive distribution partnerships in Egypt, Mexico, and Uruguay with Future Horizon Scientific, Quimica Valaner S.A. de C.V., and Biko S.A., respectively. The signing of these agreements followed a systematic qualification process conducted by Curetis, which focused on identifying distributors that are experienced in commercializing innovative products for international molecular diagnostics companies.

Each of the three new distribution partners intends to commercialize all five Unyvero Application Cartridges that are currently CE-IVD-marked. The process of registering Unyvero in each of these countries had been initiated following the execution of the respective agreements.

In January 2019 Curetis signed an exclusive distribution agreement for the commercialization of Unyvero in Ireland with Cruinn Diagnostics Ltd. Further, in March 2019 Curetis entered into an exclusive strategic pan-European distribution partnership with A. Menarini Diagnostics for the Unyvero A50 System and all CE-IVD-marked Unyvero A50 Application Cartridges and coves initially eleven European countries including all European markets so far served directly, i.e. Germany, France, the United Kingdom, Switzerland, and BeNeLux. The agreement with A. Menarini Diagnostics with is the result of an in-depth evaluation of several potential partners and a thorough due diligence process by both parties.

STRATEGIC PARTNERSHIPS

LIFE SCIENCE & DIAGNOSTICS COMPANY PARTNERSHIPS

MGI TECH CO. LTD. (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 successfully finalized a feasibility study using MGI next-generation MGI sequencing technology in conjunction with Ares Genetics proprietary database on the genetics of antimicrobial resistance, ARESdb, for next-generation sequencing (NGS) in-vitro diagnostic assays for microbial infections. In January 2018, Curetis and MGI signed R&D collaboration and supply agreements focused on the Unyvero Lysator technology and instruments. The collaboration focusses on creating a universal sample-to-answer workflow for NGS-based molecular microbiology combing Curetis' sample preparation technology with MGI's NGS workflow. Results from the successful feasibility studies in both collaborations were presented at a major conference in October 2018 in Shenzhen, China. Further potential areas of collaboration, including the development and near-term commercialization of an NGS-based molecular microbiology application by Ares Genetics using MGI's NGS Technology, are currently being discussed between the parties.

QIAGEN N.V. (Qiagen): In February 2019 Ares Genetics and Qiagen entered into a strategic licensing agreement for ARESdb and ARESTools in the area of antimicrobial resistance (AMR) research that aims at creating a community platform for antimicrobial resistance research. Under the terms of the agreement, Qiagen obtains a restricted license to exclusively develop and commercialize general bioinformatics offerings and services for AMR research based on Ares Genetics' database on the genetics of antimicrobial resistance, ARESdb, as well as on the ARES bioinformatics AMR toolbox, ARESTools. The parties further agreed that Ares Genetics' collaboration partners active in academic and clinical research on AMR that contribute significantly to the further development and expansion of ARESdb may seek to obtain preferential access, under favorable terms, to Qiagen's bioinformatics offerings based on ARESdb and ARESTools. On the signing of the agreement, Ares Genetics received a technology access fee and will be entitled to a milestone payment at product launch, as well as industry-standard royalty rates on net sales of services based on ARESdb and ARESTools. Ares Genetics retains the full rights to use ARESdb and ARESTools for AMR research, customized bioinformatics services, and the development of specific AMR assays and applications for the Curetis Group including Ares Genetics, as well as third parties, including other diagnostics companies or partners in the pharmaceutical industry. Further, the current license to Qiagen excludes any human diagnostic uses of ARESdb and / or ARESTools.

Further, Ares Genetics in December 2018 has initiated a feasibility study with an undisclosed global diagnostics player that is expected to be finalized by mid-year 2019, and if successful may pave the way for strategic long-term collaboration in NGS-based infectious disease testing.

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 provides 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. During 2018, Biotest progressed its clinical trial and the collection of samples for batch testing at Curetis once a sufficient number of samples becomes available.

SANDOZ INTERNATIONAL GMBH (Sandoz): December 2018 Curetis' subsidiary Ares Genetics signed a collaboration agreement with Sandoz to leverage ARESdb and the ARES Technology Platform for Sandoz' anti-infective portfolio. Under the agreement, the companies intend to develop a digital anti-infectives platform combining established microbiology laboratory methods with advanced bioinformatics and artificial intelligence methods to support drug development and life cycle management. The collaboration in the short- to mid-term aims at rapidly and cost-effectively re-purposing existing antibiotics and designing value-added medicines with the objective of expanding indication areas and overcoming antibiotic resistance, in particular in infections with bacteria that already developed resistance against multiple treatment options. Longer-term, the platform is expected to inform the development of novel anti-infectives that are less prone to encounter resistance and thereby preserve antibiotics as an effective treatment option. The collaboration agreement covers the first phases of the collaboration with Sandoz providing certain R&D funding to Ares Genetics.

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 current 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.
- 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 as opposed to 24-72 hours (or longer) with traditional microbiology culture.

Considering its panel design, Curetis believes that there are currently no assays directly comparable to the Company's ITI, IAI and UTI Unyvero Applications that are commercially available to date. The HPN/LRT Application Cartridges, while being first-in-class products in Europe and the U.S., recently have seen emerging competition by BioFire / bioMérieux. 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' HPN and LRT Application Cartridges, is a truly first-in-class automated molecular HPN/LRT test. However, BioFire, a bioMérieux Company, in November launched the BIOFIRE® FILMARRAY® Pneumonia Panels as FDA-cleared and CE-IVD-marked products in the U.S., Europe and other countries. These panels cover 18 bacteria, 8 viruses and 7 antimicrobial resistance genes compared to 25 bacteria (with additional subspecies), 4 fungi and 19 antibiotic resistance markers of Unyvero HPN and 19 bacteria and 10 antibiotic resistance markers of Unyvero LRT. Curetis believes with its panels specifically design for patients with hospital-acquired pneumonia that is vastly caused by bacteria and the strong focus antibiotic resistance markers that are particularly relevant in hospital-acquired infections as more and more of these are caused by multi-drug resistant pathogens, it is well positioned vis-à-vis this recent competition.

Other respiratory products by 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. 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, Diatherix is offering manual tests for skin and soft tissue infections and necrosis. Further, Diaxonhit is developing a serological test for prosthetic joint infections, and bioMérieux is also currently developing a test. For the latter the panel composition is not yet publicly known.

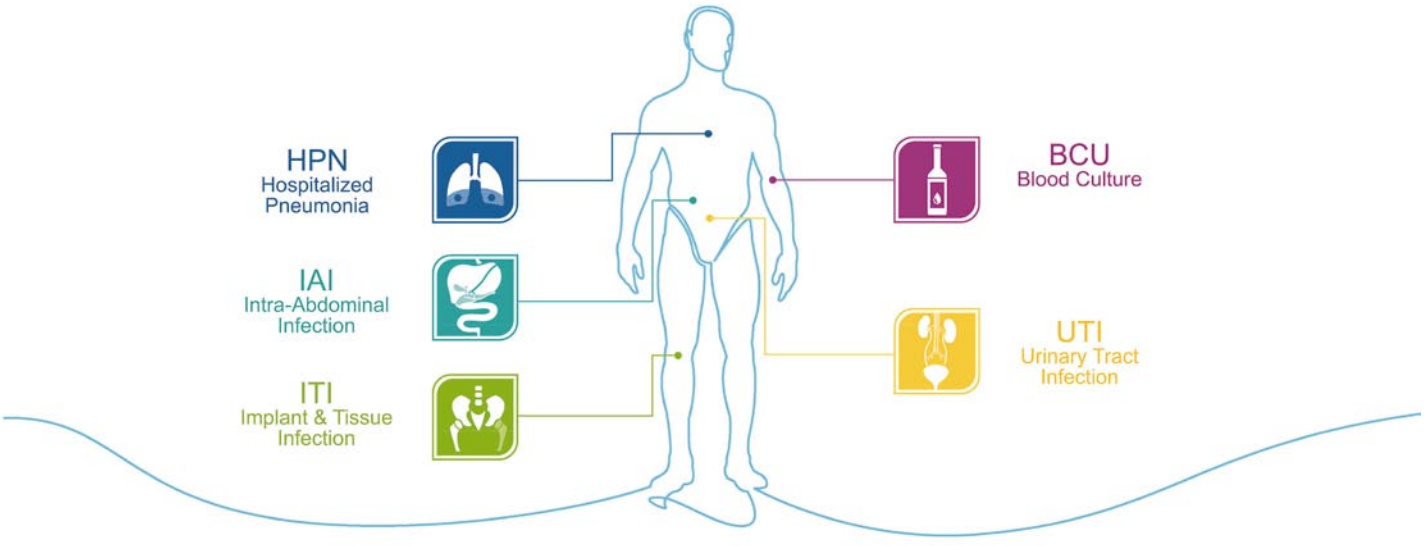
BCU. For Curetis' BCU Application Cartridge, GenMark, BioFire (bioMérieux) and Luminex (formerly Nanosphere) offer competing panels. However, compared to the Unyvero BCU Application, they are less comprehensive and in the case of GenMark and Luminex, the customer has to use two cartridges as Gram-positive 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-plex 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 OpGen, 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. Thermo Fisher Scientific offers a PCT, procalce-



tonin, 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 Abio-SCOPE 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: 167 installed Unyvero A50 Analyzers as at 31 December 2018 in Europe, the Middle East, and recently launched in the U.S. and the ASEAN region, with direct sales in the U.S. and an increasing network of commercial partners covering 38 countries as at 31 March 2019.

- Targeting Large Market Opportunity: Curetis estimates that the addressable market for its current and nearer-term Unyvero Application Cartridges is more than 9.73 million cases eligible for testing per year in the EU and the U.S.

- Comprehensive platform: processing numerous sample types and covering more microorganisms and resistance markers than competing platforms.

- Validated Unyvero Platform: extensive clinical studies (including U.S. FDA trial for the LRT Application Cartridge) and endorsements from key opinion leaders and a top-tier investigator base.

- Expanding target market: planning to enter low- and medium-plex market segments through partnering of the Unyvero A30 *RQ* Analyzer for infectious disease testing and potentially further indications with suitable partners in the diagnostics industry.

- Set to become a broad solution provider in molecular microbiology with versatile and proprietary Unyvero platform and proprietary AMR content through ARESdb for Unyvero and third-party platforms, for example in the NGS space.
- Expanding Unyvero utility: multiple clinical studies underway or planned to continue expanding the use of a number of available Application Cartridges.

- Attractive health economics: Curetis believes that the Unyvero Platform supports improvements of hospital economics by allowing effective treatment to be administered more quickly.

- Seasoned management team: combining decades of technological, operational and commercial experience.

- Fully integrated company controlling all key aspects of its value chain such as development, manufacturing, and commercialization.

- Significant upside through partnering opportunities through the ARES Technology Platform and ARESdb as well as the Unyvero Platform.

II CORPORATE GOVERNANCE

SHAREHOLDERS

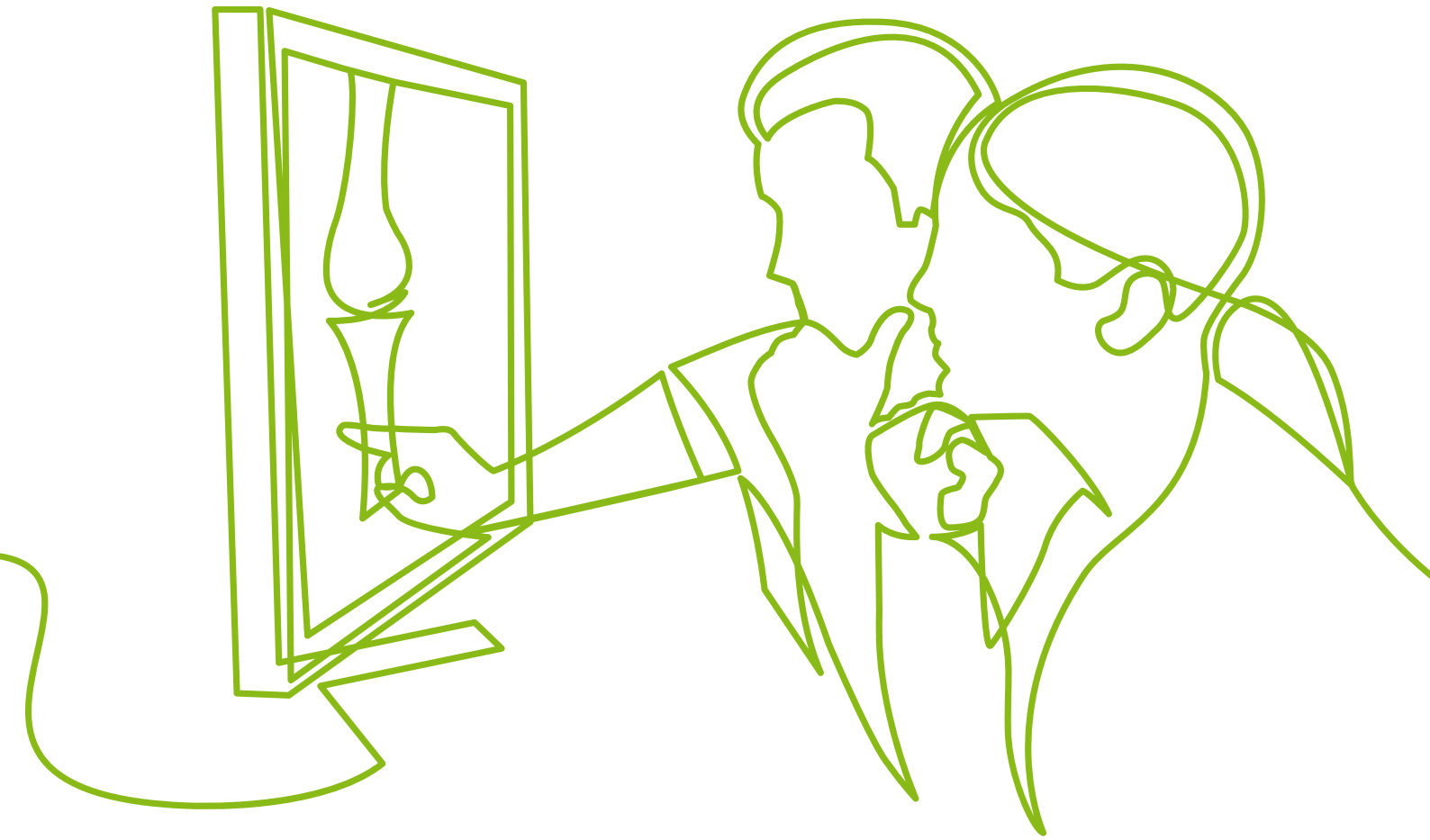
MANAGEMENT BOARD

STATEMENT OF THE MANAGEMENT BOARD

RISK MANAGEMENT PROCEDURES

REMUNERATION AND EQUITY HOLDINGS

SUPERVISORY BOARD



LIABILITY, CONFLICTS OF INTEREST
RELATING TO MEMBERS OF THE BOARDS

MANAGEMENT STRUCTURE

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 either upside or downside potential – up to and including a complete loss of any investment – which may or may not occur.

Curetis is facing a number of the material risk factors described below, and one or more of these risks might be interdependent. The order in which these risks are presented below is not meant as any indication as to the likelihood of such risks actually occurring, nor of the potential significance or materiality of the risks or of the level of any potential harm to Curetis' business, results of operations, financial position and future outlook.

These risk factors are all based on a series 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 risk factors, facts or circumstances not currently known to Curetis, or which it currently assesses to be less critical could, individually or cumulatively, prove to become critically 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 specific 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 ability to assume the risk / reward profile.

Given its financing needs, 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 any 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. revenues, earnings or cash flow). In order to capitalize on opportunities, certain risks need to be consciously entered into at appropriate levels. Possible risk mitigating measures include prevention of losses or reduction measures, the creation of adequate reserves or the transfer of individual risks to third parties (e.g. insurance companies).

Deviations from key performance indicators 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 use of business opportunities is the primary task of each company. The timely 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 2018, Curetis has continuously used its corporate risk management policy and regular quarterly or ad hoc 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. Special emphasis was put on the corporate risk factor depiction in the AFM approved securities prospectus published on 2 November 2018 for the completion of the follow on offering which raised EUR 8.9 million on 7 November 2018.

This system of risk management at Curetis is of very high importance and top 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 2018, a major failing of the internal risk management and control system was neither actually identified nor 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 significantly impact timelines, costs, and the ability to reach specific business goals 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 resources, capabilities and 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.

KEY RISKS

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
Profitability risks	Curetis is a company with only a limited range of products approved for commercialization and particularly depends on its lead products HPN and ITI in Europe and LRT in the US. The company has incurred significant losses since its inception and expects to continue to incur significant losses in the forseeable future. Curetis' ability to achieve profitability depends on many factor which are beyond its control, such as the ability to obtain regulatory clearance in key markets and whether these products are subsequently adopted and commercially accepted in those markets.	Curetis may not be able to generate sufficient revenues to achieve or sustain future profitability.	Work on products with real and defensible USPs and seek strong commercial partnerships wherever useful.
Financing risks	Curetis' cash position and operating cash flow may be insufficient to cover expected investment expenses, and Curetis may need to raise additional funds in the future.	As the most recent equity offering did not generate sufficient proceeds or if Curetis' cash needs are higher than anticipated, and Curetis is not able to generate sufficient funds from other sources, Curetis' cash and cash equivalents will not be sufficient for the next 12 months and it may run out of cash in mid 2019. This may lead to Curetis not being able to continue as a going concern or filing for insolvency.	Curetis has implemented various cost reduction and re-organization measures and adapted its strategy and business plan accordingly. Partnering discussions to monetize various assets are under way and close dialog with funding partners Yorkville and EIB continue.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
KEY RISKS			
Supply chain risks	Curetis depends on a few key suppliers for critical product components including its Unyvero System and certain parts used in its Application Cartridges. If any one of these or future suppliers were to terminate its business relationship with Curetis, go out of business, discontinue manufacturing any of the products Curetis uses, or otherwise become unable to meet its supply commitments, the process of securing alternate sources could be lengthy.	Such a development could lead to a delay in Curetis' ability to develop and market its existing or future products and increase its development and marketing costs. While Curetis may be able to modify its product candidates to utilise a new source for such critical parts or components, it would need to secure regulatory clearance from the relevant regulatory bodies in its markets for the modified product, which could take considerable time and necessitate significant expenses. Any of these scenarios could have a material adverse effect on Curetis' business, results of operations, financial position, cash flows and prospects.	Working closely with all key suppliers and constantly assess possible alternative solutions. Build certain inventory levels (e.g. Unyvero systems) but also accept unavaoidable business risk.
Commercial risks	Curetis' sales cycles are lengthy, and sales may fluctuate, which makes it difficult to forecast revenue and product sales. Curetis' sales process involves numerous interactions with multiple individuals and different stakeholder groups at potential customers' sites or organisations testing Curetis' products and will often include in-depth analysis by potential customers of Curetis' products, performance of validation or proof-of-principle studies, preparation of extensive documentation and a lengthy review process. The time from initial contact with a customer to the receipt of a purchase order will vary significantly and could be 12 months or longer in Europe and nine months or longer in the US.	As a result, Curetis will likely experience fluctuations in product sales on a period-to-period basis. Furthermore, expected revenue streams are highly dependent on hospitals' adoption and use of Curetis' products, and it cannot be assured that Curetis' hospital clients will use and purchase Application Cartridges regularly. The failure to do so could have a material adverse effect on Curetis' business, results of operations, financial position, cash flows and prospects.	Move from direct sales to distributor model in key European markets. Maintain very close dialog with customers and all stakeholders in the US and monitor sales cycles as part of regular Management and Supervisory Board meetings very closely. Consider seeking additional and incremental commercial channel partnerships.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
PRODUCT DEVELOPMENT RELATED RISKS			
Clinical trial risks	So far, Curetis only has experience with one large high multiplex clinical trial (LRT55 clinical trial in the US was first FDA clinical trial and for sample matrices so far not cleared by the FDA). Non-compliance with implicit and explicit (presub communication) FDA expectations in terms of documentation, data quality or size of study may lead to delayed, limited or even denied regulatory clearance or different regulatory pathways than planned for (e.g. *De Novo* or PMA instead of 510(k) for subsequent A50 submissions). Alternatively, being compliant may lead to longer, larger and more complex clinical trials than expected.	Delayed or not at all granted FDA clearance; limited claim sets; slower and reduced commercial uptake post FDA clearance.	Interaction with FDA (presub interaction, interactive review, meetings), CRO 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 presub & 510(k) to reduce risk of (substantial) delay in time to market. Consider presub meetings to clarify critical issues before starting new clinical trials.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
PRODUCT DEVELOPMENT RELATED RISKS			
Platform development risks	The Unyvero platform may lose its broad / unique panel competitive edge compared against competitors' products with similar or disruptive new technologies, may be considered too slow, too large, too expensive by customers or may not fulfil throughput or other customer needs. Additional effort may be required in the future to remain compliant with upcoming regulations (EU IVDR, UDI labeling, controls etc.). Defocusing / lack of resources due to shift of focus to A30 *RQ* platform. Insufficient improvements on Unyvero platform. Reduction / loss of skills and experience on Unyvero A50 platform. Dependency on external development / collaboration partners may impact timelines and or quality of their respective contributions. A30 *RQ* development may face unexpected technical challenges requiring unplanned resources or resulting in unplanned delays. Booming economy may lead to delays due to limited availability of components and external partners.	Slower and reduced commercial uptake in USA; lower U.S. revenues and inability to achieve or maintain profitability in the future; higher cash burn and financing needs.	Continuous improvement of existing processes (e.g. reduce run-time, COGS further), cartridge performance and add new / updated pipeline products (lifecycle management) – acquired GEAR and Gyronimo; ares Genetics set up, development of A30*RQ* platform started. Regular meetings and progress tracking of suppliers, development and collaboration partners. Planning ahead to limit impact of components on allocation and to ensure timely availability of collaboration partners.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
REGULATORY RISKS			
US FDA clearance	Unsuccessful or delayed roll-out of future US products (e.g. LRT Plus for BAL, IJI) due to technical/procedural/regulatory problems, e.g. during establishment registration, product listing, product import, ramp-up and a potential FDA inspection of one or more establishments. Failure to fully achieve and maintain compliance with all applicable regulations (21CFR820 et al) may lead to warning letter or other FDA measures.	Slower and reduced commercial uptake in USA; lower U.S. revenues and inability to achieve or maintain profitability in the future; higher cash burn and financing needs.	Close collaboration with external experts, instrument manufacturer Zollner and Curetis USA Inc. to ensure compliance to applicable requirements to ensure swift completion of all necessary steps and swift commercial launch. Internal reviews/audits/trainings to ensure US regulations are properly included in Curetis' QMS.
NMPA clearance	Curetis relies on its partner BCB to execute regulatory trials and obtain NMPA clearance for marketing its products in China, the second most important market for Curetis after the US. BCB has limited experience in IVD regulatory approval in China, both posing a significant risk to approval timeline and success. Curetis has no own experience with NMPA and limited resources to support BCB from a regulatory and R&D / ClinOps perspective. New regulation in place that may allow submission of foreign clinical trial data for HPN/LRT which may shorten overall time to clearance. Nevertheless, it is currently unclear how much clinical work would still need to be done in China and how a study would be designed. As the data package with foreign data reflect the US study, NMPA may request a study of similar complexity. Parties were able to execute amendment with modified business terms reflecting potential use of US data for NMPA registration.	Delayed or not at all granted NMPA clearance; limited claim sets; slower and reduced commercial uptake post NMPA clearance in China.	Regular and frequent communication with BCB in English. Discussions NMPA started. Successfully completed analytical validation with R&D input from Curetis. Very regular contact and communications – increase frequency of on site visits to China. Increase management board attention on the project. Compiled and provided USFDA data to BCB for a first submission to NMPA to get qualified feedback asap.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
REGULATORY RISKS			
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.	Loss of ISO 13485 certification to develop, manufacture and commercialize CE IVD products; delays in European commercial roll out; higher resource needs and costs; increased cost base and cash burn with increased financing need.	RegAff team has been preparing for this; already working with notified body e.g. for HPN / P55; running trials and RegAff on an "as if this had already been in effect" for a while.
Other regulatory	Many international markets require regulatory clearance (e.g. Singapore / ASEAN, Russia etc); national requirements are various and diverse; limited knowledge on such international regulations and high reliance on distribution partners.	Delayed or not at all granted ASEAN market clearance; limited claim sets; slower and reduced commercial uptake post ASEAN market clearance in ASEAN markets.	Work very closely with distribution partners (e.g. Acumen for Singapore, BioLine for Russia / Belarus etc); new role of Silvia Laube to act as RA expert for international filings and support; use outside consultants wherever necessary or useful.
R&D (from Other regulatory)	Triton X supplement in Master Mix may become banned substance in EU in due course which would make it impossible to continue using it. Would require complete alternative development as it seems to be in many buffers / MDx reagents!	Loss of CE IVD regulatory clearance to manufacture and comemrcialize current Curetis Unyvero Master Mix would prevent EU sales and marketing; delayed, reduced or even entirely lost revenue stream in EU; higher cash burn and financing needs.	Support lobbying efforts by all Dx industry associations to ensure an exemption for Triton X is made by EU – work on parallel alternative MM solution in R&D with various possible suppliers.
Other regulatory	Compliance deficiency for 21 CFR 820 (and ISO 13485:2016).	Risk of warning letters and delays to or even inability to continue manufacturing and commercializing IVD products in U.S. and / or EU.	Contract for FDA inspection consulting services. Review and update of all related quality documents according to 21 CFR 820. Mock Audit after review. Update: Mock Audit performed, report available with gaps identified; target closing gaps in a timely manner before FDA/ISO-Inspection.
Other regulatory	A number of open CAPAs and COs.	Risk of warning letters and delays to or even inability to continue manufacturing and commercializing IVD products in U.S. and / or EU.	Finalization of the CAPAs in progress; closing COs wherever possible; dedicated team and task force.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
REGULATORY RISKS			
Other regulatory	Delay of stability validation caused by limited resources post Re-Org leading to limited shelf life or withdrawl of regulatory clearance.		Prioritization of open projects according to market priority and regulatory need. Adaption of validation goal according to available resources.
Other regulatory	Delay of stability validation caused by limited resources post Re-Org leading to limited shelf life or withdrawl of regulatoery clearance.		Prioritization of open projects according to market priority and regulatory need. Adaption of validation goal according to available resources.
Other regulatory	Risk files require updating.	Audit observations, deviations and possible impact on regulatory status of products and ability to commercilize may be impacted.	Add resources and prioritize for 2019.
OPERATIONAL RISKS			
Manufacturing	Staff: well trained and experienced staff is key for manufacturing Unyvero cartridges in larger volumes with constant high quality.	Sickness or leaves will lead to significant risks for constant high quality production resulting in inability to manufacture and sell / deliver high quality IVD products to customers and partners globally; order back log with negative impact on revenue ramp and thus ability to become or remain profitable and achieve target margins in the future.	Hiring of well educated 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 and Cause	Potential Impact if Risk Materializes	Mitigation Measures
OPERATIONAL RISKS			
Manufacturing	Production Infrastructure: Unyvero cartridge production requires a significant amount of fully automated and dedicated equipment and cleanroom environment. Any fault, equipment breakdown or infrastructure breakdown / force majeure (power outage, flooding, building collapse) may lead to an immediate production stop and/or destruction of stock. Current setup may be insufficient for FDA inspection requirements.	Production stoppage could lead to order backlog, lost or reduced revenue, inability to serve customers and partners and could negatively impact the business and financials of the company.	service agreements with equipment suppliers, stocking of critical replacement parts, at least yearly maintenance and calibration for key equipment, surveillance and alarming systems for freezers, monitoring of all relevant cleanroom parameters, stocking of a minimum amount of finished products for immediate customer shipments. Plan for risk assessment by insurance company (general risks). Plan for additional protection against known risks, e.g. protective cover to prevent water ingress. Modify/enhance infrastructure (e.g. access control improvements) and prepare for / execute mock audit to pressure-test for FDA inspection compliance.
Manufacturing	Processes: Many production steps use sophisticated processes where already slight deviations from the nominal parameters and / or process deviations due to human error (pipetting, labeling of material, mishandling of material) may lead to faulty products.	Not getting production lots QC released; high scrap rates and resulting negative impact on COGS and margins; order backlog and impact on ability to serve customers and generate revenues.	All 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 and training of operators for relevant production SOPs / WIs.
Manufacturing	Quality: Unyvero cartridges are complex products using many diverse parts and processes in clean room environments during manufacturing. Slight degradation of one component or small process variations may already lead to faulty or deficient products. The same holds true for even the slightest contamination of a component .	Not getting production lots QC released; high scrap rates and resulting negative impact on COGS and margins; order backlog and impact on ability to serve customers and generate revenues.	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.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
OPERATIONAL RISKS			
Manufacturing	Stock-out of one or more products: In addition to the risks listed above, Curetis may not be able to ship one or more products due to demand fluctuations not covered in forecasting due to the lead time of cartridge and instrument manufacturing.	Order backlog could lead to lost or reduced revenue, inability to serve customers and partners and could negatively impact the business and financials of the company.	weekly forecasting, ramp-up planning for new markets, flexible workforce for peak demands; allocation in case of product shortage.
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 parties that we depend on to deliver on time, to the quality standards and at the prices and conditions agreed may cause significant harm to our business; supplier may become competitor and cease collaboration/supplying products.	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 3rd party service providers and suppliers; regular management reviews; put supply/development/Quality Assurance agreements in place with appropriate change of control clauses to ensure reliable supplies.
Restructuring risks	The restructuring in Dec 2018 / Jan 2019 poses high risk of lost skills/expertise and going forward a lack of resources to execute all required steps.	Further loss of critical staff members; delays to execution of important projects; loss of motivation and commitment of remaining employees could negatively impact the business, revenue generation and financials.	Despite recent re-org in EU and USA attempt to ensure smooth transition and handover of key tasks and functions from staff that have been let go to remaining team members; use netoworks and recruiters in any key recruiting processes that are mission critical.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
MARKET RISKS			
Customer uptake	Customer uptake in EU markets, in which Curetis has until recently pursued a direct sales approach, is 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. This might not change short term with handover to EMEA distribution partner.	Slower revenue ramp that prevents Curetis from reaching or maintaining profitability in the future; higher financing needs.	Focus support term on best possible second level CAS and service as well as product management and marketing support for all distributors especially in EMEA.
Price erosion	With more and more competitors entering the market offering similar applications and increasing cost saving pressure in the healthcare market, a price erosion for multiplexed PCR assay is likely to happen. However, all competitors share similar economics making lobbying for sustainable reimbursement a likely scenario. ASP is down i.e. EU overall – move to distribution model in EMEA will add further pressure on lower transfer prices to ensure adequate margins for distributors.	Slower revenue ramp and lower margins that prevents Curetis from reaching or maintaining profitability in the future; higher financing needs.	Focus on unique applications for high medical need questions; increasingly engage in lobbying for adequate reimbursement. Work closely with Super CP to ensure optimum pricing strategy across key EMEA markets.
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. esp. after bioMérieux pneumonia panel has received FDA clearance.	Slower revenue ramp and lower margins that prevents Curetis from reaching or maintaining profitability in the future; higher financing needs.	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. ARESdb provides Curetis with added content leadership and flexibility on menu, multiplexing and pricing.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
MARKET RISKS			
Reimbursement	Curetis current reimbursement concept relies on tapping the DRG budgets for patients in many countries. 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 circumstances may pose a significant risk to securing funding for Unyvero by Curetis' Customers.	Customers not being able to get Unyvero products reimbursed could lead to slower revenue ramp and lower margins that prevents Curetis from reaching or maintaining profitability in the future; higher financing needs.	Work with super CP going forward on optimized reimbursement strategy and tactics by country.
Partnering risks (Pharma)	Curetis' short term revenue planning partially relies on revenue from pharma services; these deals are difficult to plan as they require active drug development programs in the appropriate phase of development; our ability to secure pharma deals may be limited.	Lower than planned partnering revenues leading to delays or inability to turn profitable or maintain profitability in the future; higher cash burn and financing needs.	Systematic outreach to pharma companies (via biz dev and via US Inc team); dedicated marketing materials; attending pharma meetings; strengthen KOL network. Refine and expand pharma offering through ARESdb and A30 *RQ*; work with financial service providers to mitigate funding risk.
Partnering risk (Technology Outlicensing)	Curetis inlicenses technologies to strengthen its competitive position. To fully leverage the potential of inlicensed technologies such as Unyvero A30 *RQ*, and to offset licensing and R&D costs, Curetis seeks partners that are interested in licensing or OEM deals.	Without such deals, Curetis cash position may slow down or even halt development of products based on such technologies putting a risk to Curetis competitive positioning in its core markets and could negatively impact revenue growth and ability to turn profitable or maintain profitability in the future.	Proactive and systematic outreach to potential partners with in-depth understanding of their needs. Flexible deal constructs from Licensing, via OEM to JVs.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
USA COMMERCIAL & STRATEGIC RISKS			
Customer uptake	Based on FDA indication claim and sample type approval, could slow instrument uptake (No sputum samples, LRT vs Pneumonia panel). In USA, sales cycle for evaluation sites is taking several months longer than initially stated, with the first few evaluation accounts coming on board in Q4-2018.	Slower adoption, lower revenue ramp, delayed commercial traction, higher cash burn and financing needs.	Utilize first few commercial evaluation sites as references and leverage USA Scientific Advisory Board' insights and contacts and new database to target new customers with need for LRT solution. marketing/positioning should mitigate this risk.
Competing products	BioFire received FDA clearance of their pneumonia panel in November 2018 for 3 specimen types; much greater installed base of FilmArray already and aggressive pricing concept.	Has certainly led to slower than expected uptake of evals and commercial ramp for Curetis USA.	Target accounts based on databases that are open to new MDx platforms; focus on differentiatiors and smart tactical marketing.
Reimbursement	No current CPT codes. No worries. This is a pure economic sell. USD 245 list price vs more days in hospital bed In the USA, a recent reimbursement decision was made by Medicare to NOT reimburse/cover PCR multiplex viral panels for outpatients. Although not directly related to the Unyvero LRT inpatient panel, this non-coverage decision has increased awareness around clinical utility of molecular multiplex testing in the respiratory indications.	Slower adoption, lower revenue ramp, delayed commercial traction, higher cash burn and financing needs.	Need futrher economic impact data. In the USA, it is important to educate all key stakeholders that the Unyvero LRT test is for inpatients and specific to DRG, and is not affected by viral respiratory reimbursement decisions.
Distributor performance	So far n.a. since we do not have a distribution partner in USA yet! – Given RIF at Curetis USA Inc may need to accelerate bringing on board a co-promotion / co marketing distri channel partner in the U.S. alongside direct sales team efforts also.	Loss in margins might impact revenue ramp and ability to become profitable or maintain profitability ion the future.	Initiate channel partner discussions for USA also.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
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.	Annual review of insurance contracts and discussion with insurance broker with regard to insurance coverage and new products.
D&O risks / Prospectus risks	Specific risks pertaining to the directors and officers of a publicly listed company in the context of an ever more complex regulatory environment.	Specific prospectus liability risks from public capital markets transactions due to shareholder lawsuits; added cost and reputation loss.	Code of conduct, insider trading policy, whistleblower policy, clarity of roles and responsibilities for MB and SB; Maintain top D&O insurance policy; taken out specific prospectus liability insurance in the context of any prospectus driven capital markets transaction.
Fraud	Any employee, officer or director of the company acting in a fraudulent manner to their own benefit or anyone acting on behalf of the company towards the outside world in a fraudulent manner, misrepresenting.	Causing major harm to the reputation, financials and causing legal repercussions.	Code of conduct, compliance manager, 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 Director Finance, Accounting, CEO.
Compliance risks	Post IPO listing requirements by AFM and FSMA – Dutch corporate governance codex and other compliance rules on the accounting and legal side.	AFM or other market authorities could issue warning letters or impose fines which would negatively impact financials and reputation.	In order to avoid non compliance we have established a Compliance Management function via our in house legal counsel; on any issue that has the potential for non-compliance we also involve outside counsel (legal, tax etc) to ensure the highest levels of compliance; regular compliance trainings to all staff with special focus also on sales & marketing teams; active management of insider lists and training of people affected.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
LEGAL & COMPLIANCE RISKS			
International Subsidiaries' risks	Complex legal framework as Dutch N.V. Is listed in AMS and BRUS and has operating subs in Germany, UK, France, NL, USA, CH and AT; almost impossible for a small company to have all of the required know how, expertise and bandwidth in house – will get simplified by closing various subsidiaries in EMEA (NL, UK, F, CH) but these closing processes will create their own specific challenges and risks also.	Legal and compliance risks could lead to fines, higher legal costs, cash burn and need for additional financing.	Reduction in complexity by closing numerous subs in 2019. Having in house team with a lot of experience in the international context of setting up and running international subs; working with specialized legal and tax / accounting / HR advisors in each of the countries to ensure best possible compliance with local national laws and regulations.
Data protection	Inadvertant violation of any EU or other GDPR laws.	Lawsuits based on new EU GDPR or other applicable laws; higher costs and reputation loss.	Double opt-in for newsletter via HP; business cards received are transferred to CRM this starts automatic approval mail.
Data protection	Adherence of data security and protection laws; legal basis for storing and transferring personal data to the U.S.	Lawsuits based on new EU GDPR or other applicable laws; higher costs and reputation loss.	Added clauses in templates for contracts, executed addendums to current contracts espec. Employment; access control on Curetis' premises; appointed FH as DSB and add training.
Insider trading	Any employee or next of kin or other insider (ab)using such insider info to trade in the stock of Curetis; many members of the Curetis teams will at one point or another be privy to material non public information and hence insiders.	Lawsuits based on applicable securities laws; higher costs and reputation loss.	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.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
IP RELATED RISKS			
IP dilution and transfer	To lose Curetis' proprietary IP by dilution or unwanted transfer.	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	Surveillance of current and new filings by external patent attorneys; collision report; conducting coexistence agreements. Protective clauses against unwanted IP-transfer in contracts; ZSP external DD on GEAR and Gyronimo IP portfolios.
IP protection of own inventions	Failure to obtain or maintain IP protection for critical own inventions in relevant geographies.	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	Use of high quality patent firm for filing. Management decision on countries.
Patent oppositions	Patent opposition of 3rd party against Curetis' patents.	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	Use of high quality patent firm for filing to minimize attack points.
Protection of acquired IP (A30 *RQ*)	Failure to obtain or maintain IP protection for critical acquired IP in relevant geographies (A30 *RQ*).	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	IP Due Diligence for acquired IP with high quality patent firm.
Protection of acquired IP (GEAR/ARESdb)	Failure to obtain or maintain IP protection for critical acquired IP in relevant geographies (GEAR / ARESdb).	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	Develop own IP strategy for ARES, including new filings.
Patent infringement	Legal prosecution for patent infringement.	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	Patent exhaustion approach, IP Insurance, change of design to prevent patent infringement – add insurance (s.o.).
Breadth and costs of IP	GEAR / ARES AMR Marker IP portfolio based on comprehensive filing of marker candidates is too complex and cannot be maintained long-term at reasonable costs.	Loss of FTO or ability to successfully commercialize products in certain regions; impact on revenues and costs.	ARES IP strategy under development, hired additional personnel to develop and implement ARES IP strategy in interaction with patent counsel.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
FINANCE RISKS			
Capital market regulations	AFM and FSMA regulations apply to us as a listed company on Euronext AMS and BRUS; especially notification on any stock price sensitive information is a critical risk; delays in such notifications might result in fines and investigations.	AFM or other market authorities could issue warning letters or impose fines which would negatively impact financials and reputation.	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 corp comms side to ensure compliance with regulations.
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. Despite decision to close down several sales-subsidiaries in 2019 the consolidation scope for now still 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 illnesses or other absentee reasons of key employees could lead to delays. Also a possible future listing expansion would significantly increase that risk due to additional audit and accounting requirements (e.g. PCAOB-standard for hypothetical U.S. listing etc.).	Need to work on reduction of complexity by closing subsidiaries in early 2019; core team remains in tact but no new hires possible.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
FINANCE RISKS			
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, CH and AUT there is a risk of acting non-compliance or to miss one of such (unknown) regulations.	Could lead to fines being imposed and negative impact on corporate tax situation.	Curetis works closely together with national advisors and does constantly interact with its service-providers. For very specific matters (like payroll accounting or national GAAP-financial statements) have been outsourced to special service providers.
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 puts the cash run rate and execution of the revised strategy and adjusted business plans at material risk.	Going concern is a material and major uncertainty and there is a risk of running out of cash and having to file for insolvency / bankruptcy.	tight monitoring of cash burn and maintaining tight fiscal discipline to much reduced 2019 budget sizes; continuous dialog with several banks and brokers on possible 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; Closed PIPE with EUR 4.1 Mio; secured GCF equity line of USD 10 Mio; signed EUR 20 Mio Yorkville convertible note / closed follow on transaction for EUR 8.9 million – actual cash raised in 2018 was EUR 19.5 Mio.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
FINANCE RISKS			
Debt financing risks	So far Curetis has 13 Mio EUR from EIB as debt on its balance sheet; risk might be debt that cannot be repaid in time and might require refinancing measures at unfavorable terms; worst case debt may force company into distress situation, fire sale or even bankruptcy; next 5 Mio EUR milestone tranche depends on completion of legal documentation of amendment following EIB waiver (or Yorkville notes conversion) to reach the cumulatively at least 15 Mio.	Going concern is a material and major uncertainty and there is a risk of being in default of any material provision of debt financing agreements; could lead to having to repay debt and running out of cash and having to file for insolvency / bankruptcy.	So far only limited EIB debt financing on balance sheet. EIB debt financing structure is flexible – with amendment now 36 month draw down period as de facto free call option – 5 year interest only period from draw down of each tranche with 60% of interest also deferred until maturity! Need to determine ability to spend at least 2x EIB debt on R&D – tbd based on cash reach and budgeting / consider potential to renegotiate with EIB on duration of R&D project.
Stock price risks	CURE stock is illiquid, heavily concentrated stock holdings and an overhang of VC investors who at some point will want an exit; furthermore competitors in MDx have seen their stock prices under significant pressure in recent quarters; Yorkville convertible notes likely to put additional pressure on share price / equity financing need and capital market perception of financing overhand leading to heightened short term pressure / decline in share price.	Low share price severely limits ability to raise equity capital and hence negatively impacts going concern; could lead to running out of cash and having to file for insolvency / bankruptcy.	Delivering on fundamentals of revised strategy and reduced business plan scope is key – need to achieve significant top line revenue growth via Super CP and other CPs in EMEA and ROW as well as in USA direct; given share price level post Opuntia follow on this is becoming much more critical – need some PR news buzz to drive liquidity and share price appreciation to avoid situation where YV and EIB cannot be used and no further equity can be raised.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
FINANCE RISKS			
Equity story risk	With recently announced changes to the strategy and Re-Org there is major impact on the Equity Story of Curetis. The capital markets continue to underappreciate the milestones met and de-risking of the Equity Story from a regulatory standponint leading to low company valuation and hence has severely limited Curetis ability to raise the amounts of capital required to execute on our strategy. Thus need for strategy change, adjustment to business plans and re-org with RIF and major budget cuts for 2019.	Low share price severely limits ability to raise equity capital and hence negatively impacts going concern; could lead to running out of cash and having to file for insolvency / bankruptcy.	Work with key capital market stakeholders to emphasize the expansion of the equity story. Execute on fundamentals and generate respective newsflow demonstrating viability and value of Equity Story.
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 the ARESdb asset. Hence our ability to secure co-development deals and R&D revenue may be limited.	Lower than expected revenue; higher cash burn and financing need.	Continue systematic reach out 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 resistance development tests, strengthen 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.	Lower than expected grant funding; higher cash burn and financing need.	Implement a grant mgmt. process to systematically screen for relevant 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; hired Freemind to identify big-ticket grants and support in the submission thereby submitting more grant applications with higher chances of success.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
ARES GENETICS COMMERCIAL & STRATEGIC RISKS			
ARESdb does not cover emerging resistance markers	Antibiotic resistance is continuously evolving and even though the ARESdb database 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.	Less attractive commercial and partnering offering could negatively impact deal making and revenue generation and lead to higher cash burn and financing needs.	Actively pursue a partnership based approach to further enhance ARESdb in bilateral projects with academic key opinion leaders as well as work towards implementing a public-private partnership for continuous enhancement of ARESdb. Additionally, implement an AI-informed ARESdb maintenance process to enhance ARESdb by including publically available data after stringent quality curation.
General funding risk	Ares Genetics currently relies on funding though grants and intercompany loans by Curetis. Curetis may not be in the position to fund the Ares Genetics to the extent necessary to fully leverage the ARESdb potential and stay competitive in a very dynamic AMR environment.	Under funding would lead to Ares falling short of its strategic, operational and commercial potential and contribute less value to Curetis group.	Seek direct equity investment into Ares Genetics for critical funding of growth on the base of a business plan aiming at fully leveraging the potential of ARESdb and the ARES Technology Platform. Retain access to ARESdb for Curetis to fuel Unyvero Panels and Unyvero-based decision support; seek non-dilutive funding though licensing and service partnerships; expand service offering.
ARESdb markers need further validation prior to clinical application	ARESdb 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.	Inability to fund validation might lead to less attractive comemrcial partnering opportunities or deal terms with lower revenue and higher cash burn and financing needs.	Actively pursue a partnership based approach to further validate ARESdb markers in bilateral projects with academic key opinion leaders as well as work towards implementing a public-private partnership for further validation of the ARESdb. Perform proof-of-concept validation study for a selected subset of ARESdb biomarker candidates.

Corporate Risk Area	Risk description and Cause	Potential Impact if Risk Materializes	Mitigation Measures
GLOBAL DISTRIBUTION, COMMERCIAL & STRATEGIC RISKS			
A 30 Revenue Risk	Delay for the Launching of the A30 *RQ* systems. A30 needs to become a material revenue and non dilutive funding source for Curetis via partnering. Many new competitors in the market, if we get late to distributors will be difficult to get market share.	Lower than expected revenue and higher cash burn and financing need.	Maintain high levels of R&D of the resources for the development of the A30 *RQ* up to a poingt where it is partnering ready.
Regulation change in mayor customers countries	New registration processes can force distributor to perform a clinical trial in order to extend the registration of Curetis products.	Delayed regulatory approvals and product launches with negative impact on revenue ramp and financials.	Keep updated from the regulatory team and the distributors regarding to this problem. Learn from the U.S. control and validation to be able to repeat it.
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.	Lower than expected revenue; need to replace distribution partners in key markets.	Choose distributors based on thorough due diligence (EMEA distribution partner after systematic bidding and diligence process); tightly manage and coach them; monitor performance closely; replace when consistently underperforming distributors doing systematic business reviews with all distributors. Marketing activities to support market growth with some selected distributors.

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 2018 give a true and fair view of the Company's assets and liabilities, the Group's financial position as of 31 December 2018, and the results of its consolidated operations for the financial year 2018; and (ii) the Report of the Management Board includes a fair review of the position as of 31 December 2018, and the development and performance during the financial year 2018 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 attempt 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 2018. Complete versions of 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 (https://curetis.com/investors/#corporate-governance).

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 sharing of 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 https://curetis.com/investors/#corporate-governance

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.

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.

At the 2018 General Meeting on 21 June, the then Curetis USA Inc. President & CEO, Chris Bernard, was elected as a new member into the Management Board, only to resign for private reasons to pursue other opportunities shortly thereafter on 31 August 2018. Therefore, the Management Board since then once again consists of three Managing Directors.

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 adopted unanimously whenever possible. 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 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	48	Chief Executive Officer	21 June 2018	until 31 December 2021
Mr. Johannes Bacher	German	50	Chief Operating Officer	8 October 2015	until 30 June 2019
Dr. Achim Plum	German	50	Chief Business Officer	21 June 2018	until 31 December 2021

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, who co-founded Curetis in 2007, combines over 20 years of R&D and managerial experience with extensive expertise in international project management, finance, human resources and legal affairs. At Curetis Johannes in his role as COO heads all R&D functions in engineering, software, IVD development, innovation & technology, IP, 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. Dr. Plum since January 2019 also serves as a strategic advisor to TissUse GmbH (Berlin/Germany). 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 due to changes in Dutch law and enter into force of the new Dutch Corporate Governance Code 2017 and adopted at the Supervisory Board meeting on 29 March 2018 and can be found on Curetis' website at https://curetis.com/investors/#corporate-governance.

COMPOSITION, APPOINTMENT AND REMOVAL

The Articles of Association provide that the Supervisory Board must consist of a minimum of three members, with the exact number of Supervisory Directors to be determined by the Supervisory Board. As of the date of this Annual Report, the Supervisory Board consists of six members. Only natural persons may be appointed as Supervisory Director. Whilst the current composition of the Supervisory Board is in line with the characteristics outlined in the "Supervisory Board Profile", there is a continued special attention 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 2018 the Supervisory Board held five meetings (22 February, 17 May, 21 June, 27 September and 6 December) and in addition two extensive telephone conference calls were held (29 March, 19 July) and multiple telephone conferences around key financing events in April, October and November. Typically, the face-to-face Supervisory Board meetings were held at Frankfurt Airport Conference Center with the exception of the Supervisory Board meeting on 17 May which was held near Eltville, Germany and on 21 June 2018, 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. Except for the Supervisory Board meeting on 22 February 2018 where Dr. Clausnitzer was missing due to medical reasons, none of the Supervisory Directors have been absent from residual Supervisory Board meetings held. The Supervisory Board has been closely involved in all strategy and financing discussions, definition and adaptation of such strategy and transactions and their regular review. During each of the meetings as well as telephone conferences, the Supervisory Board has monitored the respective implementation of Curetis' strategy and financing transactions by asking specific questions to the Management Board as well as reviewing the written Management Board reports on such topics as well as giving particular emphasis to the associated risks and specific risk mitigation measures.

The meetings in spring were heavily focused on the FDA review and approval process as well as preparation of the agenda and decision proposals to our shareholders at the General Meeting, and following the departure of Dr. Holger Reithinger from the Supervisory Board the subsequent proposal to re-elect Dr. Werner Schäfer and Dr. Rudy Dekeyser to the Supervisory Board and new Management Board election for CEO and CBO. On 29 March the entire Supervisory Board reviewed the audit of the 2017 FY financials and 2017 Annual Report together with our external auditor PwC. All material items of the 2017 statements were discussed with particular emphasis on the matter of going concern. All questions were answered before approving the 2017 statements on 30 April 2018. On proposal of the Audit Committee, PwC was again nominated as auditors for FY 2018.

Furthermore, the key performance indicators ("KPIs") of our EMEA Direct Sales team were discussed repeatedly and in depth. Following intensive discussion during the summer and following the departure of Management Board member, U.S. President & CEO / Global EVP Sales Chris Bernard, certain changes to the roles and responsibilities of Management Board members were implemented. EMEA commercial operations were put under the direct line management responsibility of the CEO. Following FDA clearance in April, the Supervisory Board closely monitored the U.S. commercial launch preparations and early post launch progress. The Supervisory Board together with the Management Board discussed the implementation into the overall corporate strategy including the further development and funding as well as partnering via Ares Genetics GmbH (Vienna, Austria) for all ARESdb bioinformatics related activities. The Supervisory Board in all of its meetings also assessed the key business risks and the internal control system, which includes many ongoing issues throughout the whole year, but also throughout 2018 focused particularly on the financial situation and respective cash reach and going concern considerations of Curetis and various financing transactions such as the PIPE on 30 April, the Yorkville convertible notes facility in October and Euronext follow-on offering in November 2018.

The June meeting was also the constitutional meeting of the newly elected Supervisory Board. William Rhodes was re-elected as chairman and Dr. Werner Schäfer as vice chair and the committee chairpersons and members were also confirmed (see also page 68). Furthermore, it reviewed the U.S. commercial launch at ASM Microbe in Atlanta and key performance indicators of our EMEA sales and marketing organization.

An ad hoc telephone conference was used to discuss, review and approve the H1-2018 earnings and financial statements in the context of the Euronext follow-on offering and prospectus that were being prepared. During the fall 2018 meetings, the key area of attention was on the financing transactions with Yorkville and the prospectus driven offering. Further topics included the commercial execution and commercial conversion of hospital accounts in key EMEA direct selling markets as well as U.S. post launch commercial traction. 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 need for strategy changes and re-organization in case of various outcomes of financing transactions as disclosed in the AFM approved prospectus in November.

The Supervisory Board meeting in December, in addition to quarterly results for Q3 and tracking commercial conversion key performance indicators and progress with the U.S. launch and Unyvero A30 *RQ* development as well as Ares Genetics partnering opportunities, was primarily focused on post financing strategy and corresponding budget and business plan adjustment discussions for 2019 and beyond. The Supervisory Board extensively debated and eventually agreed on the final budget for 2019, including significant changes to the commercial channel strategy, down-scaling or partnering of development programs partnering approach towards the next U.S. FDA trial for the IJI Cartridge. The Supervisory Board was regularly apprised of the latest financing, operational and commercial developments.

AUDIT COMMITTEE REPORT

The Audit Committee held several meetings and telephone conferences during 2018. On 22 February 2018 the audit priorities and areas of focus for the audit of FY 2018 were discussed with PwC. On 21 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. Following the new composition of the Audit Committee on 10 April an Audit Committee telephone conference was convened to discuss timelines and next steps for finalization of the audit of the FY 2017 financial statements. With Rudy Dekeyser having joined after the AGM elections in June, on 8 August, an Audit Committee telephone conference was convened to discuss the H1-2018 financials and to prepare a Supervisory Board decision proposal to approve the H1-2018 financial statements for

publication. In the fourth quarter, the core audit topics for the FY 2018 financials were discussed in detail with PwC as part of the regular interaction on the financing transaction relevant topics. 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 the CEO, Director Finance 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 continue with not yet implementing a full internal audit function or department at this time given the small size of the organization and early stage of its corporate development especially following the re-organization and reduction in force with an even smaller team.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee reviewed 2017 goal achievements and proposed delay of the bonus payout decisions for the Management Board until after FDA clearance of Unyvero LRT in a telco held on 26 January 2018. This was discussed and approved by the entire Supervisory Board in its 22 February 2018 meeting. Also, goals for 2018 were discussed, refined and adjusted and approved for Curetis as a whole but also for each member of the Management Board individually in February 2018. New proposed contracts for CEO Oliver Schacht and CBO Achim Plum were discussed and negotiated between the Management Board members and the Remuneration Committee throughout the first quarter of 2018. Other topics for the Remuneration Committee in Q1-2018 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 as well as externally against comparable small cap diagnostics companies in Europe and the U.S. Management Board members were asked their individual view on the amount and structure of their own remuneration during the review of the compensation and this input was used in drafting and getting approval from the AGM for the new CEO and CBO contracts, respectively.

Furthermore, the decision proposal to also grant up to 10,000 additional stock options from the existing ESOP 2016 to all Supervisory Board members of Curetis N.V. as part of the remuneration and compensation plan at the AGM 2018 was discussed extensively in February 2018. These key topics were approved unanimously for inclusion into the agenda of the 2018 General Meeting and the Remuneration Committee as well a Supervisory Board subsequently approved the actual grant of additional stock options to Supervisory Board members effective 1 July 2018. The key terms and conditions for the Curetis ESOP 2016 can be found in a term sheet published on Curetis' website under https://curetis.com/investors/#corporate-governance.

NOMINATION AND APPOINTMENT COMMITTEE

In early 2018, on 22 February the Nomination Committee held a meeting to evaluate options with regards to the future composition of the Supervisory Board. While several discussions were held with potential candidates for Supervisory Director the decision was ultimately made to not propose to the AGM in June 2018 any new external candidates. The Nomination Committee also discussed in depth on whether to propose the extension and renewal of contracts with CEO and CBO to the Supervisory Board and ultimately the AGM. The Nomination Committee also decided to propose that Chris Bernard be put up for election onto the Management Board of Curetis N.V. at the AGM which was also approved by the Supervisory Board and then implemented accordingly. Throughout H1-2018, several telephone conferences were held between the Nomination Committee and management. At the Supervisory Board meeting on 6 December 2018 the Nomination Committee was tasked with a review of the Management Board and Supervisory Board composition also in light of the financing situation, re-organization measures and approved 2019 budget framework.

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 2018 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 20 February 2019. 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 2018 (e.g. re-election of Oliver Schacht and Achim Plum onto the Management

Board of Curetis N.V.).

More on the different Committees see below in section "*SUPERVISORY BOARD COMMITTEES*".

DIVERSITY AND LIMITATION OF BOARD POSITIONS

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., 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

On 12 April 2018 Dr. Holger Reithinger resigned as Supervisory Director and Dr. Rudy Dekeyser and Dr. Werner Schäfer were both reelected as Supervisory Directors at the General Meeting 2018. At the date of this Annual Report, Curetis' Supervisory Board therefore is composed of the following six Supervisory Directors:

Name	Nationality	Age	Position	Date of most recent Appointment	Term
Mr. William E. Rhodes, III	U.S. American	65	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	65	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	71	Vice-Chairman of the Superviory Board	10 November 2018	End of General Meeting held in 2020
Ms. Prabhavathi Fernandes, Ph.D.	U.S. American	70	Member of the Supervisory Board	16 June 2016	End of General Meeting held in 2019
Dr. Rudy Dekeyser	Belgian	57	Member of the Superviory Board	21 June 2018	End of General Meeting held in 2019
Dr. Holger Reithinger	German	53			resigned effective 12 April 2018
Dr. Nils Clausnitzer	German	49	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 USD1 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 served 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 N.V. (previously Curetis AG-since 2014). Dr. Schaefer holds a Ph.D. in Chemistry from Philipps University Marburg.

DR. PRABHAVATHI FERNANDES

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 and serves as an advisor to three U.S. based biotechnology companies. In 2017, she was appointed to the National Biodefense Science Board (NBSB) in the Health and Human Services department of the U.S. government and in 2018 she was appointed its Chairperson. In 2018, she was appointed to the Scientific Advisory Board of Global Antibiotic Research & Development Partnership (GARDP), a joint initiative of DNDi and the WHO, which aims to develop and deliver new treatments for bacterial infections.

DR. RUDY DEKEYSER

Dr. Rudy Dekeyser is a Supervisory 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, Lumeon 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 (former EVP Avantor/VWR and Senior Vice President and President EMEA-APAC Lab and Distribution Services of VWR International LLC. / VWR GmbH, Germany) has been appointed as a member of the Supervisory Board at the General Meeting held in June 2017. Dr. Clausnitzer has profound knowledge in sales and marketing of diagnostics and medical products serving companies in this space for 18 years now. At VWR Dr. Clausnitzer was responsible for roughly US$2 billion annual turnover. He turned the business around within one year and reached the best result in EMEA/APAC in 2017. Prior to VWR International, he was President and Head of Commercial Operations, EMEA at Qiagen N.V., joining Qiagen from his position as Managing Director Germany with Abbott Diagnostics. Before, he also held the position as General Manager of Olympus Germany. His emphasis is to enable companies in tight and competitive business environments to succeed with comprehensive customer solutions driving the necessary changes. Dr. Clausnitzer completed his medical studies at the University of Essen/ University of Hamburg/ University of San Francisco Medical School. He additionally holds an MBA of the Open University, Milton Keynes, UK.

DR. HOLGER REITHINGER

Dr. Holger Reithinger was Supervisory Director with Curetis since 2011 and resigned effective 12 April 2018. Dr. Holger Reithinger has been a General Partner and head of the Munich office of Forbion Capital Partners 2010. Previously, he was Principal and subsequently Partner at Global Life Science Ventures. He started his career in venture capital in 1997 as an Investment Manager at Technologieholding VC GmbH. Technologieholding was acquired by 3i Group in 2000, when Dr. Reithinger became a Director. Prior to this, Dr. Reithinger gained operational experience at Biometra/ Whatman Plc (now GE Healthcare). Dr. Reithinger has served on the boards of Epigenomics, MBT (assets sold to Medigene AG), 4SC, Fibrex Medical (assets licensed to Ikaria Inc.), Agendia BV, Santaris A/S (sold to Roche), Cellnovo Limited and Rigontec GmbH (sold to MSD). Dr. Reithinger currently holds board seats at, Cellnovo Group S.A., Allecra Therapeutics GmbH and catalYm GmbH. Dr. Reithinger studied Molecular Biology/Microbial Biology and Biochemistry at the Universities of Heidelberg and Munich. He holds a Ph.D. in Biochemistry.

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 https://curetis.com/investors/#corporate-governance. 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)
- Dr. Prabhavathi Fernandes
- 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 (until 12 April 2018),
  Dr. Rudy Dekeyser (from 21 June 2018)
- 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)
- Dr. Prabhavathi Fernandes
- Dr. Nils Clausnitzer

TERMS OF REFERENCE OF THE NOMINATION AND APPOINTMENT COMMITTEE

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

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

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

REMUNERATION AND EQUITY HOLDINGS

The Supervisory Board establishes the remuneration of the individual 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 21 June 2018. 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 https://curetis.com/investors/#corporate-governance, 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 2018 (actual 2018: ratio 1.45:1) and not more than 10:1 (actual 2018: 7.16:1) compared to the lowest average entry level salaries within the Curetis Group. This has not materially changed compared to 2017 as Management Board remuneration remained unchanged in 2018 compared to 2017.
- 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, 2018, is shown below:

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 220	kEUR 0	kEUR 12	kEUR 0	kEUR 60 [3]	kEUR 292
Dr. Achim Plum [1]	kEUR 200	kEUR 0	kEUR 15	kEUR 5 [2]	kEUR 60 [3]	kEUR 280
Mr. Oliver Schacht, Ph.D.	kEUR 240	kEUR 0	kEUR 18	kEUR 0	kEUR 60 [3]	kEUR 318

[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] Relates to the bonus that was paid in 2018 post FDA clearance

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 2018, the Supervisory Board established a set of corporate goals (e.g. revenue, cash burn, FDA review and clearance, financings and capital raising 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, commercial growth and execution post U.S. commercial launch, execution of financing transactions (CEO), business development and long-term profitable business partnerships for Curetis and Ares Genetics, IR&PR successes, supporting corporate financing and development efforts (CBO), FDA review and clearance, product and platform development objectives, clinical trial execution and FDA inspection readiness (COO).

Such payments are also shown in the table above, although all of these payments reflect back on 2017 goals. For 2018 the Supervisory Board has determined that no bonus payments shall be made to any Management Board members for 2018 in early 2019.

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 2018. The Remuneration Policy for the Management Board was adjusted and adopted by the General Meeting on 21 June 2018. Since the initial grant of options to the Managing Directors back in 2016 no new grants were made since.

Beneficiary	Options granted in 2016	Strike price	Options granted in 2018	Options vested in 2018	Options exercisable as of 31 Dec 2018	Options exercised in 2018	Options forfeited in 2018	Share based compensation in 2018 (kEUR)
Mr. Johannes Bacher	100,000	EUR 6.45	0	33,000	0	0	0	60
Dr. Achim Plum	100,000	EUR 6.45	0	33,000	0	0	0	60
Mr. Oliver Schacht, Ph.D.	100,000	EUR 6.45	0	33,000	0	0	0	60

The key terms and conditions for the ESOP 2016 can be found in a term sheet, which can be downloaded on the company's website under https://curetis.com/investors/#corporate-governance. 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 (in 2019 up to EUR 240,000 at the SB discretion, not yet decided)	EUR 240,000 (in 2019 up to EUR 300,000 at the SB discretion, not yet decided)
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 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.	Up to EUR 150,000 – 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 1 July 2016 of 100,000 options at a strike price of EUR 6.45. No further options granted since.	Initial grant on 1 July 2016 of 100,000 options at a strike price of EUR 6.45.	Initial grant on 1 July 2016 of 100,000 options at a strike price of EUR 6.45.
Severance	N/A	N/A	N/A
End date	30 June 2019	31 December 2021	31 December 2021
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) reimbursement of health insurance premiums paid out of pocket up to 12k EUR p.a.	D&O / Accident & injury / Pension (only as part of injury & disability insurance in case of > 50% disability) reimbursement of health insurance premiums paid out of pocket up to 12k EUR p.a.
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 December 2018 by the Managing Directors (MD) and Supervisory Directors (SD) are as follows:

Name	Shares in Curetis held as of 31 December 2017	Shares in Curetis held as of 31 December 2018
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 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 2018 as well as additional remuneration for committee chairing roles as well as per meeting and per telephone conference fees earned in 2018.

Name	Max. fixed remuneration in 2018	Committee chairing fees	Meeting & Telco fees	Total remuneration paid in 2018 (excl. ESOP expenses)
Mr. Wiliam E. Rhodes, III (chairman and chairman of remuneration committee)	EUR 60,000	EUR 10,000	EUR 13,000	EUR 83,000
Dr. Werner Schäfer (vice chairman and chairman of nomination committee)	EUR 40,000	EUR 10,000	EUR 11,000	EUR 61,000
Mr. Mario Crovetto (chairman of audit committee)	EUR 20,000	EUR 10,000	EUR 12,000	EUR 42,000
Dr. Rudy Dekeyser	Waived	n.a.	Waived	Waived
Dr. Holger Reithinger	Waived	n.a.	Waived	Waived
Dr. Prabhavathi Fernandes,	EUR 20,000	n.a.	EUR 11,000	EUR 31,000
Dr. Nils Clausnitzer	EUR 20,000	n.a.	EUR 9,000	EUR 29,000
TOTAL	EUR 160,000	EUR 30,000	EUR 56,000	EUR 246,000

The Remuneration Policy for the Supervisory Board was proposed to and approved by the General Meeting on 16 June 2016, and can be found on Curetis' website under https://curetis.com/investors/#corporate-governance. According to which, each of the Supervisory Directors may also receive a grant of maximum 15,000 Stock Options from the ESOP 2016 per year.

The General Meeting on 21 June 2018 approved a grant of maximum 10,000 Stock Options from the ESOP 2016 to be granted to each Supervisory Director on 1 July 2018. All Supervisory Board members accepted the grant with the exception of Dr. Rudy Dekeyser who waived the grant under LSP fund policies and Dr. Holger Reithinger who already had resigned at this point in time.

Name	Stock options granted in 2017	Strike price	Stock options granted in 2018	Strike price	Options vested in 2018	Options exercised in 2018	Options forfeited in 2018	Stock options expense in 2018
Mr. William E. Rhodes, III	15,000	EUR 4.93	10,000	EUR 4.62	5,000	0	0	EUR 10,627
Dr. Werner Schäfer	15,000	EUR 4.93	10,000	EUR 4.62	5,000	0	0	EUR 10,627
Mr. Mario Crovetto	15,000	EUR 4.93	10,000	EUR 4.62	5,000	0	0	EUR 10,627
Dr. Rudy Dekeyser	Waived	n.a.	Waived	n.a.	n.a.	n.a.	n.a.	EUR 0
Dr. Holger Reithinger	15,000	EUR 4.93	n.a.	n.a.	0	0	15,000	EUR 10,627
Ms. Prabhavathi Fernandes, Ph.D	15,000	EUR 4.93	10,000	EUR 4.62	5,000	0	0	EUR 10,627
Dr. Nils Clausnitzer	15,000	EUR 4.93	10,000	EUR 4.62	5,000	0	0	EUR 10,627
TOTAL	90,000		50,000		25,000	0	15,000	EUR 63,762

The reasons why equity stock options have been granted to the Supervisory Board Members are:

(i) Alignment of strategic interest of Supervisory Board Members with the company and its shareholders.

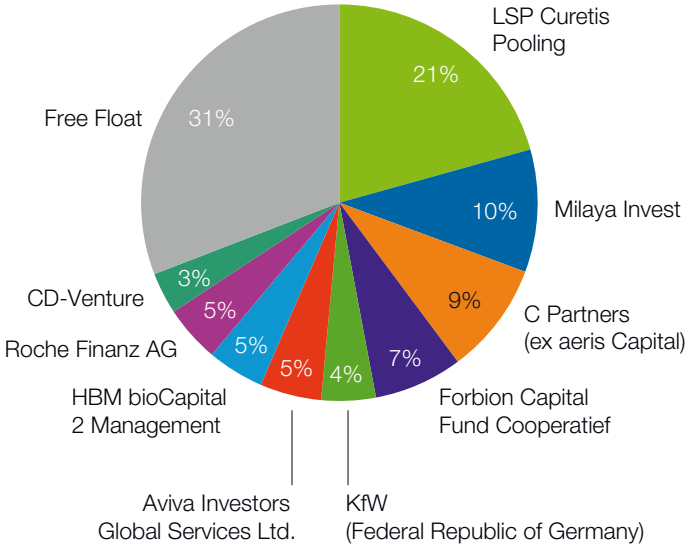
(ii) Ability to recruit, retain and incentivize Supervisory Board Members in line with what is market standard e.g. in the USA.

SHAREHOLDERS

CAPITAL STRUCTURE

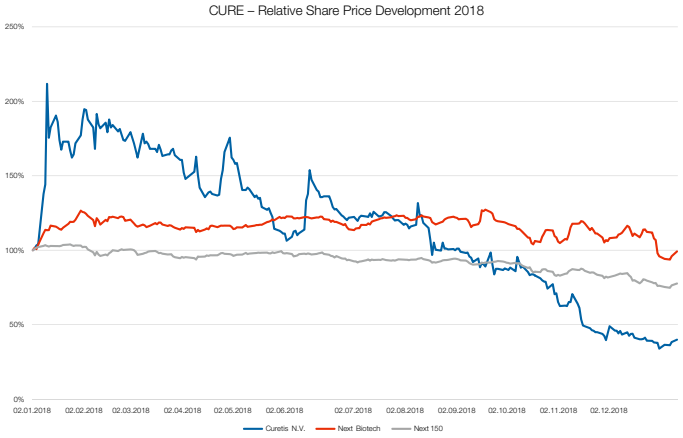
Curetis' issued share capital as of 31 December 2018 amounted to EUR 209,088.02 and consists of 20,908,802 ordinary shares at a nominal value of EUR 0.01 each. The total authorized capital is EUR 550,000.00 at EUR 0.01 per share i.e. 55,000,000 shares. The only class of shares is 'ordinary shares' without 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 of the Financial Supervision Act and have been included in the Dutch AFM's public register in 2018: LSP Curetis Pooling B.V., Milaya Invest N.V., C-Partners (ex aeris Capital Holding GmbH), Forbion Capital Fund II Coöperatief U.A., KfW (Federal Republic of Germany), Aviva Investors Global Services Ltd., HBM BioCapital II Management Ltd., Roche Finanz AG and CD-Venture GmbH. No further updates or changes to these have been filed with the AFM in 2018 nor until the date of this Annual Report.



*as of 31 December 2018

SHARE PRICE COMPARED TO NEXT 150 AND NEXT BIOTECH INDICES IN 2018



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 21 June 2018, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2018, 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 2018 plus (ii) an additional 10% of the total number of shares issued and outstanding on the date of the annual general meeting 2018 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 1,639,257 shares 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.

Furthermore, the General Meeting on 21 June 2018, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2018, 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 with a view to raise additional capital to support the execution of the Company's strategy and the development of its business. 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 up to 50% of the total number of ordinary shares issued on the annual general meeting 2018.

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 21 June 2018, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2018, as the corporate body authorized to, subject to approval of the Supervi-

sory 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 items 15 and 18 of the agenda of the General Meeting 2018 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 21 June 2018, has designated the Management Board for a period that ends 18 months after the date of the annual general meeting 2018, as the corporate body authorized to, subject to approval of the Supervisory Board, cause the Company to acquire its own fully paid-up shares, 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 2018 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 re-

serves, 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. As the requirements were not met, Management Board decided, same as in the last years, not to pay any dividends in 2018 and does not expect to pay any dividends in the foreseeable future.

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. 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 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.

kEuro	2018	2017
Financial statement audit	161,000	161,000
Audit related services and other audit work	646,643	65,000
Tax consultancy	0	0
TOTAL	807,641	226,000

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, the latter of whom resigned effective 12 April 2018, are affiliated with LSP Curetis Pooling B.V., and Forbion Capital Fund II Coöperatief U.A., respectively, who are major shareholders of Curetis. 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.

In 2017 the Supervisory Director Dr. Werner Schaefer had received 2,702 shares from certain existing Shareholders under a Carve Out Agreement (as disclosed in the IPO Prospectus in 2015). As of 31 December 2018, he still held the 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 3.22, 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 2018 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 arbitration, an arbitrator has established in a final and conclusive decision that the act or failure to act of the person concerned can be characterized as willful (opzettelijk) or grossly negligent (grove schuld) misconduct, unless the laws of the Netherlands provide otherwise, or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; or the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

DUTCH CORPORATE GOVERNANCE CODE

The Dutch Corporate Governance Code, as amended, became first 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 under https://www.mccg.nl/de-code.

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 1.3.2 provides that the Management Board should assess the way in which the internal audit function fulfils its responsibility annually, taking into account the audit committee's opinion. As the internal Auditor is part of the Management Board of Curetis GmbH, the Audit Committee does the assessment. No changes to this are planned, as this did work properly in the past for all involved parties.

- 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 2018, two out of six 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 Annual General Meeting in 2019).

  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 no really 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 six 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. The General Meeting on 16 June 2016 approved a Supervisory Board remuneration policy under which each Supervisory Board Director, subject to approval by the General Meeting, may be granted up to 15,000 Stock Options per year under the ESOP 2016. Curetis believes that being able to grant stock options to Supervisory Directors shall contribute in finding and binding competent Supervisory Directors. The General Meeting on 21 June 2018 approved a grant to the Supervisory Directors under which all, except for Dr. Rudy Dekeyser who waived this grant under LSP fund policies, received 10,000 Stock Options under the ESOP 2016 effective 1 July 2018.

- 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' website under https://curetis.com/investors/#corporate-governance.

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 and the Management Board has maintained these high standards of CSR even in the light of required re-organization and corporate restructuring including a significant reduction in force and layoffs at the end of 2018 and in early 2019.

III CONSOLIDATED FINANCIAL STATEMENTS

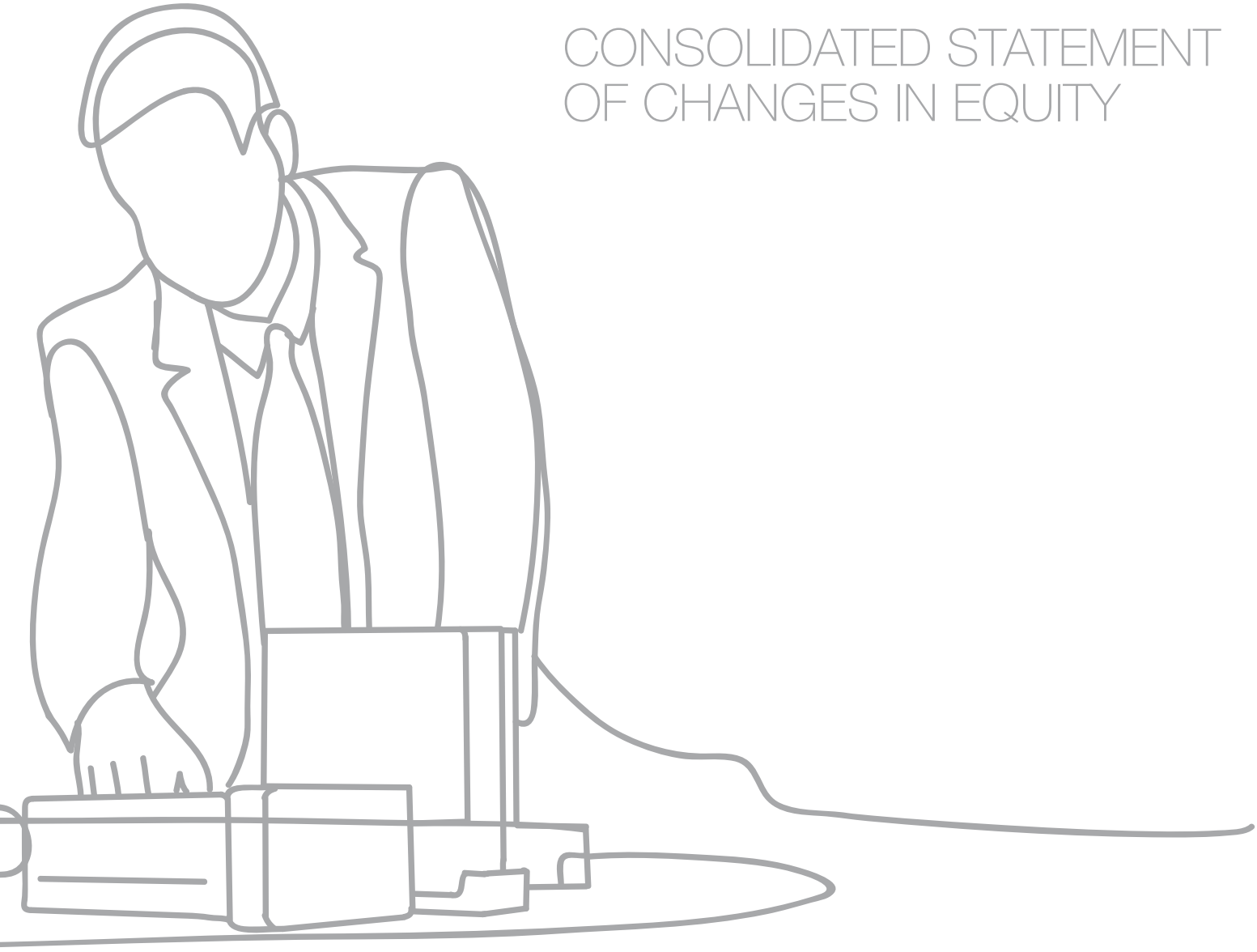
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2018

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

For the years ended 31 December

in kEuro	2018	2017
Revenue [4]	1,419	1,187
Cost of sales [5]	-2,233	-1,649
Gross loss	**-814**	**-462**
Distribution costs [7]	-8,155	-7,302
Administrative expenses [8]	-4,095	-3,755
Research & development expenses [9]	-10,568	-7,362
Other income [11]	721	314
Operating loss	**-22,911**	**-18,567**
Finance income	406	21
Finance costs	-1,204	-1,004
Finance result – net [12]	**-798**	**-983**
Loss before income tax	**-23,709**	**-19,550**
Income tax expenses [13]	-36	52
Loss for the period	**-23,745**	**-19,498**
Other comprehensive income for the period, net of tax*	-283	171
Total comprehensive loss for the period**	**-24,028**	**-19,327**

Loss per share attributable to the ordinary equity holders of the Company [14]	2018	2017
Basic	-1.41	-1.26
Diluted	-1.41	-1.26

[..] 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 2018	31 December 2017
Current assets	**18,085**	**24,009**
Cash and cash equivalents [15. 30]	10,279	16,311
Trade receivables [16. 30]	323	200
Inventories [18]	6,734	6,946
Other current assets [19]	759	552
Non-current assets	**11,012**	**11,506**
Intangible assets [20]	7,425	7,524
Property, plant and equipment [21]	3,196	3,566
Other non-current assets [22]	162	182
Other non-current financial assets [23. 30]	158	156
Deferred tax assets	71	78
Total assets	**29,107**	**35,515**

LIABILITY & EQUITY

in kEuro	31 December 2018	31 December 2017
Current liabilities	**6,064**	**2,926**
Trade and other payables [24. 30]	957	928
Provisions current [26]	65	124
Tax liabilities	22	24
Other current liabilities [27]	1,235	1,226
Other current financial liabilities [28. 30]	3,785	624
Non-current liabilities	**13,993**	**10,385**
Provisions non-current [26]	44	43
Other non-current financial liabilities [29. 30]	13,949	10,342
Total liabilities	**20,057**	**13,311**
Equity [32]	**9,050**	**22,204**
Share capital	209	155
Capital reserve	162,967	152,793
Other reserves	9,176	8,527
Currency translation differences	-143	143
Retained earnings	-163,159	-139,414
Total Equity and liabilities	**29,107**	**35,515**

[..] 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	2018	2017
Loss after income tax for the period	-23,745	-19,498
Adjustment for:		
– Net finance income / costs [10]	798	983
– Depreciation, amortization and impairments [15. 16]	1,256	1,327
– Gain on disposal of fixed assets	0	2
– Changes in provisions [21]	-60	75
– Changes in equity settled stock options [26]	649	1,167
– Net exchange differences	-375	371
– Changes in deferred tax assets and liabilities	7	-78
Changes in working capital relating to:		
– Inventories [13]	212	-1,076
– Trade receivables and other receivables [12. 14. 17. 18]	-312	1,008
– Trade payables and other payables [20. 22. 23]	659	911
Effects of exchange rate differences not realized from consolidation	89	-199
Income taxes received (+) / paid (-)	36	-52
Interests paid (-)	-1,173	-622
Net cash flow used in operating activities	**-21,959**	**-15,681**
Payments for intangible assets	-118	-111
Payments for property, plant and equipment	-669	-320
Interests received	0	10
Net cash flow used in investing activities	**-787**	**-421**
Proceeds from other non-current financial liabilities	3,000	10,000
Proceeds from current financial liabilities	3,109	0
Payments for finance lease liabilities	0	-48
Proceeds from issue of ordinary shares	13,200	0
Payments for financing costs for issue of ordinary shares	-2,972	0
Net cash flow provided by financing activities	**16,337**	**9,952**
Net decrease / increase in cash and cash equivalents	**-6,409**	**-6,150**
Net cash and cash equivalents at the beginning of the year	16,311	22,832
Net decrease in cash and cash equivalents	-6,409	-6,150
Effects of exchange rate changes on cash and cash equivalents	377	-371
Net Cash and cash equivalents at the end of the period	**10,279**	**16,311**

[..] 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 2017	155	152,793	7,359	-28	-119,918	40,361
Loss of the period					-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

in kEuro	Share capital	Capital reserve	Other reserve	Currency translation difference	Retained earnings	TOTAL equity
Balance at 1 January 2018	155	152,793	8,527	143	-139,414	22,204
Loss of the period					-23,745	-23,745
Other comprehensive income				-286		-286
Total comprehensive income	**0**	**0**	**0**	**-286**	**-23,745**	**-24,031**
Capital Transactions with owners in their capacity as owners						
Issue of ordinary shares	54	13,146				13,200
Transaction costs for the issue of ordinary shares		-2,972				-2,972
Equity stock option program 2016			649			649
Balance as of 31 December 2018	209	162,967	9,176	-143	-163,159	9,050

For detailed information please see note 32.

CURETIS N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2018

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 Unyvero UTI (Urinary tract infections) cartridge for the detection of severe cases of urinary tract infections with up to 103 targets, microorganisms (88) and antibiotic resistance markers (15).

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 diagnostic 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.

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 2018 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 2018 comprise as such the Company and its wholly owned and controlled subsidiary Curetis GmbH, Holzgerlingen, Germany and the aforementioned subsidiaries of Curetis GmbH.

Due to the active market development in some of these countries over the last few years, Curetis believes that there are opportunities for attractive partnerships in these markets and that the Company can benefit from a broader commercial base of suitable partners in these countries. The Company entered into a distribution agreement with a major European diagnostics company which will commercializing Unyvero products in a number of major European countries.

In order to implement these strategic priorities and adapt the

organization accordingly, Curetis has initiated a reorganization of its corporate structure. The planned measures include – in agreement with the respective local management – the closure and liquidation of the following subsidiaries of Curetis GmbH:

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

The liquidation- / dissolution processes have already begun in December 2018 and Curetis targets to fully execute the corporate restructuring by end of H1-2019.

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 2018. The consolidated financial statements of Curetis N.V. as of and for the year ended 31 December 2018 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 2018.

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 2018 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 13.0 million of non-dilutive debt financing tranche drawn down under the facility from the European Investment Bank (EIB).
- EUR 4.1 million of gross proceeds from a public investment in private equity (PIPE), executed in April 2018.
- EUR 3.5 million of gross proceeds from a financing facility of up to EUR 20 million through the issuance of convertible notes.
- EUR 8.9 million of gross proceeds from a second offering at Euronext Amsterdam and Brussels completed in November 2018.

Alongside the PIPE in April 2018 Curetis announced having put in place a USD 10 million equity line with GCF, a U.S. based family office.

1.5. 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 (except 2015 due to an extraordinary gain). The retained earnings of the Group are still negative and as of 31 December 2018 amounting to EUR 163.2 million. For the period of 2019 and 2020, Curetis expects to continue to incur significant losses and cash burn, albeit lower than in 2018. A material uncertainty which casts significant doubt regarding Curetis' ability to continue as a going concern exists, of which key elements are 'cash and funding' and 'strategy execution'.

Management believes it can realize cash-inflow and funding measures, execute on strategy and realize liquidity planning and implement planned measures as needed. The Management Board has concluded based on thorough assessment

and 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 achievable. Overall, despite the material risks and uncertainty, in conclusion of the assessments made by management above, the FY-2018 financial statements have been prepared on a going concern basis. Therefore these financial statements do not include any adjustments to the carrying amounts and classifications (for example for intangible assets or inventory). See section 3.24 for a detailed going concern analysis and summary of these measures.

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. At 10 April 2019 the Management Board authorized the consolidated financial statements for issue and passed it through to the Supervisory Board for review and authorization.

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 3.24 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 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. New standards, amendments to standards and new or amended interpretations are effective for annual periods beginning on or after 1 January 2018, and have been applied in preparing these financial statements.

Standard / Interpretation	Effective Date[1]
Amendment to IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenues from contracts with customers and clarification on IFRS 15	1 January 2018
Amendment to IFRS 2	1 January 2018
Amendment to IFRS 4	1 January 2018
Amendment to IAS 40	1 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements 2014 – 2016 Cycle – amendment to IFRS 1 and IAS 28	1 January 2018

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

FIRST TIME ADOPTION OF IFRS 9 – FINANCIAL INSTRUMENTS

TRANSITION OF IFRS 9

The Group has applied the new IFRS 9 standard for financial instruments since 1 January 2018, whereby the exception granted by IFRS 9 Section 7.2.15 is applied for the transitional provisions for classification and measurement according to which the adjustment of prior year figures is not required.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. Trade Receivables and Cash and cash equivalents that would have previously been classified as "loan and receivables" (LaR) are now classified at "amortized cost" (AC). The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows

consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of both classes at 1 January 2018 to be recognized in opening retained earnings.

Financial Liabilities are classified as "Financial Liabilities at amortized Costs" (FLAC) which will be continued under IFRS 9.

in kEuro	LaR	AC	Retained earnings
Opening Balance 31 December 2017	16.667	0	0
Reclassify trade receivables from LaR to AC	-200	200	
Reclassify cash and cash equivalents from LaR to AC	-16.311	16.311	
Reclassify rent deposits and pledged security deposits from LaR to AC	-156	156	
Opening Balance 1 January 2018	0	16.667	0

The Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables
- debt instruments at amortized cost (i.e. cash and cash equivalents and rent deposits)

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Historical losses were very limited and therefore the expectation in further losses on trade receivables is low. Lifetime expected credit losses do not significantly exceed the impairment under IAS 39.

Other instruments are considered to have a low credit risk when the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In that meaning, cash and cash equivalents are only placed at banks with credit ratings at investment grade. Rent deposits are trust assets that means that in case of a default of the counterparty the assets are separated from insolvency estate and are paid back primarily.

Considering the impairment of both categories, the impact is not material. Thus the Group did not change the loss allowance as of 1 January 2018. The recognized loss allowance contained only specific loss provisions which are assigned to state 3 of the new credit deterioration model.

in kEuro	Impairment IAS 39	General Approach Stage 1	Stage 2	Stage 3	Simplified Approach Stage 2	Stage 3
Opening Balance 31.12.	-2	0	0	0	0	0
Trade Receivables	2	0	0	0	0	-2
Cash and cash equivalents	0	0	0	0	0	0
Opening Balance 01.01.	0	0	0	0	0	-2

Curetis did not apply hedge accounting under IAS 39, therefore IFRS 9 has not impact on the recognition of hedging relationships.

FIRST TIME ADOPTION OF IFRS 15 – REVENUES FROM CONTRACTS WITH CUSTOMERS

TRANSITION OF IFRS 15

The Group has adopted IFRS 15 Revenues from Contracts with Customers from 1 January 2018. In accordance with the transition provision in IFRS 15, the Group has adopted the new rules by applying the cumulative effect method. Accordingly, the information presented for 2017 has not been restated. Additionally, the impact of transition to IFRS 15 on retained earnings and on other financial statement line items is immaterial for Curetis.

IFRS 15 ACCOUNTING POLICIES

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Below the Group has included a description of the principal activities of revenue generation in the Group. The Group has disclosed the nature, timing of satisfaction of performance obligations and significant payment terms.

The Groups revenue consist mainly of the sale of Unyvero Application cartridges and Unyvero Systems. The sale of Unyvero Application cartridges and the sale of Unyvero Systems represent separate performance obligations. Curetis recognizes revenues at the same point in time that the control is transferred to the customer. The control of the product transfers upon shipment to the customer or when the product is made available to the customer, provided that the Group did not retain any significant risks of ownerships or future obligations with respect to the product shipped. In certain contracts minimum purchase obligations for future deliveries are agreed requiring the customer to order and take shipment of the respective products at specific points in time. Up to date the track record of all contracts with customers evidenced, that customers frequently do not meet all of their minimum purchase obligations. Curetis' management's first approach when estimating the variable component of the transaction price is to only include already ordered products into the transaction price. Curetis is also of the opinion that the distributor agreement does not grant any enforceable rights with regard to those minimum purchase obligations to Curetis. Curetis will review this approach on a quarterly basis, as there may in the future be customers that meet the contractual minimums what would consequently cause the re-calculation of the transfer-price.

The Group has identified its performance obligation and noted that there are no other significant performance obligations outside the delivery of the products as outlined above. In certain contracts Curetis has a relationship both as a supplier and as a customer. Subject to the underlying transaction, any services received by Curetis are shown in operating expenses.

Revenue is measured based on the consideration specified in a contract with a customer.

Payment is generally due at the time of delivery but can range up to 90 days net from issuing the invoice upon which a receivable as the consideration is unchanged and only the passage of time is required before payment is due. Deferred payment terms may be agreed in rare circumstances; the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

FURTHER NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) has published amendments to IFRS 2 "Share-based Payments". The amendments are intended to clarify issues which were not unambiguously defined in the existing standard and, in so doing, to reduce complexity in relation to measurement and classification.

On 12 September 2016, tie IASB issued amendments regarding the interaction of IFRS 4 "Insurance contracts" and IFRS 9 to address concerns about the different

effective dates of IFRS 9 and the new insurance contracts standard. An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.

On 8 December 2016 the IASB published amendments to IAS 40 "Investment Property" to clarify the question of whether an investment property under construction should be transferred from inventory to investment property when there is an evident change in use.

On 8 December 2016 the IASB has also published IFRIC 22 "Foreign Currency Transactions and Advance Consideration". The interpretation clarifies which exchange rate to use in translations that involve advance consideration paid or received in a foreign currency. According to that, the date of the transaction, for the purpose of determine the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Within the annual improvements 2014 – 2016 Cylce the International Accounting Standard Board (IASB) clarified the scope of the standard IAS 28 by specifying that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. Furthermore, the short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted, because they have now served their intended purpose.

None of these further new standards and 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 2019.

Standard/Interpretation	Content	Adopted by the EU	Application mandatory from
Amendment to IFRS 9	Prepayment Features with Negative Compensation	Yes	1 January 2019
IFRS 16: Leases	Accounting of Leasing-transactions	Yes	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	Yes	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
Amendments to IFRS 3	Clarifying the definition of businesses	No	1 January 2020
Amendment to IAS 1	Clarifying the definition of "material"	No	1 January 2020
Amendment to IAS 8	Clarifying the definition of "material"	No	1 January 2020
IFRS 17 (replace IFRS 4)	Insurance Contract	No	1 January 2021

The Group has assessed the impact that IFRS 16 'Leases' will have on its consolidated financial statements. As at the reporting date, the Group has operating lease commitments of kEUR 1,304. Of these commitments, approximately kEUR 35 relate to short-term leases and kEUR 59 to low value leases which will both be recognized on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognize right-of-use assets of approximately kEUR 1.056 on 31 December 2019, lease liabilities of kEUR 1.068 and deferred tax assets of kEUR 3. The Group expects that net profit after tax will slightly decrease by approximately kEUR 9 for 2019 as a result of adopting the new rules. Adjusted EBITDA is expected to increase by approximately kEUR 442, as the operating lease payments were included in EBITDA, but the amortization of the right-of-use assets and interest on the lease liability are excluded from this measure. Operating cash flows will increase and financing cash flows decrease by approximately kEUR 417 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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 2018 of 1 Euro = 1.145 USD (31 December 2017 of 1 Euro = 1.1993 USD).

Curetis converted amounts in CHF to the functional currency with the exchange rate as of 31 December 2018 of 1 Euro = 1.1269 CHF (31 December 2017 of 1 Euro = 1.1702 CHF).

Curetis converted amounts in GBP to the functional currency with the exchange rate as of 31 December 2018 of 1 Euro = 0.89453 GBP (31 December 2017 of 1 Euro = 0.88723 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 2018	31 December 2017
Cash and cash equivalents [15]	10,279	16,311
Borrowings – repayable within one year	0	0
Borrowings – repayable after one year	13,949	10,342
Net debt	-3,670	5,969

3.8. REVENUE RECOGNITION

The Group recognizes revenue from the following major sources:

- Sale of Unyvero-cartridges, -disposables and -systems, as well as other disposables.
- Sale of Services related with Unyvero (or in the future with GEAR).

Revenue is measured based in the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties (if applicable). The Group recognizes revenue when it transfers control of a product or service to a customer.

For sale of Unyvero products revenue is recognized when control of the goods has transferred, being when the goods have left the warehouse of Curetis (incoterm: EXW) for shipment to the customer or distributor, or if the goods have been shipped to the customer (incoterm: DDP in selected direct selling markets).

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 2018 and 2017 Curetis did not operate any lease model as a lessor. 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 average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

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

3.14. FAIR VALUE MEASUREMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place, either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (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. 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.

3.16. INTANGIBLE ASSETS

3.16.1. 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.

3.16.2. SOFTWARE

Costs associated with maintaining software programs 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.

3.17. 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.

3.18. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The classification of financial instruments depends on how to characterize a financial instrument into equity instruments, debt instruments or derivatives. A financial instrument is an equity instrument only if (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity and (b) if the instrument will or may be settled in the issuer´s own equity instruments. It is either:

- A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instrument; or
- A derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Debt instruments are contractual rights and obligations with defined terms for amount and timing to pay.

A derivative financial instrument is any contract with all three of the following:

(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

(b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have

a similar response to changes in market factors.

(c) it is settled at a future date.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial Assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following measurement categories.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on the de-recognition is recorded directly in profit or loss and presented in finance income / expense. Impairment losses are presented as separate line item in the statement of profit or loss.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and presented in finance income / expense. Interest income from the financial assets are presented in other income / expenses and impairment expenses are presented as separate line item in the statement of profit or loss.

Assets that do not meet the criteria for amortized cost or at fair value through other comprehensive income or for which the fair value option in accordance with IFRS 9 is exercised, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within finance income / expenses in the period in which it arises. Curetis does not use the fair value option.

Equity instruments are always measured as at fair value through profit or loss except by using the option to present in other comprehensive income subsequent changes in fair value of an investment in an equity instrument that is not held for trading. This option can irrevocably be exercised at initial recognition. Fair value changes recognized in OCI will not be reclassified to profit or loss when the instrument is sold. Curetis does not use the option. In the current reporting period, the Group did not hold any equity instruments. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial Assets are derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers all contractual rights of the financial asset.

Financial Liabilities

At initial recognition, the Group measures a financial liability at its fair value plus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial liability. Transaction costs of financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial liabilities are generally classified at amortized cost. There are some exceptions, for example financial liabilities at fair value through profit or loss including derivatives not designated as hedging instruments.

Financial liabilities need to be analyzed to determine whether they contain any embedded derivatives. If the embedded

derivative is not closely related to the host contract, such derivatives must be separated and be accounted for separately at FVTPL.

Financial liabilities (or a part of a financial liability) are derecognized from the statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to twelve-month expected losses. In case the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. To assess whether there is a significant increase in credit risk Curetis compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Deposits with banks and financial institutions are considered to have low credit risk as of the reporting date as the relevant counterparties have investment grade ratings. However, in case of an objective evidence of an impairment, Curetis analyses the respective financial asset on an individual basis and recognizes an impairment in an amount of the lifetime expected credit losses. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Regardless of the analysis before, a default on a financial asset is presumed to occur when the counterparty fails to make contractual payments within 90 days of when they fall due.

For accounts receivables, Curetis applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, all accounts receivables have been grouped together as they share the same credit risk characteristics. A historic corporate default rate specific to the healthcare industry adjusted for forward-looking macroeconomic factors and an appropriate recovery rate were applied to calculate the expected credit losses. During the reporting period, there were no significant changes with regard to the calculation approach or applied assumptions.

Accounts receivables are written off when there is no reasonable expectation of recovery. One indicator that there is no reasonable expectation of recovery include, amongst others, when internal or external information indicate that the Group is unlikely to receive the outstanding contractual amount in full. Another indicator that there is no reasonable expectation of recovery is a durable failure of the counterparty to meet its contractual obligations.

Offsetting financial assets and financial liabilities

Curetis currently has not recognized any financial instruments that are offset. The Group did not enter into any enforceable netting arrangements or other derivative instruments or offsetting arrangements that meet the offsetting criteria in IAS 32.

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.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. A specific valuation adjustment 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19. 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.

3.20. 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.

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.

3.21. 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.

3.22. SHARE-BASED PAYMENTS

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.

3.23. 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.

3.24. GOING CONCERN

a) ACTUAL STATUS OF LIQUIDITY AND ASSUMPTION OF 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 to 2018. 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 2018 amounting to EUR 163.2 million.

For the period of 2019 and 2020, Curetis expects to continue to incur significant losses and cash burn, albeit lower than in 2018. This is due to the significant cost reduction measures already implemented in Europe and the USA. Key elements of the existing uncertainty around the assumption of going concern are 'cash and funding' and 'strategy execution':

- *Cash and Funding: material uncertainty as to EIB tranche funding has been progressed by waiver letter from EIB waiving the condition precedent to funding the EUR 5 million milestone tranche (see below); The material uncertainty as to timing (anticipate by Q3-2019) and condition precedent such as investment committee approvals required given share price, conversion and trading volume patterns, and the then remaining amount of unconverted notes of Yorkville (YV) to fund additional tranche of EUR 1.5 million gross was discussed with YV, who indicated a verbal offer to fund the additional tranche sooner than originally planned (Q4-2019) and Management Board as well as Supervisory Board having approved taking such tranche.*

- *Strategy Execution: material uncertainty as to whether and if so when and at what specific terms (especially up-front cash component) a licensing and partnering deal around A30 RQ and / or Aresdb assets can be structured; progressed by management by holding multiple parallel negotiations on different scope and at terms that would be necessary to meeting or exceeding the targeted cash inflow proceeds in 2019 and beyond.*

Cash and Funding

At 31 December 2018 Curetis had EUR 10.3 million in cash and cash equivalents remaining. Without measures, this is sufficient to finance Curetis' operating activities until mid Q3-2019, after which the company needs EUR 13.4 million additional cash inflow from operations (including licensing and partnering) and from financing to at least finance its activities for at least 12 months after the signing date of these financial statements.

The current assets and cash as well as secured external funding sources are not sufficient to finance Curetis' operating activities for said 12 months after the signing date of these financial statements. Curetis is in the process of accessing additional funding from its current debt investors and convertible debt investors (EIB EUR 5.0 million and Yorkville EUR 1.5 million gross). Therefore going concern is dependent on the ability of Curetis in securing additional funding and access to cash:

- The EIB has waived the condition precedent of a minimum cumulative equity capital raised of EUR 15 million in order for Curetis to access the EUR 5.0 million tranche

available but for this waiver the execution is subject to the following conditions precedent: The condition precedent for actual disbursement of the 5 Mio EUR tranche is that final legal documents be signed by EIB and Curetis. Hence access to that amount is highly likely, however, still subject to final legal contract work and execution as well as implementation of an equity-linked incentive payment to EIB at maturity of the tranche (estimated mid 2024 or up to 12 months thereafter), and Curetis paying the related legal fees.

- Yorkville has indicated its willingness to fund the next EUR 1.5 million tranche (gross) sooner than originally planned (Q4-2019). An earlier funding, and in consequence thereafter a potentially higher than expected number of shares sold in the capital markets, might come at the cost of higher volume trading by YV upon conversion of notes and hence higher liquidity in the Curetis stock but potentially also some pressure on share price short term.
- Finally, Curetis aims at accessing cash relating to entering into one or more licensing and partnering deal(s) around its Unyvero A30 *RQ* platform and ARESdb. These are currently not yet committed nor secured.

Strategy execution

Also the Management Board of Curetis N.V. emphasizes and highlights that funding of Curetis' operations in H2-2019 and beyond one year after these financial statements, is greatly affected by its ability to execute on its strategy. This includes its partnering strategy and asset monetization, to grow product sales from distributor sales in Europe as well as direct and possibly also complementary distributor sales in the U.S. to generate positive cash flows in the future. All of these items are subject to material risks and uncertainties.

b) LIQUIDITY PLANNING AND PLANNED MEASURES

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

1. EIB Debt Financing Facility

Subsequent to the EIB waiver, the EUR 5 million will become available for disbursement immediately upon finalization of legal documentation for the amendment to the Finance Contract with EIB that sets out the terms and conditions for the equity linked participation for EIB upon maturity of the EUR 5 Mio tranche in 2024 and beyond. Curetis management currently believes that this EUR 5 million tranche would be the last of the debt financing tranches that Curetis could or would access under the current EIB facility.

2. Yorkville Convertible Notes Facility

Furthermore Curetis signed an up to EUR 20 million convertible notes financing facility with Yorkville Advisors (YV), a U.S. institutional investor and a USD 10 million equity line with GCF (another U.S. institutional investor). However, given the contractual obligation under the Yorkville agreement not to use any other variable price equity financing line such as GCF and the incompatibility of GCF like structure as long as there are any unconverted notes outstanding under the YV agreement, Curetis has not assumed to make any use at any point in time either in 2019 nor beyond of the GCF equity line.

The business plan for Curetis in 2020 and 2021, however, does include further tranches under the Yorkville facility, which are, nevertheless, subject to agreed-upon minimum share prices and / or investment committee approvals and are hence subject to risk and material uncertainty.

3. Further Equity Financing Options

In 2018 Curetis successfully completed two equity offerings (a PIPE of EUR 4.1 million in April 2018 and Euronext Follow-On Offering of EUR 8.9 million in Nov 2018).

Under the various existing 2018 AGM resolutions and approvals, Curetis could tap into an additional up to 4,274,803 shares. Of those 1.64 million shares can only be issued in the context of a strategic partnership or collaboration to a corporate partner. Given the various rules, regulations and exemptions one would have to carefully determine the exact number of shares that could in fact be issued without the need for any securities prospectus or – if above the relevant threshold – either an update to the most recent securities prospectus or a completely new securities prospectus.

4. Non-Dilutive Grant Funding and Partnering

The company is also assessing further ways of adding non-dilutive financing and has successfully won additional competitive research grant from Austria (e.g. triple-A grant project with an up-front cash component of 50% i.e. ca. EUR 225k). Furthermore, the business development efforts have already led to signing several agreements for R&D collaborations and feasibility studies with Sandoz, an undisclosed major IVD corporation, and QIAGEN. Additional deals are in various 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.

5. Further Cost Reduction Scenarios and Planned Measures

To the extent required given the aforementioned, Curetis has also identified and planned implementation of a series of further measures that could be taken if necessary. Together these would allow to significantly further reduce 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.

- Closing of Curetis USA Inc. operations
- Suspending any and all further R&D activities and R&D funding at Curetis
- Suspending any and all further R&D activities and R&D funding of Ares Genetics

c) OVERALL CONCLUSION OF MANAGEMENT ON GOING CONCERN

These conditions, as well as the inherent market risk of commercial adoption, sales ramp-up and a constantly evolving competitive landscape are inherently difficult to estimate in early launch phases (see also Risk Report). Taken together these conditions thus indicate the existence of a material uncertainty which casts significant doubt regarding Curetis' ability to continue as a going concern. Therefore Curetis may be unable to realize its assets and repay its liabilities in the normal course of business.

Management believes it can realize the above cash-inflow and funding measures, execute on strategy and realize liquidity planning and implement planned measures as needed. The Management Board has concluded based on thorough assessment and 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 possible. 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 licensing deal(s), equity raise (whether as part of a strategic partnering deal or with financial investors), Yorkville convertible notes conversion. Therefore there is a material uncertainty due to inherent business development and negotiation risks, capital markets factors and share price performance that such transactions will be completed at all or at prices or on terms favorable to Curetis.

Overall, despite the material risks and uncertainty, in conclusion of the assessments made by management above, the FY-2018 financial statements have been prepared on a going concern basis. Therefore these financial statements do not include any adjustments to the carrying amounts and classifications (for example for intangible assets or inventory).

3.25. 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	2018	2017
Sale of Unyvero Systems	546	448
Sale of cartridges	860	736
Sale of services	62	17
Discounts	-49	-14
Total revenues	1,419	1,187

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	2018	2017
EMEA direct markets	676	274
USA	32	7
Asia	286	269
Rest of the world	425	637
Total revenues	1,419	1,187

All revenues are derived from a couple of dozen external customers, including hospitals as well as distribution partners. Revenue increased from kEUR 1,187 in 2017 by kEUR 232 or 20% to kEUR 1,419 in 2018. This was mainly due to an increase in the sale of Unyvero-Systems to a business partner to whom Curetis sold commercial stage devices placed at customer sites. These customers have been converted from demo- / evaluation-sites to buying customers in 2018, hence also the sale of cartridges increased. These revenues shown under “EMEA direct markets” above include the sale of several commercial stage Unyvero systems in France (i.e. the EMEA direct sales territory).

5. COST OF SALES

Cost of sales includes the total acquisition and manufacturing costs incurred for products, goods and services that are sold. In 2018, cost of sales amounting to kEUR 2,233 (2017: kEUR 1,649). 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 2017 mainly results from:

- Higher total revenues and increased revenues from the sale of Unyvero-Systems which have proportionally higher cost-of-material than cartridge-sales.
- Higher marketability discounts for Unyvero-Systems (increased from kEUR 494 in 2017 to kEUR 843 in 2018).
- Higher cartridge demand for internal quality controls to ensure high quality level for our products, e.g. FDA cleared LRT cartridges.
- Higher write-downs on Unyvero-Systems to reflect marketability discounts and significant idle-capacity costs for the manufacturing line for Unyvero cartridges. Cost of sales exceed revenues as the cost of sales also include fixed and idle-capacity costs for the manufacturing plant.

Cost of sales does not include any share-based-payments in 2018 (2017: kEUR 34).

6. EXPENSES BY NATURE

in kEuro	2018	2017
Employee benefit expenses	11,709	10,165
Depreciation, amortization and impairment charges	1,256	1,327
Changes in inventories of finished goods and work in progress	-32	31
Raw material, goods and consumables used	1,659	909
Facility expenses	777	519
Disposables for clinical trials and R&D activities	832	751
3rd party services for clinical trials incl. US-FDA-trial	331	377
Marketing and travel expenses	1,718	1,448
Other consulting, advisory & 3rd party support	3,622	2,140
Other expenses	3,179	2,400
Total Cost of Sales, distribution costs, administrative expenses and research & development expenses	**25,051**	**20,067**

The Employee benefit expenses in 2018 include kEUR 547 (2017: kEUR 1,139) 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 during 2018.

The other consulting, advisory & 3rd party support expenses include kEUR 103 (2017: kEUR 64) expenses recognized for the valuation of equity-settled share based payment transactions for supervisory-board members. The increase in other consulting, advisory & 3rd party support is also due to increased R&D expenses amounting to kEUR 1,356 (2017: kEUR 390) mainly for the further development of the Unyvero A30 *RQ* platform as well as higher recruiting expenses amounting to kEUR 275 (2017: kEUR 174) to expand the marketing and sales team.

7. DISTRIBUTION COSTS

in kEuro	2018	2017
Personnel expenses	5,307	4,628
– thereof from share-based payments equity-settled	*173*	*566*
Depreciation and Amortization	74	170
Other operating expenses	2,774	2,504
– thereof marketing expenses	*1,410*	*1,146*
– thereof travel expenses	*746*	*520*
– thereof consulting, advisory & 3rd party service	*255*	*431*
Total	**8,155**	**7,302**

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 2018 is due to the recruitment of additional sales and marketing employees, mainly to strengthen the international direct sales organization e.g. in the USA. The average number of FTEs employed in marketing and sales increased from 27.6 during 2017 to 39.7 during 2018. The increase in other operating expenses compared to 2017 is due to expanded marketing activities including the U.S. launch of the Unyvero LRT cartridges in Q2-2018 and further driven by increased staff and higher shipment costs for Unyvero-Systems.

8. ADMINISTRATIVE EXPENSES

in kEuro	2018	2017
Personnel expenses	1,602	1,603
– thereof from share-based payments equity-settled	*172*	*312*
Depreciation and Amortization	90	104
Other expenses	2,403	2,048
– thereof for remuneration of supervisory board	*349*	*310*
– thereof from share-based payments equity-settled	*103*	*64*
– thereof consulting, advisory & 3rd party service	*941*	*751*
Total	4,095	3,755

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 in other operating expenses in 2018 compared to 2017 is mainly due to:

- higher recruiting expenses, which increased significantly from 98 kEUR in 2018 to 258 kEUR in 2018 to hire key commercial positions and to strengthen the US-Team for the commercial ramp-up post FDA.
- Higher expenses in relation with financing transactions (e.g. road show expenses).

9. RESEARCH AND DEVELOPMENT EXPENSES

in kEuro	2018	2017
Personnel expenses	4,482	3,665
– thereof from share-based payments equity-settled	*202*	*228*
Depreciation and Amortization	861	810
Material expenses	513	407
Other expenses	4,712	2,480
– thereof IP-fees and expenses for patent lawyers	*576*	*348*
– thereof external services for clinical trial	*351*	*378*
– thereof costs for laboratory demand	*473*	*303*
– thereof consulting, advisory & 3rd party service	*1,999*	*714*
– thereof other manufacturing expenses for cartridges used in R&D	*739*	*395*
Total	10,568	7,362

The increase of personnel expenses in 2018 compared to 2017 is mainly due to the additionally hired employees.

Other expenses increased significantly in 2018 compared to 2017. This is mainly due to:

- Higher IP-fees and fees for patent lawyers due to additional patents especially in relation with the Aresdb-platform.

- Higher consulting expenses and higher costs for 3rd party service providers especially resulting from the further outsourced development of the Unyvero A30 *RQ* system in 2018.

10. EMPLOYEE BENEFIT EXPENSES

in kEuro	2018	2017
Wages and salaries	9,462	7,808
Social security costs	1,700	1,218
EPOSs / PSOs granted to management and employees	547	1,139
Total employee benefits	11,709	10,165

The employer's contribution paid to the statutory retirement insurance (Deutsche Rentenversicherung) in Germany amounted to kEUR 409 in 2018 (2017: kEUR 374).

Decrease of expenses for equity settled stock options (ESOPs) is due to the newly implemented ESOP 2016 as explained in note 3.22 and the decrease of the share price during 2018.

11. OTHER INCOME

Other income mainly comprises income from government grants for research and development projects amounting to kEUR 525 (2017: kEUR 109) and gains from the reversal of other current liabilities and other current financial liabilities amounting to kEUR 90 (2017: kEUR 136).

12. FINANCE RESULT / COSTS NET

in kEuro	2018	2017
Finance income	406	21
Finance cost	-1,204	-1,004
Finance result / costs net	-798	-983

Finance result – net amounting to a loss of kEUR 798 (2017: loss of kEUR 983) arising primarily from accrued interests for the 13 million Euro tranche drawn from the EIB debt facility and foreign currency exchange difference resulting from the exchange rate difference of USD vs. EUR.

in kEuro	2018	2017
Foreign exchange differences	375	-371
Interests for borrowings	-1,079	-621
Interests and finance expenses for convertible notes	-93	0
Other finance income / finance costs	-1	9
Finance result / costs net	-798	-983

Interests for borrowings and interests and finance expenses for convertible notes represent interest and financing charges paid / payable for financial liabilities not at fair value through profit or loss using the effective interest method.

13. INCOME TAX

in kEuro	2018	2017
Current Income taxes		
– Germany	*0*	*0*
– other countries	*29*	*25*
Total current income taxes	29	25
Deferred taxes	7	-78
Total	36	-53

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% (2017: 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 2018, Curetis has a trade tax rate of 12.05% (2017: 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	2018	2017
Loss before income tax	-23.709	-19.550
Expected income tax at a tax rate 2018: 27.88% (2017: 27.88%)	6.610	5,451
Non-taxable income and non-deductible expenses	-34	-37
Expenses resulting from Equity settled stock options	-138	-232
Changes in the recognition of deferred tax assets on tax loss carry-forwards	-5.202	-4,129
Effect from revaluation of DTA (in context with DTL)	73	-79
Tax effect from local taxes	-33	-20
Transaction costs	829	—
Tax effect of the application of foreign tax rates and use of foreign tax losses carried forward	-2.128	-927
Other effects	-15	26
Income tax as stated in P&L	-38	53
Effective tax rate	0%	0%

Changes in the recognition of deferred tax assets on tax loss carry-forwards of kEUR – 5,202 are due to not recognized deferred tax assets on tax loss carryforwards for 2018. 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	2018	2017
From continuing operations attributable to the ordinary equity holders of the Company	-1.41	-1.26
Total basic loss per share attributable to the ordinary equity holder of the Company	-1.41	-1.26

Diluted loss per share

in Euro	2018	2017
From continuing operations attributable to the ordinary equity holders of the Company	-1.41	-1.26
Total diluted loss per share attributable to the ordinary equity holder of the Company	-1.41	-1.26

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	2018	2017
Loss attributable to the ordinary equity holders of the Company used in calculation basic earnings per share: From continuing operations	-23,725	-19,498
TOTAL basic losses as basis for the calculation of loss per share	-23,725	-19,498

Diluted loss per share

in kEuro	2018	2017
Loss attributable to the ordinary equity holders of the Company used in calculation basic earnings per share: From continuing operations	-23,725	-19,498
TOTAL basic losses as basis for the calculation of loss per share	-23,725	-19,498
TOTAL diluted losses as basis for the calculation of loss per share	-23,725	-19,498

Weighted average number of shares used as the denominator

weighted average number	2018	2017
Weighted average number of ordinary shares used as the denominator calculating basic earnings per share	16,788,963	15,495,956
Stock options equity settled	951,443	1,354,922
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	17,740,405	16,850,878

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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

On 31 December 2018, cash and cash equivalents amounted to kEUR 10,279 (31 December 2017: kEUR 16,311). 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 21,959, only partly compensated by a positive cash-inflows from financing activities such as EIB financing, convertible loan facility and other cash inflows from the issuance of new shares (capital increases).

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 2018	31 December 2017
Trade receivables, gross	325	202
less loss allowance	-2	-2
Trade receivables, net	323	200

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

in kEuro	31 December 2018 gross
Amounts not due	242
Past due 0-30 days	60
Past due 31-60 days	23
Past due 61-90 days	—
Past due 91-180 days	—
Past due 181-270 days	—
Past due 271-360 days	—
More than one year	—
Total	325

in kEuro	31 December 2017 net
Amounts not due	193
Past due 0-30 days	4
Past due 31-60 days	3
Past due 61-90 days	—
Past due 91-180 days	—
Past due 181-270 days	—
Past due 271-360 days	—
More than one year	—
Total	200

As of 31 December 2018, trade receivables of kEUR 84 (31 December 2017 kEUR 7) were past due, however no major impairments are expected. The aging analysis of these trade receivables is as follows:

in kEuro	31 December 2018	31 December 2017
Up to 3 months	84	7
3 to 6 months	—	—
6 to 9 months	—	—
Total	84	7

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

in kEuro	2018	2017
Balance as of 1 January	-2	-26
Net additions (–) / reversals (+)	—	-1
Use	—	25
Balance as of 31 December	-2	-2

17. FINANCIAL INSTRUMENTS BY CATEGORY

See Note 30

18. INVENTORIES

in kEuro	31 December 2018	31 December 2017
Raw materials	838	875
Semi-finished goods	61	46
Trade goods	8,113	7,285
Finished goods	65	47
Spare parts	101	66
Total inventories, gross	9,178	8,319
Valuation allowance	-2,444	-1,373
Total inventories, net	6,734	6,946

As outlined in note 2.3 there is significant uncertainty in the assessment of the obsolescence write-downs on inventories. A reduction in the estimated sales price of 10 % would result in an increase of obsolescence write-downs of kEUR 280, whereas an increase in the estimated sales price of 10 % would result in a decrease of the obsolescence write-down of kEUR 280. A reduction in the estimated useful life of the Unyvero systems by 1 year would result in an increase of obsolescence write-downs of kEUR 692. Whereas am increase in the estimated useful life of the Unyvero systems by 1 year would result in a decrease of obsolescence write-downs of kEUR 691.

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. If assumptions regarding future sales prices or end product market potentials are not appropriate, this may lead to a further need for write-off.

The change of write-off to net asset value of inventories recognized as an expense and included in 'Cost of Sales' in 2018 amounted to kEUR 1,055 (2017: kEUR 495).

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 2017 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

in kEuro	31 December 2018	31 December 2017
Advance on travel expenses	14	20
Rent Deposits	28	27
Income tax refunds	1	5
VAT receivables	404	295
Prepaid expenses	200	170
Prepaid transaction expenses for future capital increases	99	–
Other current assets	13	35
Total	759	552

Prepaid expenses mainly include lease payments, travel expenses, insurance fees and conference and exhibition fees.

Prepaid transaction expenses for potential future financial transactions in relation with the convertible note facility amounting to kEUR 99 as of 31 December 2018 (31 December 2017 kEUR 0) will, after conversion of the corresponding note into shares, be deducted from equity within the capital reserve.

20. INTANGIBLE ASSETS

in kEUR	Software	Licenses & Patents	Unyvero A30 technology	advance payments	Total
Balance as of 1 January 2017	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	7,524
Cost	657	7,484	—	27	8,168
Accumulated amortization/impairments	-562	-82	—	—	-644
Balance as of 31 December 2017	95	7,402		27	7,524
Reclassification Unyvero A30	—	-5,000	5,000	—	—
Additions	34	1	—	84	119
Disposals	—	—	—	—	—
Amortization	-76	-142	—	—	-218
Reclassifications	—	—	—	—	—
Balance as of 31 December 2018	53	2,261	5,000	111	7,425
Cost	691	7,485	—	111	8,287
Reclassification Unyvero A30	—	-5,000	5,000		
Accumulated amortization/impairments	-638	-224	—	—	-862
Balance as of 31 December 2018	53	2,261	5,000	111	7,425

Intangible assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount for the Licenses and patents and for Unyvero A30 *RQ* is defined by assessing the separately identifiable cash inflows which are largely independent of the cash inflows from other assets. For the Unyvero A30 *RQ* potential partnering and licensing deals have been taken into account in the calculation of the recoverable amount. For 2018 the recoverable amounts of all intangible assets are higher than their carrying amount, hence no impairment losses have been taken into account.

In 2018 amortization of kEUR 0 (2017: kEUR 0) is included in 'Cost of Sales', in distribution costs kEUR 2 (2017: kEUR 17), in R&D costs kEUR 152 (2017: kEUR 60) and kEUR 10 (2017: kEUR 29) in administrative expenses.

The GEAR platform was transferred from Curetis GmbH in Q4-2017 to the wholly owned subsidiary Ares Genetics GmbH and continues under the name Aresdb. The platform had not been amortized since acquisition in Q4-2016 until the transfer to Ares Genetics GmbH as it had not been available to be used. After the transfer to Ares Genetics as a dedicated Bio-IT-company Ares Genetics has now 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 not yet available for use (Unyvero A30 *RQ*) must be tested for impairment at least 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' has meanwhile been renamed to Unyvero A30 *RQ* and will be developed by Curetis to a partnering-ready asset. The platform is still in a development phase and the development takes place in the same team that had developed and continued to maintain the Unyvero A50-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 most likely still be 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 2017	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	10,849
Accumulated depreciation/impairments	-49	-5,243	-1,991	—	-7,283
Balance as of 31 December 2017	23	2,609	645	289	3,566
Additions	—	31	215	424	670
Disposals	—	—	-81	—	-81
Amortization	-8	-701	-250	—	-959
Reclassifications	—	417	—	-417	—
Balance as of 31 December 2018	15	2,356	529	296	3,196
Cost	72	8,300	2,770	296	11,438
Accumulated depreciation/impairments	-57	-5,943	-2,241	—	-8,242
Balance as of 31 December 2018	15	2,357	529	296	3,196

Curetis did not own any of these assets under any lease programs in 2017 or 2018.
All property, plant and equipment are 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 2018	31 December 2017
Rent deposit	64	64
Bank deposit	94	92
Total	158	156

Bank deposits of kEUR 94 (2017: kEUR 92) comprise kEUR 50 (2017: kEUR 50) for bank guarantees and kEUR 44 (2017: kEUR 42) permanent credit card deposits.

24. TRADE AND OTHER PAYABLES

in kEuro	31 December 2018	31 December 2017
Trade and other payables	957	928
Total	957	928

25. LIABILITY PSOP

Prior to the IPO 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.

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 2018. 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 regular dialog about the best possible path forward on this matter.

Under the PSOP-Roll-Over Agreements the beneficiaries are entitled to receive 659,237 new shares in Curetis.

26. PROVISIONS

The following table provides a breakdown of provisions by type:

in kEuro	31 December 2018	31 December 2017
Asset retirement obligations	38	37
Other provisions	71	130
Balance	109	167
– of which: current	*65*	*124*
– of which: non-current	*44*	*43*

The movements in the provisions are as follows:

in kEuro	Asset retirement obligation	Warranty provision	Retention Provision
Balance at 1 January 2017	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
Additions	1	63	1
Usage	—	-63	—
Release	—	-60	—
Change in estimates	—	—	—
Unwinding of discount	—	—	—
Balance as of 31 December 2018	38	63	8

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 2018	31 December 2017
Accruals for vacation	362	322
Accruals for Employee Bonuses	10	345
Accrual for Severance / Restructuring	136	—
Accruals for employers liability & social insurance	119	91
Accruals for audit and preparation of financial statements	255	193
Other tax liabilities	174	151
Other liabilities	179	124
Balance	1,235	1,226

Other liabilities mainly comprise liabilities for other personnel expenses amounting to kEUR 51 as of 31 December 2018 (kEUR 57 as of 31 December 2017), as well as invoices for services rendered from 3rd party service providers in 2018 but invoiced in 2019 amounting to kEUR 72 (kEUR 38 as of 31 December 2017).

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 2018	31 December 2017
Liabilities for outstanding invoices	334	345
Provision for deferred interest	342	279
Convertible notes	3,109	—
Balance	3,785	624

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

CONVERTIBLE NOTES

Key facts of the convertible note facility

Curetis issued on 2 October 2018 a new convertible note, consisting of several tranches. The first tranche consists of 500 notes, whereby each note has a nominal value of kEUR 10, a maturity of 1 year and a conversion right at any time to exchange the note in shares of Curetis. Each note has a commitment fee (4%) and a subscription fee (4%), so that each note is issued at 92%. In addiion transaction costs of kEUR 120 for due diligence and legal fees were paid by Curetis.

The number of shares to be issued upon conversion of a note is determined by the nominal amount of the note divided by 93% of the last 10-day lowest VWAP (volume weighted average price) of the share on the conversion date. The first tranche is paid in two separate instalments. 350 notes as of 02 October 2018 (subscription date) and 150 notes 90 days after the subscription date or such later date that may be agreed between the parties.

Since the notes may not all be converted until the original maturity of 1 year, Curetis has the additional right to extend the maturity up to 4 times by an additional 12 months period each and by paying a fee of 5% if and only if the note was not converted. This extension right needs to be examined with regards to whether this feature has to be separated from the host contract.

The management of Curetis expects that all notes are converted within less than 12 months after the issue date. Contractually, if a note has not been converted into shares prior to its maturity date, the issuer must redeem in cash the outstanding amount under the note of the maturity date. The notes accrue no interest.

In accordance with IAS 32.AG31 the fair value of the complete compound financial instrument and the fair value of the liability component must be initially determined. The difference is the fair value of the equity component. The equity component must be posted within the capital reserves. The fair value of the liability component is determined by discounting the contractual cash flows (i.e. principal at maturity, no interest payments exist) with the credit risk adjusted discount factor (1y Zerorate + Credit Spread of 10% – analogous from EIB loan). The extension option has a fair value of kEUR 0 since there is almost no probability that there is a note outstanding at the end of one year but all notes will most likely be converted. Therefore, a separation of the embedded option which is required by IFRS 9 B4.3.5 (b) is not necessary. The fair value of the complete instrument was determined by using the share price at transaction date (2 October 2018) divided by 93%. There is no discounting necessary since the option could be exercised at any time. An additional time value of the option was not determined since at each date the conversion ratio would be adjusted so that the investor always get the same EUR equivalent in shares.

At initial recognition the fair value of the liability component less the transaction costs of 8% is posted in the balance as a short term financial liability. The subsequent measurement is undertaken at amortized cost using the effective interest rate method. The difference between the transaction price and the fair value of the complete instrument is deferred. Apart from the conversion right, the note contains an extension option of the issuer to extend the maturity beyond one year and a prepayment option of the investor. These rights constitute an embedded derivative, which is separated and measured at fair value with changes being accounted for through profit or loss. For detailed presentation see note 30.

in kEuro	31 December 2018	31 December 2017
Face value of notes issued	3,500	—
Conversion of 20 notes	-200	—
Interest expenses	-93	—
Transaction expenses (accrued)	-98	—
Other current financial liability convertible notes	3,109	—

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 36 months, under the EIB amendment, 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. In June 2018 another tranche of EUR 3 million was drawn down. The terms and conditions are analogous to the first one.

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 9.12% for the EUR 10 million tranche and 9.16% for the EUR 3 million tranche.

in kEuro	31 December 2018		31 December 2017	
	current	non-current	current	non-current
Loan from EIB	—	13,000	—	10,000
Deferred interest	343	949	279	342
Balance	343	13,949	279	10,342

30. FINANCIAL INSTRUMENTS

For each class of financial instrument the fair value of financial assets and liabilities, together with their carrying amounts contained in the consolidated financial statements are shown in the following schedules on page 135.

The 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 hierarchy is defined as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair values of the Group's non-current other financial assets and the non-current financial liabilities were calculated based on cash flows discounted using market interest rates and a credit spread. The spread included in the calculation for the financial assets is derived by observable ratings of the counterparties (i.e. banks). The credit spread of the own credit risk is derived from the margin included in the interest

rates of the own borrowings. The fair value of non-current financial assets and liabilities is included in level 2 of the fair value hierarchy, as the input factors for the fair value calculation are observable in the market. The fair value of the compound embedded derivative separated from the convertible note is determined using observable inputs (Curetis N.V. share price, own credit spread) and assumptions about the rational economic behavior of the related parties which are not observable input parameters. These assumptions lead to the inclusion of the fair value within level 3 of the fair value hierarchy.

Secured liabilities and assets pledged as security

Curetis has pledged cash on bank accounts as rent deposit for lease agreements with a total value of kEUR 64 and for credit card deposits and bank guarantees with a total value of kEUR 94. For further information see note 23.

in kEUR	31 December 2018				31 December 2017			
	Category in accordance with IFRS9	Carrying amount	Fair Value	Fair Value Level	Category in accordance with IAS 39	Carrying amount	Fair Value	Fair Value Level
Current Assets								
Cash and Cash Equivalents	AC	10,279	n/a*	n/a	LaR	16,311	n/a*	n/a
Trade Receivables	AC	323	n/a*	n/a	LaR	200	n/a*	n/a
Non-current Assets								
Other non-current financial assets	AC	158	158	2	LaR	156	156	2

n/a*): For short-term financial instruments a fair value disclosure is not required as the carrying amount approximates the fair value.

in kEUR	31 December 2018				31 December 2017			
	Category in accordance with IFRS9	Carrying amount	Fair Value	Fair Value Level	Category in accordance with IAS 39	Carrying amount	Fair Value	Fair Value Level
Current Liabilities								
Trade and other Payables	FLAC	957	n/a*	n/a	FLAC	928	n/a*	n/a
Other current financial liabilities	FLAC	3,244	n/a*	n/a	FLAC	624	n/a*	n/a
Other current financial liabilities	FVTPL	542	542	3	—	—	—	—
Non-current Liabilities								
Other non-current financial liabilities	FLAC	13,949	13,546	2	FLAC	10,342	10,368	2

n/a*): For short-term financial instruments a fair value disclosure is not required as the carrying amount approximates the fair value.

31. TAXATION

Deferred tax assets and liabilities:

in kEuro	31 December 2018		31 December 2017	
	total	thereof current	total	thereof current
DTA	426	30	430	104
current income tax receivables	—	—	—	—
DLT	426	93	430	73
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 2018	31. December 2017	31. December 2018	31. December 2017
Assets				
Trade and other receivables	—	—	—	—
Inventories	—	—	93	73
Property, plant and equipment	—	—	280	357
Receivables unrealized currency differences	30	104	—	—
Liabilities				
Financial liabilities	—	—	—	—
Provisions current	—	—	—	—
Other current liabilities	15	16	—	—
Other current financial liabilities	—	—	53	—
Provisions non-current	2	4	—	—
Other non-current financial liabilities	—	—	—	—
Equity				
loss-carry-forwards	379	306	—	—
Deferred Taxes (gross)	**426**	**430**	**426**	**430**
Offsetting	426	430	426	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. Deferred tax assets shown under the non-current assets result from the elimination of intercompany profits.

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 2018, Curetis had tax loss carryforwards that were not utilizable and for which no deferred taxes were recognized. These tax loss carryforwards amount to kEUR 108,341 for corporate tax purposes and kEUR 107,852 for trade tax purposes (31 December 2017: kEUR 89,562 for corporate tax purposes and kEUR 89,346 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 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Tax loss carryforwards corporate tax	96,587	82,173	11,754	7,389	108,341	89,562
Tax loss carryforwards trade tax	96,098	81,957	11,754	7,389	107,852	89,346

32. EQUITY

At 31 December 2018 the share capital of Euro 209,088 is divided into 20,908,802 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 31 December 2018 no revaluation reserve exists.

The capital reserve increased correspondingly to the expenses accounted for the share-based payment of the ESOP 2016 (see note 3.22).

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 see page 138:

	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	7.50 years	7.75 years	8.00 years	8.25 years	8.50 years	9.25 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 2018	493,889	25,000	42,500	5,000	110,000	123,500
Granted during the year	0	0	0	0	0	0
Forfeited during the year	22,222	2,500	1,042	0	27,222	16,667
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 2018	471,667	22,500	41,458	5,000	82,778	106,833
Exercisable at 31 December 2018	0	0	0	0	0	0

	Tranche 7	Tranche 8	Tranche 9	Tranche 10
Grant date	1 January 2018	1 March 2018	1 July 2018	1 October 2018
Granted stock options	25,000	102,000	90,500	110,000
Remaining contractual term of the option	9.00 years	9.17 years	9.50 years	9.75 years
Exercise price	3.86 Euro	6.51 Euro	4.62 Euro	3.29 Euro
Outstanding at 1 January 2018	0	0	0	0
Granted during the year	25,000	102,000	90,500	110,000
Forfeited during the year	0	5,000	3,000	0
Exercised during the year	0	0	0	0
Expired during the year	0	0	0	0
Cancelled during the year	0	0	0	0
Outstanding at 31 December 2018	25,000	97,000	87,500	110,000
Exercisable at 31 December 2018	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	0	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	132,778	22,500	41,458	5,000	2,778	106,833

	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

Beneficiary	Tranche 7	Tranche 8	Tranche 9	Tranche 10
Oliver Schacht, CEO	0	0	0	0
Johannes Bacher, COO	0	0	0	0
Andreas Boos, CTO*	0	0	0	0
Dr. Achim Plum, CCO	0	0	0	0
William Rhodes, Chairman of Supervisory Board	0	0	10,000	0
Nils Clausnitzer, Supervisory Board	0	0	10,000	0
Mario Corvetto, Supervisory Board	0	0	10,000	0
Holger Reithinger, Supervisory Board	0	0	0	0
Werner Schäfer, Supervisory Board	0	0	10,000	0
Prabhavati Fernandes, Supervisory Board	0	0	10,000	0
Other employees	25,000	97,000	37,500	110,000

	Tranche 7	Tranche 8	Tranche 9	Tranche 10
Measurement date	1 January 2018	1 March 2018	1 July 2018	1 October 2018
Expected life of the option on the grant date (years)	5.0	5.0	5.0	5.0
Share price on the measurement date (Euro)	3.83	6.20	4.17	3.24
Weighted avg. exercise price (Euro)	3.86	6.51	4.62	3.29
Expected dividend yield (%)	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	-0.15	-0.01	-0.28	-0.10
Expected volatility of the share price (%)	65.33	65.63	62.42	62.01
Option value (Euro)	2.04	3.26	2.03	1.64

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

*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 until year-end 2018. With the decision to step down from management board of Curetis N.V. 61,111 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 exercised) and the options of such optionee that have not yet vested shall be forfeited at the date of termination for cause, unless agreed otherwise by the management board (with regard to optionees being managing directors or supervisory directors);

- In case of a termination without cause, the options of such optionee that have vested (to the extent not exercised) shall not be forfeited and the remaining part of the options of such optionee that have not yet vested shall be forfeited at the date of termination without cause.

EXERCISE OF OPTIONS

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

VALUATION MODEL AND INPUT PARAMETERS

The fair value of the stock options is measured using a binominal option pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the options granted in 2016, 2017 and 2018 at the measurement date: see page 140-141

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. Management considered the following factors in estimating early exercise:

- The length of the vesting period has been considered since the share options cannot be exercised until the end of the 3-year vesting period – i. e. the expected option life of 5 years is 2 years after the first possible exercise date.

- The Company has zero historical data points and no experience from past option programs. To date not a single ESOP has been exercised, but due to normal fluctuation as well as fluctuation triggered by the recent re-organization there have been multiple cases of forfeited ESOPs.

As a result, the Company does not have any actual data available regarding the average length of time that similar options have remained outstanding in the past or if the employee's level within the Company will impact the timing of exercise.

The risk-free interest rate is the implied yield currently available on German government issued bonds 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 2018 and 2017 is shown in the following table:

in Euro	31 December 2018	31 December 2017
Expense arising from equity-settled share-based payment transactions	649,727	1,166,695
Expense arising from cash-settled share-based payment transactions	0	0
Total expense arising from share-based payment transactions	649,727	1,166,695

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 2018. 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 2018.

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

This note explains the group´s exposure to financial risks and how these risks could affect the group´s future financial performance. Current year profit and loss information has been included where relevant to add further context.

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 financial instruments measured at fair value and Curetis keeps all its liquidity in immediately available money market funds.

aa) 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 2018	31 December 2017
USD	683	690

If the USD/EUR exchange rate were to increase/decrease by 10%, compared to year-end 2018 exchange rates, this would have a negative impact of kEUR 62 (2017: kEUR 62) / positive impact of kEUR 76 (2017: kEUR 77). The group considers a shift in the exchange rates of 10% as a realistic scenario.

ab) Interest rate risk

Curetis is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The following sensitivity analysis is prepared for floating rate liabilities; the analysis is prepared assuming the amount of liability outstanding at reporting date was outstanding for the whole year.

The Group's exposure to variable interest rates at the end amounted to EUR 13 million as of 31 December 2018 (EUR 10 million as of 31 December 2017).

If the interest rates had been one per cent higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would decrease/increase by kEUR 130 (2017: decrease/increase by kEUR 100). This is mainly due to the Group´s exposure to interest rates on its variable borrowings.

b) 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.

c) 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 0 in 2018 (2017: kEUR 2). 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 and in the USA, all of these partners have very good credit ratings. Outside of Europe and the USA 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. Considering the aforementioned reasons Curetis summarizes all trade receivables under one risk category 'common credit risk' and impairs all trade receivables using an average default risk of approx. 1% deducted from observable credit risk parameters of the healthcare industry. Curetis is in exchange with different commercial credit insurers and is evaluation other credit risk mitigations periodically with the expansion of its customer base.

Cash and cash equivalents as well as short-term deposits which are disclosed under other financial assets are invested in EUR (with the exemption of the amounts mentioned under 'b) foreign exchange risk' in this note. Curetis follows a decisive 'no-risk-policy' which means that Curetis has sight deposits at banks only, and sometimes time deposits with short runtimes.

d) 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 2018 Curetis drew down a EUR 3 million tranche from the up to EUR 25 million debt financing facility from the EIB (European Investment Bank), in addition to the EUR 10 million already drew down in 2017. Subsequent to the EIB waiver, another EUR 5 million will become available for disbursement immediately upon finalization of legal documentation for the amendment to the Finance Contract with EIB that sets out the terms and conditions for the equity linked participation for EIB upon maturity of the EUR 5 Mio tranche in 2024 and beyond. Curetis management currently believes that this EUR 5 million tranche would be the last of the debt financing tranches that Curetis could or would access under the current EIB facility. With cash & cash equivalents balance of EUR 10.3 million at year-end 2018, and the EUR 0.4 million VAT refund receivable it is estimated that the group was funded for operating expenses and capital expenditure requirements at least until late Q2-2019 with the cash available at year-end 2018. With access to an additional EIB debt

financing tranche available as outlined in note 3.24 - b) 1 access to another EUR 1.5 million convertible note financing from Yorkville, expected partnering based cash inflows (e.g. Unyvero A30 *RQ* platform deal – potentially also coupled with an equity tranche), as well as potentially putting on hold, delaying, or reducing further expenditures for certain R&D, commercialization and operational programs, the management board has assessed scenario analyses and concluded that liquidity should be sufficient for another 12 months after the date of this report and therefore the going concern assumption is still valid (see also Note 3.24 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 getting market traction in the U.S., as the USA are the most important market for diagnostic products;
- market acceptance of Curetis' products;
- the cost and timing of establishing further 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;

Balance as at 31 December 2018 in kEuro	Up to 1 year	1-3 years	3-5 years	More than 5 years
Trade and other payables	957	—	—	—
Other financial liabilities	334	—	—	—
Loans	—	—	13,000	—
Convertible note	3,200	—	—	—
Interests accrued	520	1,040	4,540	—
TOTAL	5,011	1,040	17,540	—

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	—	—	—
Other financial liabilities	345	—	—	—
Loans	—	—	10,000	—
Interests accrued	400	800	3,800	—
TOTAL	1,673	800	13,800	—

- 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 on page 146.

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	2018	2017
No later than 1 year	4,969	4,956
Later than 1 year and no later than 5 years	5,150	631
Later than 5 years	0	0
Total	10,119	5,587

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	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 220 [4]	kEUR 0	kEUR 12	kEUR 0	kEUR 60 [3]	kEUR 292
Dr. Achim Plum	kEUR 200	kEUR 0	kEUR 15	kEUR 5 [2]	kEUR 60 [3]	kEUR 280
Oliver Schacht, Ph.D.	kEUR 240	kEUR 0	kEUR 18	kEUR 0	kEUR 60 [3]	kEUR 318
TOTAL	**kEUR 660**	**kEUR 0**	**kEUR 45**	**kEUR 5**	**kEUR 180**	**kEUR 890**

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

[1] Cost reimbursement only, no additional flat catering expenses
[2] Company car reimbursement
[3] Expenses recognized for granted ESOP
[4] Includes holiday compensation payouts
[5] Relates to the bonus that was paid in 2018 post FDA clearance

in kEuro	2018	2017
Salaries and other short-term employee benefits	705	965
Post-employment benefits [1]	8	—
Share based payments	180	622
Others	5	5
Total	898	1,592

[1] Post-employment benefits relate to the remuneration of a former managing director

COMPENSATION OF SUPERVISORY BOARD

The compensation of Supervisory Board is shown below:

in kEuro	2018	2017
William Rhodes	105	95
thereof from equity stock options	*22*	*11*
Dr. Werner Schäfer	83	75
thereof from equity stock options	*22*	*11*
Mario Crovetto	64	55
thereof from equity stock options	*22*	*11*
Prabhavathi Fernandes	53	45
thereof from equity stock options	*22*	*11*
Dr. Nils Clausnitzer	51	31
thereof from equity stock options	*22*	*11*
Dr. Holger Reithinger	-11	11
thereof from equity stock options	*-11*	*11*
Dr. Rudy Dekeyser	—	—
thereof from equity stock options	—	—
Total	345	312
thereof from equity stock options	99	66

The reason why equity stock options have been granted to the Supervisory Board Members are:

(i) Alignement of strategic interest of Supervisory Board Members with the company and its shareholders.

(ii) Ability to recruit, retain and incentivize Supervisory Board Members in line with what is market standard e.g. in the USA.

Dr. Rudy Dekeyser and Dr. Holger Reithinger (until 21 June 2018) have also been Supervisory Directors in 2018 but they received no compensations from Curetis (except granted equity stock options for Holger Reithinger in 2017; these granted equity stock options forfeited in 2018 after Holger resigned as supervisory board member).

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.

36. AVERAGE NUMBER OF EMPLOYEES

In 2018 the Group employed on average 110 employees (FTEs) (2017: 89).

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 Aresdb Bio-IT platform (previously GEAR)

The equity of Curetis GmbH at 31 December 2018 amounted to kEUR 18,591 (31 December 2017: kEUR 13,689) and the Company realized a loss of kEUR 14,463 in 2018 (2017: loss of kEUR 14,326).

The equity of Curetis USA Inc. at 31 December 2018 amounted to kEUR -9,062 (31 December 2017: kEUR -2,932) and the net result a loss of kEUR 5,891 in 2018 (2017: loss of kEUR 2,844).

The equity of Curetis UK Ltd. at 31 December 2018 amounted to kEUR 126 (31 December 2017: kEUR 80) and the net result a profit of kEUR 36 in 2018 (2017: profit of kEUR 26).

The equity of Curetis France S.A.R.L. at 31 December 2018 amounted to kEUR 90 (31 December 2017: kEUR 63) and the net result a profit of kEUR 26 (2017: profit of kEUR 18).

The equity of Curetis BeNeLux B.V. at 31 December 2018 amounted to kEUR 51 (31 December 2017: kEUR 41) and the net result a profit of kEUR 10 (2017: profit of kEUR 11).

The equity of Curetis Schweiz GmbH at 31 December 2018 amounted to kEUR 50 (31 December 2017: kEUR 51) and the net result a profit of kEUR 2 (2017: profit of kEUR 13).

The equity of Ares Genetics GmbH at 31 December 2018 amounted to kEUR -2,129 (31 December 2017: kEUR -429) and the net result a loss of kEUR 1,741 (2017: kEUR 471).

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
2018	
Financial statements audit	161,000
Audit-related services and other audit work 2018	626,437
Tax consultancy 2018	0
TOTAL	787,437
2017	
Financial statements audit	161,000
Audit-related services and other audit work 2017	65,000
Tax consultancy 2017	0
TOTAL	226,000

39. EVENTS AFTER THE BALANCE SHEET DATE

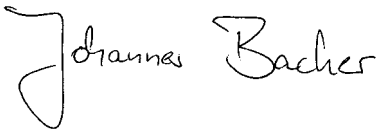
Some of the events after 31 December 2018 – listed below in chronological order – have had material impact on the share price and liquidity in trading in Curetis shares. There have been a series of relevant news events during the ordinary course of business in 2019 so far:

- EIB tranche funding has been addressed by waiver letter from EIB waiving the condition precedent to funding the EUR 5 million milestone tranche.
- Curetis and A. Menarini Diagnostics have entered into strategic pan European exclusive partnership for the distribution of Curetis' Unyvero.
- Curetis' Subsidiary Ares Genetics and QIAGEN have entered into a Bioinformatics Partnership to fight Anti-microbial Resistance.
- Curetis' Partner Beijing Clear Biotech submitted the filing for Unyvero approval in China.
- Curetis' Unyvero Application Cartridges received regulatory approvals in Malaysia and Thailand.
- Curetis' Subsidiary Ares Genetics advances AI-powered infectious disease and Antibiotic Resistance test via Triple-A grant project.

Holzgerlingen, 10 April 2019

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

COMPANY INCOME STATEMENT

NOTES TO THE COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

NOTES TO THE COMPANY INCOME STATEMENT

NOTES TO THE COMPANY BALANCE SHEET

OTHER INFORMATION

CURETIS N.V.
COMPANY INCOME STATEMENT

For the period ended 31 December 2018 and 31 December 2017

in kEuro	2018	2017
Revenues		
Cost of Sales		
Gross profit		
Administrative expenses [3]	-2,352	-3,035
Other income [4]	19	6
Other income Group [4]	746	1,215
Operating loss	-1,587	-1,814
Finance income	0	7
Finance costs	-95	0
Finance result – net	-95	7
Loss before income tax	-1,682	-1,807
Income tax expenses		
Share in result of investments [5]	-22,066	-17,661
Loss for the year	-23,748	-19,468

[..] 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 2018 and 31 December 2017
After profit appropriation

ASSETS

in kEuro	31 December 2018	31 December 2017
Fixed assets [6]	7,123	10,509
Financial fixed assets		
Interests in group companies	6,764	9,747
Accounts receivable from group companies	187	580
Other accounts receivable	162	182
Current assets [7]	5,979	13,135
Account receivable		
Other accounts receivable	499	293
Cash at banks and in hand	5,480	12,842
TOTAL	13,092	23,644

LIABILITY & EQUITY

in kEuro	31 December 2018	31 December 2017
Capital and reserves [8]	9,050	22,204
Called-up share capital	209	155
Share premium account	61,850	51,676
Legal reserves	-140	143
Other reserves	9,176	8,527
Retained earnings	-62,045	-38,297
Current liabilities [9]	4,042	1,440
Trade creditors	36	78
Accounts payable to group companies	453	824
Other liabilities	3,553	538
TOTAL	13,092	23,644

[..] 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 October 8, 2015 as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) for the purpose of a corporate reorganization of Curetis AG; Curetis B.V. then converted its legal form 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. As of 31 December 2018 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 3.24 of the consolidated financial statements of Curetis N.V.).

These financial statements cover the period from 1 January 2018 to 31 December 2018. The comparable numbers of 2017 cover the period from 1 January 2017 to 31 December 2017.

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.

CURETIS N.V. NOTES TO THE COMPANY INCOME STATEMENT

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.

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 746 (2017: kEUR 1,215) and other income of kEUR 19 (2017: 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 2017 the net asset value of Curetis GmbH was EUR 13,688,648, since the capital of Curetis GmbH was increased by mEUR 3 during 2017 in cash considerations and by kEUR 491 through equity settled stock options granted to employees and management of Curetis GmbH. These increases have partly been compensated by the loss for 2017 of Curetis GmbH, which amounted to kEUR 14,326.

In 2018 Curetis N.V. increased the capital of Curetis GmbH by mEUR 19 and granted equity settled stock options to employees and managers of Curetis GmbH and its subsidiaries with a value of kEUR 366. The net asset value of Curetis GmbH on the balance sheet date on 31 December 2018 was kEUR 18,591 since the loss for 2018 for Curetis GmbH amounted to kEUR 14,463.

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 2017 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
Movements in book value 2018	
investments – in cash	19,000
investments – ESOs	367
Share in result of investments	-22,066
Dividends received	—
Currency translation differences	-283
At 31 December 2018 Net book value	6,764

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 2018, other account receivable mainly comprise VAT receivables amounting to kEUR 378 (31 December 2017: kEUR 271) and prepaid expenses amounting to kEUR 122 (31 December 2017: kEUR 22).

CASH AT BANKS AND IN HAND

At 31 December 2018, cash and cash at banks and in hand amounted to kEUR 5,480 (31 December 2017: kEUR 12,842). 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	Legal reserve	Retained earnings	Total equity
Balance as of 31 December 2016	155	51,676	7,360	0	-18,829	40,362
Valuation of equity settled stock options IFRS 2			1,167			1,167
Currency translation differences on foreign subsidiaries				143		143
Loss of period					-19,468	-19,468
Balance as of 31 December 2017	155	51,676	8,527	143	-38,297	22,204
Valuation of equity settled stock options IFRS 2			649			649
Capital increase	54	10,174				10,228
Currency translation differences on foreign subsidiaries				-283		-283
Loss of period					-23,748	-23,748
Balance as of 31 December 2018	209	61,850	9,176	-140	-62,045	9,050

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 2018 amounted to kEUR 2,583 (2017: kEUR 1,934).

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 2018 (kEUR 24,028) and the company loss for the year 2018 (kEUR 24,031) are not equal, as a result of 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 303 (31.12.2017: kEUR 607) and liabilities for Public relation services and investor relations services amounting to kEUR 140 (31.12.2017: kEUR 217).

OTHER LIABILITIES:

in kEuro	31 December 2018	31 December 2017
Accruals for vacation	119	89
Accruals for bonuses	0	124
Other liabilities for annual financial statements	209	147
Unpaid invoices for services rendered	90	150
Convertible Notes	3,109	0
Other tax liabilities	26	28
Total	3,553	538

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	2018	2017
William Rhodes	105	95
thereof from equity stock options	*22*	*11*
Dr. Werner Schäfer	83	75
thereof from equity stock options	*22*	*11*
Mario Crovetto	64	55
thereof from equity stock options	*22*	*11*
Prabhavathi Fernandes	53	45
thereof from equity stock options	*22*	*11*
Dr. Nils Clausnitzer	51	31
thereof from equity stock options	*22*	*11*
Dr. Holger Reithinger	-11	11
thereof from equity stock options	*-11*	*11*
Dr. Rudy Dekeyser	—	—
thereof from equity stock options	—	—
Total	345	312
thereof from equity stock options	99	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 2018, Curetis had a trade tax rate of 12.05% (2017: 12.05%).

In 2018 as well as in 2017, the income statement effect resulting from current and deferred taxes is kEUR 0.

12. EMPLOYEES

During the year 2018, the average number of employees, based on full time equivalents, was 0 (2017: 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
2018	
Financial statements audit	161,000
Audit-related services and other audit work 2018	626,437
Tax consultancy 2018	0
TOTAL	787,437
2017	
Financial statements audit	161,000
Audit-related services and other audit work 2017	65,000
Tax consultancy 2017	0
TOTAL	226,000

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 2018 of kEUR 23,748 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

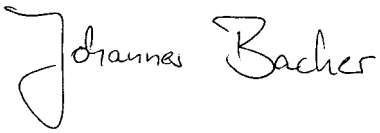
Some of the events after 31 December 2018 – listed below in chronological order – have had material impact on the share price and liquidity in trading in Curetis shares. There have been a series of relevant news events during the ordinary course of business in 2019 so far:

- EIB tranche funding has been addressed by waiver letter from EIB waiving the condition precedent to funding the EUR 5 million milestone tranche.
- Curetis and A. Menarini Diagnostics have entered into strategic pan European exclusive partnership for the distribution of Curetis' Unyvero.
- Curetis' Subsidiary Ares Genetics and QIAGEN have entered into a Bioinformatics Partnership to fight Antimicrobial Resistance.
- Curetis' Partner Beijing Clear Biotech submitted the filing for Unyvero approval in China.
- Curetis' Unyvero Application Cartridges received regulatory approvals in Malaysia and Thailand.
- Curetis' Subsidiary Ares Genetics advances AI-powered infectious disease and Antibiotic Resistance test via Triple-A grant project.

Holzgerlingen, 10 April 2019

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 2018

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 2018, 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 2018 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 2018 of Curetis N.V., Holzgerlingen, Germany ('the Company'). The financial statements include the consolidated financial statements of Curetis N.V. together with its subsidiaries ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the following statements for 2018: 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 2018;
- 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 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., Boschdijktunnel 10, 5611 AG 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 paragraphs in Note 1.5 and Note 3.24 in the consolidated financial statements, which indicates that the Group has continued to incur losses and has a negative equity of EUR 163 million, and is dependent upon the success of negotiating additional equity- and debt funding and upon their ability to execute on their strategy. As stated in Note 1.5 and Note 3.24, this condition, along with other matters as set forth in Note 1.5 and Note 3.24, 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. We have further described our responsibilities under those standards 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 public limited liability company which main activities are to develop, produce and sell molecular diagnostics systems and cartridges which are used for 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 public share offering on the Amsterdam Stock Exchange in November 2018, together with additional financing arranged and the measures taken by the management board in 2018 to ensure the ability of the Company to continue as a going concern, characterised the financial year 2018 and affected our audit work related to the going concern assumption as applied by the Company in the financial statements.

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 3.26 of the financial statements the Company describes the areas of judgement 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 the impairment assessment of intangible assets, we considered this matter as a key audit matter set out in the section 'Key audit matters' of this report. Furthermore, we identified the valuation of inventory at net realizable value as a key audit matter due to significant estimation uncertainty related to the expected future sales volume of Unyvero systems, as well as the net realisable value and development of the expected sales price.

Other areas of focus, that were not considered key audit matters were accounting for research and development expenditure, share-based payments and the application of IFRS 9 and IFRS 15.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of Curetis N.V. We therefore included specialists and experts in the areas of valuations, legal, IT and share based payments in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €245,000.

Audit scope

- We conducted the audit work at the head office of the Group at Holzgerlingen, Germany.
- Audit coverage: 92% of consolidated revenue, 91% of consolidated expenses, 97% of consolidated total assets and 95% of consolidated profit before tax.

Key audit matters

- Impairment of intangible assets
- Valuation of inventory

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 judgement, 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	€245,000 (2017: €190,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement 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 pipeline of applications. On this basis we believe that total expenses is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €200,000 and €240,000 for significant components and € 120,000 for non-significant components.

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 €12,250 (2017: €9,500) 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 component level by the Group engagement team and by each component auditor.

The group audit primarily focussed on the individually significant components: Curetis N.V. and Curetis GmbH.

We subjected 2 components to audits of their complete financial information, as those components are individually financially significant to the Group. We further subjected 1 component to specific risk-focussed audit procedures as this component includes significant risk areas. Additionally, we selected 1 component 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	92%
Expenses	91%
Total assets	97%
Profit before tax	95%

None of the remaining components represented more than 3% of total group revenues, expenses or total 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 the audit work for group entities Curetis N.V. and Curetis GmbH, as well as the components Curetis USA Inc. and ARES Genetics GmbH.

The group engagement team performed 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 and the importance of the judgements exercised by the management board located at the head office in Holzgerlingen. These judgements include the evaluation of the appropriateness of the going concern assumption, as well as the impairment assessment for intangible assets and valuation of inventory at net realizable value (refer to the section 'Key audit matters' of this report).

We used a component auditor to attend the stock count in the USA. We determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

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 matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters 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 made 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 matters described below to be the key audit matters to be communicated in our report.

Key audit matter	*Our audit work and observations*
Impairment of intangible assets *Notes 3.18 and 20 in the annual report* In the Company's consolidated financial statements, intangible assets amount to €7,524,000, which comprises 25.5% of the total assets, as of 31 December 2018. This balance mainly consists of the Unyvero A30 RQ (Geronimo) platform representing a carrying value of €5,000,000, which contains primarily technical development files of a mid-plex-molecular-diagnostic-platform, relating know-how and IP. In 2016, the Company acquired this platform against cash consideration including a contractual agreement for future royalties and milestone payments. The asset is accounted for at cost and has an indefinite useful live as the platform is currently not available for commercial use. At year end, the management board performed an impairment assessment for the intangible assets, including the Unyvero A30 *RQ*. In this evaluation, 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 management board has made judgements around the assumptions and inputs used in the impairment assessment, including the determination of value in use, which are based on the business plan and cash flow planning of Curetis N.V. Important assumptions are around expected future cash flows which are based on potential partnering deals (including upfront payments and subsequent licensing fees). Another input is the discount rate. Due to no historical sales data, as well as ongoing partnering discussions, there is significant estimation uncertainty related to the valuation of this intangible asset. As a result it has been an important area for our audit, because a change in assumptions could have a material impact on the value of the intangible asset.	We obtained the impairment assessment prepared by the management board to evaluate the recoverable amounts of the intangible assets. We assessed 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. Therefore, we consider management board's evaluation that Curetis' business should be considered as one CGU to be reasonable. We assessed the appropriateness of the value in use model applied by the management board in their impairment assessment, with input from valuation specialists. We tested the mathematical accuracy of the underlying calculations. As part of our substantive audit procedures, we tested key assumptions such as the discount rate in detail, by assessing the underlying parameters used and by understanding the calculation method. We also conducted our own sensitivity analyses. We tested key input data around cash flows, by reconciling the future cash flows used in the calculation with the cash flow planning prepared by the management board and accepted by the Supervisory Board. We challenged the cash flow planning, including estimates made with respect to potential partnering and licencing deals and the related anticipated upfront payments, royalties and milestones payments by comparing the budgeted cash in- and outflows to the respective term sheet offers, reading board minutes and other related correspondence provided by the management board. In case of term sheets, we assessed the reasonableness of Curetis' ability to meet the terms. Based on the audit procedures performed, we did not identify material exceptions and we considered the management board's assumptions supported by available evidence. Finally, we evaluated the sufficiency of the related disclosures and found them to be an appropriate reflection of the estimation uncertainty and the related sensitivities, in line with the requirements of the accounting framework.

Key audit matter	*Our audit work and observations*
Valuation of Inventory *Notes 2.3, 3.15 and 18 in the annual report* In the Company's consolidated financial statements, Inventories amount to €6,734,000, which comprises 23.1% of the total assets, as of 31 December 2018. The inventory balance mainly consists of the Unyvero A50 molecular diagnostics system (hereafter referred to as 'Unyvero System') amounting to a carrying value of €6,300,000. Inventory levels were increased during the year to cover future demand for the Unyvero systems as expected by the management board. The Unyvero systems in Inventory per 31 December 2018 are not expected to be sold in full in 2019. Inventories are accounted at the lower of cost and net realisable value. At year end, the valuation of inventory is reviewed by the management board and the cost of inventory is reduced where inventory is expected to be sold below cost price. In this evaluation, the management board has made judgements on the number of Unyvero systems expected to be sold for 2019 and years hereafter, as well as the expected realisable value of these Unyvero systems based on the aging of the Unyvero systems in the expected year of sale. Due to limited historical sales data, there is significant estimation uncertainty related to the expected future sales volume of Unyvero systems per year, as well as the net realisable value and development of the expected sales price. As a result, this has been an important area for our audit. Furthermore, a change in assumptions could have a material impact on the value of inventory.	As part of our risk assessment procedures, we compared the net realisable value estimated in the prior year to the actual sales value for Unyvero systems sold in 2018, in order to evaluate whether the management board is capable of providing a reliable estimate of the expected sales value of a Unyvero system. For estimated sales values for Unyvero systems in 2019 and subsequent years, we have tested the estimates by reconciling these with the existing contracts with the company's customers as well as new contracts for future sales with new customers in new regions. In case these new contracts included term sheets, we have evaluated whether these terms were reasonably expected to be met by the company and as a consequence sales are reasonably expected from these contracts in the future. We determined the appropriateness of the cost value and the ageing of the Unyvero systems by agreeing it back on a sample basis to the purchase invoice of the respective Unyvero System. We determined whether the forecasted sales volumes for Unyvero systems were sufficiently detailed on the relevant markets and distribution models in which the Company operates. In assessing the forecast we read board minutes and available written communications and contracts with the commercial partners. We agreed the basis of the forecast back to the budget as accepted by the supervisory board and compared the performance in the current year 2019 against the forecasts made by the management board. Also, we reviewed contracts for future sales, as well as related term sheets if applicable. When term sheets were concerned, we assessed the reasonableness of Curetis' ability to meet the terms. Based on the audit procedures performed, we did not identify material exceptions and we considered the management board's assumptions supported by available evidence. Finally, we evaluated the sufficiency of the related disclosures and found them to be an appropriate reflection of the estimation uncertainty and the related sensitivities, in line with the requirements of the accounting framework.

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 33 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.
Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 4 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 intends 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, 10 April 2019
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2018 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 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 2018

IMPRINT

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