



Biocartis Group NV

Issuance of shares with cancellation of the preferential subscription right
Statutory auditor's report in accordance with article 596 of the Belgian
Company code

The original text of this report is in Dutch

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To the board of directors of Biocartis Group NV (the 'company')

In accordance with article 596 of the Belgian Company Code, we have reviewed the attached special report of the board of directors of 27 November 2017. This report relates to the cancellation of the preferential subscription rights of the existing shareholders and, in so far as required, of the Company's existing warrant holders in favor of a group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons) in and outside of Belgium, in the framework of the proposed capital increase under the authorized capital for a maximum amount (excluding share premium) of 89 339,50 EUR.

The purpose of this report is – according to said article – the following:

Article 596:

"The general shareholders' meeting, which has to discuss and conclude on the capital increase, the issuance of convertible bonds or the issuance of warrants, can, taking into account the requirements with respect to quorum and majority required for an amendment to the articles of association, in the interest of the company, limit or cancel the preferential subscription right. The proposal thereto has to be specifically mentioned in the invitation.

The board of directors justifies its proposal in a detailed report that specifically relates to the issuance price and to the financial consequences of the transaction for the shareholders. A report has to be drafted by the statutory auditor or, in his absence, by a certified auditor assigned by the board of directors, or by an external accountant, assigned in the same way, in which he states that the financial and accounting information, included in the report of the board or directors, is accurate and sufficient to inform the general shareholders' meeting that has to vote on this proposal. The reports are deposited at the Court Registry of Commerce, in accordance with article 75. They are mentioned in the agenda. A copy can be obtained in accordance with article 535.

The absence of the reports mentioned in this article has the annulment of the decision of the general shareholders' meeting as a consequence.

The decision of the general shareholders' meeting to limit or cancel the preferential subscription right has to be deposited at the Court Registry of Commerce, in accordance with article 75."

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In our opinion the financial and accounting information, in the attached special report of the board of directors as of 27 November 2017 is accurate and sufficient to inform the board of directors, who act in accordance with the authorized capital and ultimately the shareholders, on the proposed cancellation of the preferential subscription right of the existing shareholders in the framework of the proposed capital increase under the authorized capital for a maximum amount (excluding share premium) of 89 339,50 EUR.

This report is intended solely for the use of the board of directors and the shareholders of the company in the framework of the cancellation of the preferential subscription right as described above. It therefore cannot be used for any other purpose.

Zaventem, 27 November 2017

The statutory auditor



DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Gert Vanhees

Enclosure:

- Special report of the board of directors of 27 November 2017, in accordance with article 596 of the Code of Companies relating to the cancellation of the preferential subscription rights of the existing shareholders and, in so far as required, of the Company's existing warrant holders in favor of a group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons) in the framework of the proposed capital increase under the authorized capital for a maximum amount (excluding share premium) of 89 339,50 EUR.

BIOCARTIS GROUP NV

Limited Liability Company (Naamloze Vennootschap)
Generaal De Wittelaan 11/B
2800 Mechelen
Belgium
Company Number VAT BE 0505.640.808 (RLP Antwerp, division Mechelen)
(the "Company")

**SPECIAL REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 596 OF THE BELGIAN COMPANIES CODE**

1. INTRODUCTION

This special report has been prepared by the board of directors of the Company in accordance with Article 596 of the Belgian Companies Code and relates to the proposal of the board of directors to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing warrant holders, in connection with a proposed increase of the share capital of the Company in the framework of the authorised capital with a maximum amount of EUR 89,339.50 (excluding issue premium) through the issuance of a maximum of 8,933,950 new shares, to be offered via a private placement, through an accelerated bookbuilding procedure, to a broad group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons), in and outside of Belgium (the "**Transaction**").

In particular, the board of directors notes that the statutory preferential subscription right is not dis-applied in favour of one or more specified persons, within the meaning of Article 598 of the Belgian Companies Code.

In this report, the board of directors explains and clarifies the proposed dis-application of the preferential subscription right in connection with the proposed increase of the share capital in the framework of the Transaction and, more particularly, the issue price of the new shares and the financial consequences of the Transaction for the shareholders (including with respect to their participation in the results and the share capital of the Company).

This special report must be read together with the report prepared in accordance with Article 596 of the Belgian Companies Code by the Company's statutory auditor, Deloitte Bedrijfsrevisoren BV ovve CVBA, a civil company having the form of a cooperative company with limited liability organised and existing under the laws of Belgium, with registered office at Luchthaven Nationaal 1J, 1930 Zaventem, Belgium, represented by Mr. Gert Vanhees, auditor.

2. AUTHORISED CAPITAL

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 13 April 2015, as published by excerpt in the Annexes to the Belgian Official Gazette of 13 May 2015 under number 15069280, the board of directors of the Company has been granted certain powers to increase the Company's share capital in

the framework of the authorised capital. The powers under the authorised capital have been set out in Article 10 of the Company's Articles of Association.

Pursuant to the authorisation granted by the extraordinary general shareholders' meeting, the board of directors was authorised to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 391,440.13 (excluding issue premium). The authorisation is valid for a period of five years as from 13 May 2015.

The capital increases that can be effected in accordance with the aforementioned authorisation can take place by means of contributions in cash or in kind, by capitalisation of reserves, whether available or unavailable for distribution, and capitalisation of issue premium, with or without the issuance of new shares with or without voting rights. The board of directors may also use the authorisation for the issuance of convertible bonds or warrants, bonds with warrants or other securities.

When exercising its powers under the authorised capital, the board of directors is authorised to limit or dis-apply the statutory preferential subscription right of the shareholders (within the meaning of Article 592 and following of the Belgian Companies Code) in the interest of the Company. This limitation or dis-application of the preferential subscription right can also be done in favour of members of the personnel of the Company or its subsidiaries or in favour of one or more specific persons, other than members of the personnel of the Company or its subsidiaries.

The board of directors has used its powers under the authorised capital in November 2016, for an amount of EUR 40,589.17 (excluding issue premium), through the issuance of 4,058,917 new shares. The board of directors therefore still has the authority under the authorised capital to increase the Company's share capital with an aggregate amount of EUR 350,850.96 (excluding issue premium).

3. PROPOSED TRANSACTION

3.1. Structure of the Transaction

In accordance with Article 10 of the Company's Articles of Association, the board of directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash of a maximum amount of EUR 89,339.50 (excluding issue premium) by issuing a maximum number of 8,933,950 new shares.

If not all of the offered new shares are subscribed for, the proposed capital increase can nevertheless be completed for up to all or part of the subscriptions that the Company will have received and accepted at the applicable issue price, which will be determined as set forth below, and provided that the board of directors, or the placement committee that shall be established by the board of directors (the "**Placement Committee**"), so decides.

Even if all offered new shares are subscribed for, the capital increase can be completed by issuing less shares than the number of subscriptions received by the Company at the applicable issue price, which will be determined as set forth below and provided that the board of directors or the Placement Committee so decides. The board of directors or the Placement Committee may, for the avoidance of doubt, also decide not to complete the contemplated capital increase, even if all or part of the offered new shares are subscribed for.

The subscription period shall start at the earliest on the day of the board meeting approving the contemplated capital increase and shall end at the latest thirty (30) days

after the opening of the subscription period. The board of directors or the Placement Committee is, however, authorised to already increase the share capital of the Company at any time during the subscription period up to the number of subscriptions that the Company will already have received and accepted at that time. The board of directors or the Placement Committee is also authorised to lengthen or shorten the subscription period and/or to prematurely end the subscription period, at its sole discretion, even if the offered new shares have not or have only partially been subscribed for.

3.2. Dis-application of the preferential subscription right of the existing shareholders

In the framework of the contemplated capital increase, the board of directors proposes to dis-apply the preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing warrant holders, in accordance with Article 596 of the Belgian Companies Code, in order to allow J.P. Morgan Securities plc ("**J.P. Morgan**"), Kempen N.V. ("**Kempen**"), KBC Securities SA/NV ("**KBC Securities**") and Bank Degroof Petercam SA/NV and its fully owned subsidiary Degroof Petercam Corporate Finance SA/NV (collectively, "**Degroof Petercam**", and together with J.P. Morgan, Kempen & Co and KBC Securities, the "**Joint Bookrunners**") to offer the new shares to a broad group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons), in and outside of Belgium, in the framework of a private placement through an accelerated bookbuilding procedure.

3.3. Issue price of the new shares

The Joint Bookrunners shall be instructed by the Company to proceed with a so-called accelerated bookbuilding procedure with a broad group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons), in and outside of Belgium, that are to be contacted by the Joint Bookrunners during the subscription period in order to solicit their interest to subscribe for the shares that are to be issued by the Company in the framework of the Transaction.

The issue price of all of the new shares to be issued shall at least be equal to the fractional value (*fractiewaarde*) of the existing shares, *i.e.*, EUR 0.01 per share. The board of directors or the Placement Committee shall determine the amount of the issue premium in consultation with the Joint Bookrunners and shall consequently determine the final issue price (consisting of the fractional value plus issue premium), *inter alia* taking into account the results of the above mentioned accelerated bookbuilding procedure.

The amount by which the issue price of the new shares shall exceed the fractional value of the existing shares of the Company (*i.e.*, EUR 0.01) shall be booked as issue premium. This issue premium shall be accounted for on the liabilities side of the Company's balance sheet under its net equity. The account on which the issue premium shall be booked shall, like the share capital, serve as the guarantee for third parties and can, except for its incorporation into the share capital, only be reduced on the basis of a lawful resolution of the general shareholders' meeting passed in the manner required for an amendment to the Company's Articles of Association.

3.4. Admission to trading of the new shares

The Company shall make the necessary filings and applications, all as required by applicable regulations, in order to permit an admission to trading on the regulated market of Euronext Brussels immediately following the issuance of the new shares.

3.5. The rights attached to the new shares

The new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlement to dividends, with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance of the new shares.

4. JUSTIFICATION OF THE PROPOSED TRANSACTION

The board of directors believes that the Transaction is in the interest of the Company because the Transaction will improve the net equity position of the Company. Biocartis currently envisages using the net proceeds of the placement of the new shares to fund the expansion of the Idylla™ test menu and applications, its sales and marketing activities, the ongoing increase of its cartridge manufacturing capacity, and for working capital and other general corporate purposes.

The proposed Transaction may furthermore allow the Company to further strengthen its image with investors, both on a national and an international level, which may be in the interest of the further development of the Company's activities and any future capital markets transactions. The Transaction may also allow the Company to broaden its shareholders' structure, both on a national and an international level, which may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on Euronext Brussels.

5. JUSTIFICATION OF THE ISSUE PRICE OF THE NEW SHARES

The issue price of the new shares shall at least be equal to the fractional value of the existing shares of the Company, *i.e.*, EUR 0.01 per share.

The amount of the issue premium and, hence, the total issue price of the new shares (fractional value plus issue premium) shall be determined by the board of directors or by the Placement Committee, in consultation with the Joint Bookrunners, on the basis of the results of the aforementioned accelerated bookbuilding procedure that is organised by the Joint Bookrunners. During this process, interested investors can indicate to the Joint Bookrunners their interest to subscribe for the new shares, as well as the number of shares and the issue price at which they are willing to subscribe for the new shares. Such bookbuilding procedure constitutes, in the opinion of the board of directors, a fair and objective method on the basis of which a justified issue price can be determined.

6. JUSTIFICATION OF THE DIS-APPLICATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT

The board of directors proposes to proceed with the contemplated increase of the share capital of the Company in the framework of the authorised capital and with the issuance of the new shares without preferential subscription right of the existing shareholders and, in so far as required, of the existing warrant holders. The board of directors hence proposes to dis-apply the preferential subscription right of the existing shareholders and, in so far as required, of the existing warrant holders, in connection with the contemplated Transaction.

The dis-application of the preferential subscription right of the existing shareholders and, in so far as required, of the existing warrant holders, allows the Joint Bookrunners to offer the new shares directly to a broad group of currently unidentified Belgian and foreign

institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons), in and outside of Belgium, that are to be contacted by the Joint Bookrunners during the subscription period in order to solicit their interest to subscribe for the new shares.

Firstly, this allows the Company to raise a significant amount of funds through an accelerated process to further finance its activities, as set out above.

Secondly, the structure may allow the Company to broaden its shareholders' structure, both on a national and an international level, which may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on Euronext Brussels. This is in the interest of both the Company and the existing shareholders of the Company.

Thirdly, this may allow the Company to further strengthen its image with investors, both on a national and an international level. This is in the interest of the further development of the Company's activities.

Fourth, and taking into account the Company's experience at the occasion of the initial public offering completed in April 2015 and the private placement with accelerated bookbuilding procedure as completed in November 2016, the board of directors is not in favour of proceeding with a capital increase by means of a public offering at this stage, but rather through a private placement. A public offering is not only very costly for the Company, it also requires a considerably longer preparation, as a result of which the Company could miss a potential window of opportunity which according to the Company's financial advisors currently exists to attract additional funds on the capital markets. It is indeed uncertain that such a window of opportunity would still exist in the near future. The private placement, hence, allows the Company to raise new funds in a fast and cost efficient manner.

For all of the above reasons, the board of directors is of the opinion that the contemplated capital increase, even with dis-application of the preferential subscription right, is in the interest of both the Company and the existing shareholders as this may allow the Company to swiftly and cost-efficiently attract the new funds that are necessary to implement its strategy.

7. CERTAIN FINANCIAL CONSEQUENCES

The following paragraphs provide an overview of certain financial consequences of the proposed Transaction. For further information with regard to the financial consequences of the proposed Transaction, reference is also made to the report prepared in accordance with Article 596 of the Belgian Companies Code by the statutory auditor of the Company, Deloitte Bedrijfsrevisoren BV ovve CVBA.

7.1. Introductory comments

The actual effects of the proposed Transaction cannot yet be determined with certainty, as the key financial parameters of the offering such as the actual number and the issue price of the new shares to be issued are unknown as at the date of this report, and will not be known until after the closing of the offering of the new shares and bookbuilding procedure. Furthermore, once started and depending on the circumstances, the offering could still be postponed or cancelled.

Accordingly, the discussion herein of the financial consequences of the Transaction for existing shareholders is purely illustrative and hypothetical, and is based on purely indicative financial parameters (where relevant). The actual issue price and the number of the new shares to be issued in connection with the Transaction may vary significantly from the hypothetical values used in this report.

7.2. Current capital structure of the Company

At the date of this special report, the share capital of the Company amounts to EUR 446,697.72, represented by 44,669,772 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, EUR 0.01. The share capital is entirely and unconditionally subscribed for and is fully paid-up.

Furthermore, at the date of this report, 7,110,388 shares can still be issued by the Company, of which:

- 807,255 shares can be issued upon the exercise of 807,255 outstanding stock options (each stock option having the form of a warrant) that are still outstanding under the '2013 Plan' for employees, consultants and management members, entitling the holders thereof to acquire one new share per option ("**2013 Stock Options**");⁽¹⁾
- 255,846 shares can be issued upon the exercise of 255,846 outstanding stock options (each stock option having the form of a warrant) that are still outstanding under the '2015 Plan' for employees, consultants, management members and directors, entitling the holders thereof to acquire one new share per option ("**2015 Stock Options**");⁽¹⁾
- 1,340,000 shares can be issued upon the exercise of 1,340,000 outstanding stock options (each stock option having the form of a warrant) that are still outstanding under the '2017 Plan' for the CEO, entitling the holder thereof to acquire one new share per option ("**2017 Stock Options**");⁽¹⁾ and
- 4,707,287 shares can be issued pursuant to a conversion option agreement entered into between Koninklijke Philips N.V. and the Company ("**Conversion Option**").⁽²⁾

The 2013 Stock Options, the 2015 Stock Options and the 2017 Stock Options are hereinafter jointly referred to as the "**Warrants**".

Notes:

- (1) Outstanding stock options means all stock options (each such stock option having the form of a warrant) created under the '2013 Plan', the '2015 Plan' and the '2017 Plan', which have not yet been exercised and which have not yet become null and void for any reason.
- (2) The conversion option agreement allows Koninklijke Philips N.V. to convert certain royalty and other payments due to it up to a maximum of 10% of the then outstanding capital of the Company on a fully diluted post-money basis, but only if the Company has not yet made a lump sum payment in lieu of such royalty and other payments, and the conversion can only be exercised by Koninklijke Philips N.V. upon the acceptance of the exercise by the Company at its sole discretion. The number of 4,707,287 shares that can still be issued assumes that all outstanding Warrants (entailing the issuance of up to 2,403,101

new shares) have been exercised, it being understood that the actual number of shares issuable depends on a number of factors.

For the purpose of the full-dilution scenario calculations further below, it is assumed that the remaining number of shares that can still be issued pursuant to the Warrants and the Conversion Option, has indeed been issued.

7.3. Evolution of the share capital and participation in the results

Each share in the Company currently represents an equal part of the share capital of the Company and provides for one vote in function of the part of the capital it represents. The issuance of the new shares in the framework of the Transaction will lead to a dilution of the existing shareholders of the Company and of the relative voting power of each share in the Company.

The dilution relating to the voting right also applies, *mutatis mutandis*, to the participation of each share in the profit and liquidation proceeds and other rights attached to the shares of the Company, such as the preferential subscription right in case of a capital increase in cash through the issuance of shares.

Specifically, prior to the Transaction (and the issuance of 7,110,388 new shares pursuant to the Warrants and the Conversion Option), each share participates equally in the profit and liquidation proceeds of the Company and the preferential subscription right in case of a capital increase in cash. Upon the issuance of the new shares in the framework of the Transaction (and upon exercise of the Warrants and the Conversion Option), the new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance of the shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shares in the profit and liquidation proceeds of the Company and the preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

The evolution of the share capital and the number of shares, with voting rights attached, of the Company as a result of the proposed Transaction is simulated below. Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the evolution of the number of outstanding shares, assuming a maximum number of 8,933,950 new shares to be issued in the framework of the Transaction. The table below assumes for the sake of the theoretical computation of the dilutive effect that existing shareholders would subscribe for none of the new shares (maximal dilution).

Evolution of the number of outstanding shares

Before exercise of existing Warrants and Conversion Option, and after the Transaction	
Outstanding shares	44,669,772
New shares to be issued in the Transaction ⁽¹⁾	8,933,950
Total shares outstanding	53,603,722
Dilution	16.67%

After exercise of existing Warrants and Conversion Option, but before the Transaction⁽²⁾	
Outstanding shares	44,669,772
New shares to be issued upon exercise of 2013 Stock Options	807,255
New shares to be issued upon exercise of 2015 Stock Options	255,846
New shares to be issued upon exercise of 2017 Stock Options	1,340,000
New shares to be issued upon exercise of Conversion Option ⁽³⁾	4,707,287
Total shares after exercise of existing Warrants and Conversion Option	51,780,160
Dilution	13.73%
After exercise of existing Warrants and Conversion Option, and after the Transaction⁽²⁾	
Outstanding shares	44,669,772
Total shares after exercise of existing Warrants and Conversion Option	51,780,160
New shares to be issued in the Transaction ⁽¹⁾	8,933,950
Total shares outstanding after exercise of existing Warrants and Conversion Option and after the Transaction	60,714,110
Dilution	26.43%

Notes:

- (1) The maximum number of new shares that the board of directors envisages to issue in the context of the share capital increase of the Company in the framework of the authorised capital has been capped to a maximum number of 8,933,950 new shares.
- (2) For the purpose of this simulation, it is assumed that all of the 7,110,388 shares that can still be issued pursuant to the exercise of the Warrants and the Conversion Option (regardless of their terms and conditions) will be issued.
- (3) Which corresponds to 10% of the total shares outstanding after exercise of all outstanding Warrants. This number does not take into account the new shares to be issued in the proposed Transaction. If all of the new shares are issued in the context of the proposed Transaction, the Conversion Option would provide Koninklijke Philips N.V. the right to subscribe for a maximum of 10% of the then outstanding capital of the Company on a fully diluted post-money basis, being 5,600,682 shares, taking into account 53,603,722 outstanding shares following the Transaction, and a maximum of 2,403,101 new shares issuable upon exercise of the outstanding Warrants.

The above simulation demonstrates that, assuming an issuance of 8,933,950 new shares, the shares existing immediately prior to the Transaction would no longer represent 1/44,669,772 of the share capital, but 1/53,603,722 of the resulting share capital. For the shares outstanding immediately prior to the Transaction, this would represent a dilution of the participation in the share capital and the results of the Company of 16.67%.

Assuming that all Warrants and the Conversion Option would already have been exercised and 7,110,388 new shares would be issued as a result thereof, each share existing immediately prior to such exercise would no longer represent 1/44,669,772 of the share capital, but 1/51,780,160 of the resulting share capital (representing a dilution

of 13.73% for the shares outstanding immediately prior to the exercise of all Warrants and the Conversion Option). Assuming that all 8,933,950 new shares issued at the occasion of the Transaction are fully subscribed for, the existing shares after the exercise of all Warrants and the Conversion Option would no longer represent 1/51,780,160 of the share capital but 1/60,714,110. For the 44,669,772 shares that are outstanding prior to the exercise of all Warrants and the Conversion Option and prior to the Transaction, the exercise of all Warrants and the Conversion Option, followed by the Transaction, would represent a dilution of the participation in the share capital and the results of the Company of 26,43%.

Subject to the methodological reserves noted in paragraph 7.1, the table below reflects the evolution of the share capital, assuming a maximum number of 8,933,950 new shares and a maximum amount of share capital increase of EUR 89,339.50 (excluding issue premium). The maximum amount of share capital increase is computed by multiplying the number of the new shares to be issued with the fractional value of the Company, *i.e.*, EUR 0.01 per share.

Evolution of the share capital ⁽¹⁾

Before the Transaction	
Share capital (in EUR).....	446,697.72
Outstanding shares	44,669,772
Fractional value (in EUR)	<u>0.01</u>
Transaction ⁽²⁾	
Increase of share capital (in EUR) ⁽³⁾	89,339.50
Number of new shares issued	8,933,950
After the Transaction	
Share capital (in EUR).....	536,037.22
Outstanding shares	53,603,722
Fractional value (in EUR)	<u>0.01</u>

Notes:

- (1) This simulation does not take into account the existing Warrants and Conversion Option.
- (2) The maximum number of new shares that the board of directors envisages to issue in the context of the share capital increase of the Company in the framework of the authorised capital has been capped at a maximum number of 8,933,950 new shares. Therefore, the total amount of the share capital increase, whatever the total issue price level (including issue premium) may be, will never be superior to EUR 89,339.50 (excluding issue premium).
- (3) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being EUR 0.01 per share) shall be booked as share capital. The portion of the issue price in excess of the fractional value shall be booked as issue premium.

7.4. Participation in the consolidated accounting net equity

The evolution of the consolidated accounting net equity of the Company as a result of the Transaction is simulated below. The simulation is based on the following:

- The unaudited consolidated financial statements of the Company for the six months ended on June 30, 2017 (which have been prepared in accordance with the International Financial Reporting Standards or IFRS, as adopted by the European Union). The consolidated accounting net equity of the Company as at June 30, 2017 amounted to EUR 73,022 (000) or EUR 1.64 per share (based on 44,648,105 outstanding shares as on June 30, 2017).
- The audited consolidated annual financial statements of the Company for the financial year ended on December 31, 2016 (which have been prepared in accordance with the International Financial Reporting Standards or IFRS, as adopted by the European Union). The consolidated accounting net equity of the Company as at December 31, 2016 amounted to EUR 96,889 (000) or EUR 2.17 per share (based on 44,648,105 outstanding shares as on December 31, 2016).
- The simulation does not take into account any changes in the net equity since June 30, 2017 and December 31, 2016, respectively.

For further information on the Company's net equity position on the aforementioned dates, reference is made to the financial statements of the Company, which are available on the Company's website.

Based on the assumptions set out above, as a result of the Transaction, the Company's accounting net equity on a consolidated basis, would be increased as indicated below:

	Transaction		
	Issue price of EUR 11.50	Issue price of EUR 12.00	Issue price of EUR 12.50
Consolidated net equity for H1 2017			
<u>On June 30, 2017</u>			
Net equity (in EUR '000)	73,022	73,022	73,022
Outstanding shares ⁽¹⁾	44,648,105	44,648,105	44,648,105
Net equity per share (in EUR) (rounded)	1.64	1.64	1.64
<u>Transaction</u>			
Increase of net equity (in EUR) ⁽²⁾	102,740,425	107,207,400	111,674,375
Number of new shares issued	8,933,950	8,933,950	8,933,950
<u>After Transaction</u>			
Net equity (in EUR '000) ⁽³⁾	175,762.43	180,229.40	184,696.38
Outstanding shares ⁽¹⁾	53,582,055	53,582,055	53,582,055
Net equity per share (in EUR) (rounded) ⁽³⁾	3.28	3.36	3.45

	Transaction		
	Issue price of EUR 11.50	Issue price of EUR 12.00	Issue price of EUR 12.50
Consolidated net equity for FY 2016			
<u>On December 31, 2016</u>			
Net equity (in EUR '000)	96,889	96,889	96,889
Outstanding shares ⁽⁴⁾	44,648,105	44,648,105	44,648,105
Net equity per share (in EUR) (rounded)	2.17	2.17	2.17
<u>Transaction</u>			
Increase of net equity (in EUR) ⁽²⁾ ..	102,740,425	107,207,400	111,674,375
Number of new shares issued	8,933,950	8,933,950	8,933,950
<u>After Transaction</u>			
Net equity (in EUR '000) ⁽⁵⁾	199,629.43	204,096.40	208,563.38
Outstanding shares ⁽⁴⁾	53,582,055	53,582,055	53,582,055
Net equity per share (in EUR) (rounded) ⁽⁵⁾	3.73	3.81	3.89

Notes:

- (1) On the basis of the shares outstanding on June 30, 2017, not taking into account the issuance of 21,667 new shares pursuant to the exercise of Warrants after June 30, 2017.
- (2) Consisting of the amount of the capital increase and the amount of the increase of issue premium.
- (3) Not taking into account changes in the consolidated net equity after June 30, 2017 (other than the proposed Transaction), nor taking into account the potential issuance of new shares upon exercise of outstanding Warrants and the Conversion Option after June 30, 2017.
- (4) On the basis of the shares outstanding on December 31, 2016, not taking into account the issuance of 21,667 new shares pursuant to the exercise of Warrants after December 31, 2016.
- (5) Not taking into account changes in the consolidated net equity after December 31, 2016 (other than the proposed Transaction), nor taking into account the potential issuance of new shares upon exercise of outstanding Warrants and the Conversion Option after December 31, 2016.

The table above demonstrates that the Transaction will, from a pure accounting point of view, lead to an increase of the amount represented by each share in the consolidated accounting net equity of the Company. Notably, following the Transaction, the consolidated accounting net equity as per June 30, 2017, would amount to, respectively, (rounded) EUR 3.28, EUR 3.36 and EUR 3.45 per share (instead of EUR 1.64 (rounded) per share), depending on the applicable issue price, and the consolidated accounting net equity of the Company as per December 31, 2016 would amount to, respectively, (rounded) EUR 3.73, EUR 3.81 and EUR 3.89 per share (instead of EUR 2.17 (rounded) per share), depending on the applicable issue price.

7.5. Financial dilution

The evolution of the market capitalisation as a result of the proposed Transaction is simulated below.

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution at various price levels, assuming a maximum number of 8,933,950 new shares and a maximum aggregate amount of gross proceeds of the capital increase of EUR 89,339.50 (excluding issue premium).

After close of trading on the date of this report, *i.e.* 27 November 2017, the Company's market capitalisation was EUR 618,676,342.20, on the basis of a closing price of EUR 13.85 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised (*i.e.*, respectively, EUR 102,740,425, EUR 107,207,400 or EUR 111,674,375) on the basis of an issue price of, respectively, EUR 11.50, EUR 12.00 or EUR 12.50 per share, then the new market capitalisation would, respectively, be (rounded) EUR 13.46, EUR 13.54, and EUR 13.63 per share. This would represent a (theoretical) financial dilution of, respectively, 2.90%, 2.29% and 1.61% per share in the event of an issue price of, respectively, EUR 11.50, EUR 12.00 and EUR 12.50.

Evolution of the market capitalisation and financial dilution

	Transaction		
	Issue price of EUR 11.50	Issue price of EUR 12.00	Issue price of EUR 12.50
Before the Transaction ⁽¹⁾			
Market capitalisation (in EUR)....	618,676,342.20	618,676,342.20	618,676,342.20
Outstanding shares	44,669,772	44,669,772	44,669,772
Market capitalisation per share (in EUR).....	13.85	13.85	13.85
Transaction ⁽²⁾			
Funds raised (in EUR).....	102,740,425	107,207,400	111,674,375
Number of new shares issued....	8,933,950	8,933,950	8,933,950
After the Transaction ⁽¹⁾			
Market capitalisation (in EUR)....	721,416,767.20	725,883,742.20	730,350,717.20
Outstanding shares	53,603,722	53,603,722	53,603,722
Market capitalisation per share (in EUR) (rounded)	13.46	13.54	13.63
Dilution	-2.90%	-2.29%	-1.61%

Notes:

- (1) Not taking into account the potential issuance of new shares upon exercise of outstanding Warrants and the Conversion Option.
- (2) The board of directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash by issuing a maximum number of 8,933,950 new shares. Therefore, the effect of the Transaction on the market capitalisation will depend on the total amount raised, which depends on the issue price (including issue premium).

7.6. Other financial consequences


For a further discussion of the financial consequences of the proposed Transaction, the board of directors refers to the special report prepared in connection therewith by the statutory auditor of the Company.

* * *

Done on 27 November, 2017.

On behalf of the board of directors,

By: 
Herman Verrelst
Director

By: 
Citros vof,
permanently represented by
Hilde Eyllenbosch
Director