

MDXHEALTH SA

Public Limited Liability Company
(*société anonyme faisant appel public à l'épargne*)

CAP Business Center
Zone Industrielle des Hauts Sarts
Rue d'Abhooz 31
4040 Herstal
Belgium

Registered with the Register of Legal Persons
VAT BE 0479.292.440 (RLP Liège, Division Liège)

SPECIAL REPORT OF THE BOARD OF DIRECTORS

1. INTRODUCTION

This special report has been prepared by the board of directors of MDxHealth SA (the "*Company*") in accordance with Article 602 of the Belgian Company Code and relates to the board of directors' proposal to increase the share capital of the Company in the framework of the authorised capital with the issuance of a certain number of new shares in consideration of a contribution in kind of several receivables payable by the Company for an aggregate principal amount of maximum € 4,500,000 held by a group of identified persons, in the context of the acquisition by the Company of all shares in NovioGendix (as further defined below) (the "*Transaction*").

In accordance with Article 602 of the Belgian Company Code, the board of directors of the Company explains in this report why the proposed contribution in kind as well as the capital increase resulting therefrom are in the interest of the Company.

This special report of the board of directors must be read together with the report prepared in accordance with Article 602 of the Belgian Company Code by the Company's statutory auditor, BDO Réviseurs d'Entreprises Soc. Civ. SCRL, 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 Da Vincilaan 9,1935 Zaventem, Belgium, represented by Mr. Gert Claes, in relation to the contemplated capital increase. The report of the statutory auditor is attached to this special report of the board of directors as an annex.

2. AUTHORISED CAPITAL OF THE COMPANY

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on June 27, 2013, as published by excerpt in the Annexes to the Belgian Official Gazette of July 22, 2013 under number 13113354 (and rectified by a publication in the Annexes to the Belgian Official Gazette of August 2, 2013 under number 13121263), the board of directors of the Company has been granted certain powers in the framework of the authorised capital. The powers under the authorised capital have been set out in Article 6 of the Company's articles of association.

In the framework of this authorisation granted by the general shareholders' meeting, the board of directors is authorised to increase the share capital of the Company in one or more transactions for a maximum amount of € 15,000,000 (excluding issue premium), for a period starting on the date

of the publication of the relevant resolution of the extraordinary general shareholders' meeting in the Annexes to the Belgian Official Gazette, *i.e.*, July 22, 2013, and ending on the date of the annual general shareholders' meeting to be held in 2016 which shall resolve on the annual accounts relating to the financial year ending on December 31, 2015.

The capital increases that can be effected according to the aforementioned authorisation, can take place in accordance with the terms and conditions that are to be decided by the board of directors, including by means of a contribution in cash or in kind, within the limits as permitted by the Belgian Company Code, through conversion of reserves and issue premiums, with or without issuance of new shares, with or without voting rights, through issuance of convertible bonds, subordinated or not, through issuance of warrants or bonds to which warrants or other tangible values are attached, and/or through issuance of other securities, such as shares in the framework of a stock option plan.

The specific conditions of the authorised capital are further set forth in Article 6 of the Company's articles of association.

The board of directors has already used its powers under the authorised capital on two occasions:

- (a) on November 4, 2014, for the purpose of a private placement of 3,425,000 new shares for an aggregate amount of € 12,330,000.00 in cash, whereby an amount of € 2,732,122.50 was booked as capital increase and an amount of € 9,597,877.50 was booked as issue premium, and
- (b) on June 23, 2015, for the purpose of a private placement of 6,150,000 new shares for an aggregate amount of € 27,675,000.00 in cash, whereby an amount of € 4,905,855.00 was booked as capital increase and an amount of € 22,769,145.00 was booked as issue premium.

The board of directors still has the authority under the authorised capital to increase the Company's share capital with an aggregate amount of € 7,362,022.50 (excluding issue premium, as the case may be).

3. CONTEXT OF THE TRANSACTION

3.1. Acquisition of NovioGendix Holding B.V.

The contemplated Transaction takes place within the framework of the acquisition by the Company of 100% of the shares in NovioGendix Holding B.V., a private company with limited liability (*besloten vennootschap*) that is incorporated under the laws of The Netherlands, with registered office in Nijmegen, The Netherlands ("*NovioGendix*").

The terms and conditions for the acquisition of NovioGendix were agreed in a Sale and Purchase Agreement (the "*Sale and Purchase Agreement*"), dated September 14, 2015, that was entered into between the Company, as purchaser, and Tweehuysen Holding B.V., Tweehuysen Venture Capital B.V., BioGeneration Ventures B.V., Participatiemaatschap Oost-Nederland N.V., UMC St Radboud Holding B.V., Taraxum Consult B.V., Jastransmed B.V., and Mr B.J. de Leeuw, as sellers (the "*Sellers*", each a "*Seller*"). The acquisition was announced by the Company on September 15, 2015.

The main items of the Sale and Purchase Agreement can be summarised as follows:

- (a) **Purchase price:** Pursuant to the Sale and Purchase Agreement, the aggregate purchase price to be paid by the Company to acquire all of the shares in NovioGendix (the "**Purchase Price**") is equal to:
 - (i) a fixed amount of € 4,750,000 (the "**Fixed Consideration**"); plus
 - (ii) subject to certain conditions set out in the Sale and Purchase Agreement, an additional aggregate purchase price in cash of € 3,000,000 (the "**Milestone Consideration**").
- (b) **Payment of the Fixed Consideration in cash and in new shares of the Company:** The Sale and Purchase Agreement provides that a portion of the aforementioned Fixed Consideration in the amount of € 250,000 is to be paid by the Company in cash (the "**Cash Consideration**"). The Company is obliged to pay the remaining part of the Fixed Consideration, being € 4,500,000, to some of the Sellers identified in the table of section 4.1 of this report (the "**Contributors**", each a "**Contributor**") who agreed that they would not receive the remaining portion of the Fixed Consideration in cash, but will contribute their respective receivables to receive such portion of the Fixed Consideration to the Company in kind in consideration of new shares to be issued by the Company to the Contributors as further described below in section 4.1 of this report.
- (c) **Payment of the Milestone Consideration:** The Milestone Consideration is to be paid in cash in six instalments as further set out in the Sale and Purchase Agreement, as follows:
 - (i) € 500,000 payable in connection with certain diagnostic kit development targets, to the extent no claims have been set-off against this amount by the Company;
 - (ii) up to € 1,000,000 payable in connection with the award of certain identified patents in key territories; and
 - (iii) up to € 1,500,000 payable in connection with certain commercial sales targets;
- (d) **Bridge loan:** Upon completion of the acquisition, the Company will provide to NovioGendix a bridge loan in the aggregate amount of € 601,054.66 *inter alia* to repay an outstanding loan provided by the Rijksdienst voor Ondernemend Nederland to the NovioGendix group. The amount of the bridge loan can be higher depending on the time when the bridge loan will be granted.
- (e) **Collaboration with Radboud University Nijmegen:** It was agreed that the collaboration between the NovioGendix group and the Radboud University Nijmegen Medical Centre with respect to, amongst other things, the clinical studies in uro-oncology be extended after the completion of the Acquisition.
- (f) **Representations and warranties:** The Sale and Purchase Agreement contains certain customary representations and warranties that have been provided by the Sellers to the Company, such as in relation to the intellectual property of NovioGendix, the existing contracts of NovioGendix, certain financial matters and other elements.

- (g) **Lock-up:** Each of the Contributors agreed that during a period of ninety (90) calendar days following the completion of the acquisition, it will not transfer or announce any intention to transfer 50% of the new shares that it will receive in consideration of its contribution in kind, provided, however, that this restriction does not apply to the following transfers:
- (i) transfers of new shares by a Contributor to its legal successors or other transferees in case of the death (if the Contributor is a natural person) or in case of the merger, liquidation, *concursum*, de-merger, transfer of a branch of activity or transfer of a universality of or by such Contributor (if the Contributor is a legal person), provided that in each case the legal successors or relevant transferees remain bound by, respectively, adhere to the transfer restriction on such shares for the remaining term of the lock-up;
 - (ii) any acceptance of a public tender offer made to all or substantially all holders of shares in the Company, and a transfer resulting from such acceptance; and

A limited portion of the new shares will, however, remain subject to a lock-up of 18 months (which in certain circumstances could be reduced or extended). The Contributors can, however, transfer part of their new shares in the Company to a foundation that the Sellers can incorporate for the purposes of their rights and obligations under the Sale and Purchase Agreement.

3.2. Information about NovioGendix

NovioGendix, based in Nijmegen, The Netherlands, is a molecular diagnostic research and service company providing an expert-based, integrated approach in developing advanced and clinically useful molecular diagnostic assays for the uro-oncological practice. Commencing activities in 2008 as a Radboud University Medical Centre (Radboud UMC) spin-off company, NovioGendix still has a standing cooperation with various Radboud UMC departments. The company is divided into two business units: NovioGendix Research and NovioGendix Servicelab.

NovioGendix Research capitalises on the experience gained since the discovery of the PCA3 gene at the Department of Experimental Urology of Prof. Jack Schalken. Co-founders Jack Schalken and Willem Melchers and their teams have collaborated extensively with Diagnocure and GenProbe-Hologic in the development and commercialisation of the Progens@ PCA3 test. The company is now active in the discovery and subsequent (clinical) validation and further product development and commercialisation of biomarker-based diagnostic tests for prostate- bladder- and kidney cancer.

NovioGendix Servicelab currently provides no external services.

The NovioGendix group currently consists of the following companies: NovioGendix Holding B.V., NovioGendix Research B.V., and NovioGendix Servicelab B.V. NovioGendix Holding B.V. is the parent company of NovioGendix Research B.V. and NovioGendix Servicelab B.V.

3.3. Reason for the acquisition of NovioGendix

The Company believes that the acquisition of NovioGendix represents a strategic interest for the Company as NovioGendix's IP suite and current products in development are complementary to the Company's IP suite and products.

Each year, 1.8 million prostate biopsy procedures are performed in the U.S. and the EU. However, the results for 1.3 million of these men will be negative, meaning that a significant proportion could have avoided a biopsy, itself a painful and invasive procedure with serious potential side

effects. More accurate non-invasive tests could help prostate cancer-free men safely avoid unnecessary biopsies, while helping to identify men who may be harbouring aggressive prostate cancer, who will benefit from earlier detection.

NovioGendix's proprietary urine-based, molecular biomarker test for prostate cancer offers a non-invasive "liquid biopsy" method to identify patients at low risk for prostate cancer, thereby aiding in the reduction of unnecessary prostate biopsy procedures and concomitant complications and expense. This mRNA biomarker test can also help identify men at increased risk of high-grade disease who may benefit most from a prostate biopsy procedure. NovioGendix's test is CE-marked, and has been validated to run on several PCR instruments, opening the opportunity for the sale of reagent kits.

The Company's focus is to build MDxHealth into a market leader in molecular diagnostics for uro-oncology. The acquisition of NovioGendix provides the Company with a validated, non-invasive, actionable testing option for prostate cancer and allows us to address the larger market opportunity of initial prostate biopsy for early cancer detection, complementing our ConfirmMDx test for repeat biopsy.

The Company plans to launch this new non-invasive urine test as SelectMDx for Prostate Cancer™ on the US market in 2016 as a laboratory developed test. The test is CE-marked enabling us to enter the European and broader global urology markets with a kit option. The NovioGendix facility in the Netherlands allows us to expand our presence in Europe and will serve as a platform to launch the SelectMDx™ IVD kit on the European market in 2016.

MDxHealth will continue the scientific collaboration established between NovioGendix and the Radboud UMC in Nijmegen, The Netherlands. Since its founding in 2007, co-founders Dr. Jack A. Schalken and Dr. Willem Melchers and the NovioGendix team have capitalised on the experience gained in the development and commercialisation of the PCA3 gene test for prostate cancer, a urine test which was discovered at the Department of Urology at Radboud UMC, but has several drawbacks. NovioGendix recognised the recent shift in clinical management of prostate cancer and set about developing a test that could help differentiate patients with aggressive, clinically significant prostate cancer, from those with slower growing cancer, which was one of the shortcomings of the PCA3 test. Initial comparative studies have shown the new mRNA test outperforms the PCA3 test in clinical performance.

While the acquisition of NovioGendix is in line with the strategies of the Company, the Transaction also gives rise to certain risks and uncertainties. The paragraphs below provide, without limitation, an overview of some of these risks and uncertainties.

- NovioGendix's operating history and experience in the development and commercialisation of products and the organisation of its activities is still relatively limited. All of its products are still under development and the company has incurred operating losses since inception. NovioGendix may never realize revenues from its planned products, achieve or sustain profitability or reduce future operating losses. Therefore, it is difficult to assess the value of the Company's assets and activities. However, as aforementioned, the Company has identified a number of synergies and assets and it believes that the integration of NovioGendix into the Company's activities is in the interest of the Company.
- NovioGendix was founded in 2008 as a spin-off company of the Radboud University Medical Center and still has a standing cooperation with the university. NovioGendix also collaborates with various hospitals, both national and international, to execute prospective single and multi center studies. If the Company is not in a position to maintain such relationships and to develop the client basis, this could have an adverse effect on the growth potential of NovioGendix and on the success of the acquisition.

- The competition to retain qualified personnel is intense and the Company could face difficulties with the integration and retention of the qualified personnel of NovioGendix, which could negatively impact the activities of NovioGendix and the Company.
- The Company may have difficulties in adequately protecting and then maintaining the intellectual property developed by NovioGendix, and may be prevented from using the intellectual property because of limitations in the scope of protection offered by the available intellectual property rights or claims of third parties. If the Company is not able to use and protect the intellectual property of NovioGendix it may not realise the synergies it contemplated achieving via the acquisition.
- NovioGendix products may be subject to inherent risks of product liability claims.
- While the Company carried out a prior due diligence on the activities, assets and liabilities of NovioGendix, it may not have identified all relevant risks and liabilities in relation to the acquisition, and it may face additional risks and liabilities as a result of the acquisition.
- The Company could face difficulties in the integration of NovioGendix's products, technologies and organisation.

In the event the Company is not able to address the aforementioned risks and uncertainties as well as other challenges related to the acquisition, this could have a significant adverse effect on its activities, financial situation and results. The possibility for the Company to claim for compensation for losses under the Sale and Purchase Agreement may be limited. Finally, it cannot be excluded that the results of the Company suffer from the costs and expenses related to the acquisition. In all these occurrences, the acquisition of NovioGendix would not be as beneficial to the Company as initially contemplated or even prejudicial.

4. STRUCTURE OF THE CAPITAL INCREASE

4.1. Terms of the capital increase and contribution in kind

In order to be able to complete the acquisition of NovioGendix as described in section 3.1 of this report, the board of directors proposes to increase the share capital of the Company in the framework of the authorised capital through a contribution in kind by the respective Contributors of a receivable for an aggregate amount of € 4,499,997.84 (including issue premium) by issuing a certain number of new shares as further described below.

- Capital increase:** Subject to the completion of the acquisition of the shares in NovioGendix, the board of directors will increase the share capital of the Company with an aggregate amount of € 4,499,997.84 (including issue premium), through the issuance of new shares in consideration of a contribution in kind to the Company of receivables payable by the Company for the same amount.
- Number of new shares issuable:** In accordance with the terms of the Sale and Purchase Agreement, the aggregate number of new shares that will be issued to the Contributors by the Company is equal to a fraction, of which the numerator is equal to € 4,500,000, and of which the denominator is equal to a reference price, which shall be € 4.14 per share, rounded down to the nearest whole number of new shares. As further illustrated below, this leads to the issuance of 1,086,956 new shares.
- Issue price of the new shares:** As referred to above, the issue price of the new shares shall be € 4.14. The price of € 4.14 per share represents the arithmetic average of the

closing trading prices of the new shares on Euronext Brussels (ISIN BE0003844611) during a period of thirty (30) calendar days ending on September 17, 2015, which is the last trading day immediately preceding the completion date pursuant to the Sale and Purchase Agreement, being September 18, 2015.

- (d) **Allocation of the issue price of the new shares:** The issue price of the new shares shall, for an amount up to the fractional value of the Company's existing shares prior to the capital increase (being € 0.7977 per share or € 867,064.80 in total) be booked as share capital. The amount by which the issue price of the new shares exceeds the fractional value of the existing shares of the Company (being € 3.34 per share or € 3,632,933.04 in total) 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 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.
- (e) **Contribution in kind and remuneration of the contribution:** The new shares will be issued in remuneration for a contribution in kind of several receivables payable by the Company in an aggregate amount of € 4,499,997.84 that are held by the Contributors, being some of the current shareholders of NovioGendix, pursuant to the Sale and Purchase Agreement. The new shares will be issued to the Contributors in proportions that for each Contributor shall be equal to the percentage set forth next to such Contributor's name in the table set out in section 4.2 below. The number of new shares issuable to the Contributors will be distributed in such a manner that (i) no fractions of new shares shall be issued to the Contributors, (ii) each Contributor shall receive the nearest number of whole new shares as practicably possible, provided, however, that the maximum number of new shares shall not be greater than the number determined in accordance with the formula set forth above, and (iii) any rounding to allow for an issue of whole new shares to a Contributor shall be compensated via a pro rata reduction of the portion of the Cash Consideration payable under the Sale and Purchase Agreement to such Contributor (in case the portion of the new shares issuable to such Seller is to be rounded up) or a pro rata increase of the portion of the Cash Consideration payable under the Sale and Purchase Agreement to such Contributor (in case the portion of the new shares issuable to such Contributor is to be rounded down).
- (f) **The rights attached to the new shares:** The new shares to be issued will be ordinary shares and will have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlements to dividends, with, the existing and outstanding shares of the Company at the moment of their issue and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the new shares.
- (g) **Form and admission to trading of the new shares:** Following their issue, the Company shall request the admission to trading of the new shares on the regulated market of Euronext Brussels. For this purpose, the Company agreed to make the necessary filings, all as required by applicable regulations, for the admission to trading of the new shares within a term of ninety (90) calendar days as from the completion of the acquisition of the NovioGendix shares. As long as the new shares are not admitted to trading on Euronext Brussels, the shares will be in registered form.

4.2. Overview of the contribution in kind

The table below provides an overview, for illustration purposes, of the contemplated contribution in kind by each of the Contributors and the corresponding remuneration in new shares of the Company, based on the terms described in section 4.1 of this report.

<u>Contributors</u>	<u>Proportion</u>	<u>Receivable to be contributed in kind</u>	<u>Shares to be issued by the Company</u>
Tweehuyzen Venture Capital B.V.	4.23%	€ 190,369.62	45,983
BioGeneration Ventures B.V. Participatiemaatschappij Oost- Nederland B.V.	43.59%	€ 1,961,474.04	473,786
Taraxum Consult B.V.	3.68%	€ 165,657.96	40,014
Jastransmed B.V.	3.68%	€ 165,657.96	40,014
Mr BJ de Leeuw	1.23%	€ 55,364.22	13,373
Total	100%	€ 4,499,997.84	1,086,956

As mentioned above under section 4.1, the number of new shares to be issued by the Company in remuneration for the contribution in kind has been determined in function of an issue price of € 4.14, being the arithmetic average of the closing trading prices of the new shares on Euronext Brussels (ISIN BE0003844611) during a period of thirty (30) calendar days ending on September 17, 2015, which is the last trading day immediately preceding the completion date pursuant to the Sale and Purchase Agreement, being September 18, 2015.

4.3. Description of the contribution in kind

The receivables to be contributed in kind to the Company represent the obligation of the Company to pay a portion of the Purchase Price to the Contributors for the sale of their shares in NovioGendix to the Company.

The final Purchase Price for the sale of the shares in NovioGendix to the Company has been determined by the Company and the respective Sellers, and is therefore the result of an at arm's length basis negotiation between a willing buyer and willing sellers. The Purchase Price amounts to € 7,750,000 in total, whereby a portion of € 4,750,000 is to be paid at completion of the acquisition (of which an amount of € 250,000 in cash and an amount of € 4,500,000 in the form of new shares) and an amount of € 3,000,000 has been deferred. See also section 3.1 of this report.

The aggregate Purchase Price for the shares in NovioGendix falls within or below the different valuation ranges that the Company prepared, using customary techniques such as a discounted cash flow method. Furthermore, an important part of the Purchase Price is to be paid after the completion of the acquisition depending on whether certain milestones have been achieved. This allows the Company to link the current valuation of NovioGendix and defer the payment of a substantial portion of the Purchase Price to the effective realisation of certain important milestones in relation to the further use and commercialisation of the intellectual property of NovioGendix. If these milestones are not met, the Company may not be able to realise the full potential of the acquisition of NovioGendix, but at the same time the Company will not be obliged to pay a

portion of the Purchase Price. In view of all of the foregoing, the Company's board of directors believes that the Purchase Price is a fair price.

The receivables that are to be contributed in kind will be valued at 100% of their nominal value, *i.e.*, € 4,499,997.84 in total. The board of directors believes that this method is justified because, upon completion of the acquisition pursuant to the Sale and Purchase Agreement, the Company will have an obligation pursuant to the Sale and Purchase Agreement to pay an amount equal to the nominal value of the receivables, and because as a result of the contribution in kind the debt represented by the obligation will be set-off against the receivable via the mechanism of the set-off of debt as provided for in Article 1300 of the Belgian Civil Code.¹

For further information regarding the contribution in kind and the valuation thereof, reference can be made to the report of the statutory auditor that has been prepared in accordance with Article 602 of the Belgian Companies Code attached hereto as an Annex. The board of directors agrees with the conclusions set out in the report of the statutory auditor.

5. JUSTIFICATION OF THE CONTEMPLATED TRANSACTION

5.1. Justification of the contribution in kind

The board of directors believes that the contribution in kind of the aforementioned receivables is in the interest of the Company, as it will improve the net equity position of the Company with the same amount, as described above. This is in the interest of all shareholders of the Company. This is also in the interest of the creditors as the aggregate amount of debt due to creditors will be reduced accordingly.

In addition, it allows the Company to pay a portion of the Purchase Price for the shares of NovioGendix with new shares of the Company. This limits the amount of cash payable to the Sellers and allows the Company to use that cash for other purposes.

Finally, it allows the Company to realise the acquisition of NovioGendix, which the Company considers to be a strategic acquisition (as further explained above in section 3.3 of this report).

5.2. Justification of the capital increase

The conversion of the receivable into capital requires necessarily a share capital increase. Given what is mentioned above, the board of directors believes that this capital increase is in the interest of the Company.

6. CERTAIN FINANCIAL CONSEQUENCES OF THE PROPOSED TRANSACTION FOR THE EXISTING SHAREHOLDERS OF THE COMPANY

The following paragraphs provide an overview of certain financial consequences of the proposed Transaction.

¹ The board of directors believes that the receivable should not be valued on the basis of an estimation that third parties may do of the value of such receivable, on the basis of elements such as the creditworthiness of the debtor and the transferability of the receivable. In the event of a third party acquiring the receivable, the situation would be very different than the situation of the Company, as a third party would not be able to benefit from the set-off effect pursuant to article 1300 of the Belgian Civil Code.

6.1. Current capital structure of the Company

At the date of this special report, the share capital of the Company amounts to € 35,097,093.09, represented by 43.998.490 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, one 43.998.490th. The share capital is entirely and unconditionally subscribed and is fully paid-up.

Furthermore, the following warrants (vested and non-vested) issued by the Company are still outstanding at the date of this special report (the "**Warrants**"):

- 32,288 stock options issued under the form of warrants on March 22, 2006 ("**March 2006 Stock Options**"), each of which entitles their holder to subscribe to five (5) new shares of the Company (or 161,440 shares in total), with an exercise price per share equal to € 4.80;
- 9,500 stock options issued under the form of warrants on November 8, 2006 ("**November 2006 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 9,500 shares in total), with an exercise price per share equal to € 7.72;
- 13,875 stock options issued under the form of warrants on April 18, 2007 ("**April 2007 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 13,875 shares in total), with an exercise price per share equal to € 10.87;
- 25,500 stock options issued under the form of warrants on May 30, 2008 ("**2008 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 25,500 shares in total), with an exercise price per share equal to € 9.10;
- 22,000 stock options issued under the form of warrants on January 27, 2009 ("**2009 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 22,000 shares in total), with an exercise price per share equal to € 6.32; and
- 125,000 stock options issued under the form of warrants on May 27, 2011, ("**April 2011 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 125,000 shares in total), with an exercise price per share equal to € 1.71.
- 170,000 stock options issued under the form of warrants on March 15, 2012, ("**March 2012 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 170,000 shares in total), with an exercise price per share equal to € 1.72.
- 651,250 (out of a total of 700,000) stock options issued under the form of warrants on June 15, 2012 ("**May 2012 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 651,250 shares in total), with an exercise price per share determined by the board at the time of grant in conformity with the conditions of section 5.2. of the May 2012 Stock Option Plan, *i.e.*:
 - 24,000 warrants granted from that pool on August 15, 2012 with an exercise price per share equal to € 1.52 are still outstanding;
 - 80,000 warrants granted from that pool on September 14, 2012 with an exercise price per share equal to € 1.65 are still outstanding;
 - 5,000 warrants granted from that pool on December 1, 2012 with an exercise price per share equal to € 2.19 are still outstanding;

- 171,125 warrants granted from that pool on January 1, 2013 with an exercise price per share equal to € 2.00 are still outstanding;
- 3,125 warrants granted from that pool on February 1, 2013 with an exercise price per share equal to € 2.26 are still outstanding;
- 5,000 warrants granted from that pool on April 1, 2013 with an exercise price per share equal to € 2.30;
- 15,000 warrants were granted from that pool on May 1, 2013 with an exercise price per share equal to € 2.13;
- 30,000 warrants were granted from that pool on May 31, 2013 with an exercise price per share equal to € 2.05;
- 251,000 warrants granted from that pool on March 12, 2014 with an exercise price per share equal to € 3.60, are still outstanding;
- 12,000 warrants granted from that pool on April 1, 2014 with an exercise price of € 4.32 are still outstanding;
- 30,000 warrants granted from that pool on May 30, 2014 with an exercise price of € 4.25 are still outstanding;
- 15,000 warrants granted from that pool on July 1, 2014 with an exercise price of € 4.02 are still outstanding;
- 6,000 warrants were granted from that pool on July 31, 2014 with an exercise price of € 4.25;
- 4,000 warrants were granted from that pool on April 1, 2015 with an exercise price of € 5.02.

In addition, 2,187 warrants were exercised, 46,563 warrants were granted but expired or were cancelled, and are not outstanding anymore.

- 293,500 (out of a total of 1,500,000) stock options issued under the form of warrants on June 23, 2014 ("**May 2014 Stock Options**"), each of which entitles their holder to subscribe to one (1) new share of the Company (or 293,500 shares in total), with an exercise price per share determined by the board at the time of grant in conformity with the conditions of section 5.2. of the May 2014 Stock Option Plan, *i.e.*,:
 - 20,000 warrants were granted from that pool on June 23, 2014 with an exercise price of € 4.13;
 - 4,000 warrants were granted from that pool on July 31, 2014 with an exercise price of € 4.13;
 - 17,500 warrants were granted from that pool on October 10, 2014 with an exercise price of € 4.01;
 - 155,000 warrants were granted from that pool on February 9, 2015 with an exercise price of € 4.49;
 - 60,000 warrants were granted from that pool on May 29, 2015 with an exercise price of € 4.91;

- 3,000 warrants were granted from that pool on April 1, 2015 with an exercise price of € 5.02;
- 20,000 warrants were granted from that pool on May 1, 2015 with an exercise price of € 5.05;
- 6,000 warrants were granted from that pool on June 1, 2015 with an exercise price of € 4.90;
- 4,000 warrants were granted from that pool on July 1, 2015 with an exercise price of € 4.62;
- 4,000 warrants were granted from that pool on August 1, 2015 with an exercise price of € 4.64.

In addition, 1,206,500 warrants are still to be granted from the May 2014 Stock Option Plan.

For the purpose of the full-dilution scenario calculations further below, it is assumed that the 1,206,500 warrants which are still to be granted by the Company (*i.e.*, the remaining 1,206,500 May 2014 Stock Options) have been granted, have vested and are exercisable.

All Warrants that were granted and are still outstanding as well as all Warrants that have not yet been granted together would entitle their holders to subscribe for 2,678,565 shares of the Company in total.

6.2. 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 exercise of the Warrants), each share participates equally in the profit and liquidation proceeds of the Company and the preferential subscription rights 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), 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 issue of the shares. As a result (and to the extent the new shares will be issued), the participation by the existing shares in the profit and liquidation proceeds of the Company and the preferential subscription rights at a capital increase in cash, shall dilute accordingly.

The evolution of the number of shares of the Company as a result of the proposed Transaction is illustrated below.

Evolution of the number of outstanding shares

	Shares
Before exercise of existing Warrants	
Outstanding shares	43,998,490
New shares to be issued in the Transaction ⁽¹⁾	1,086,956
Total shares outstanding	45,085,446
Dilution	2.41%
After exercise of existing Warrants⁽²⁾	
Outstanding shares	43,998,490
New shares to be issued upon exercise of March 2006 Warrants	161,440
New shares to be issued upon exercise of November 2006 Warrants	9,500
New shares to be issued upon exercise of April 2007 Warrants	13,875
New shares to be issued upon exercise of 2008 Warrants.....	25,500
New shares to be issued upon exercise of 2009 Warrants.....	22,000
New shares to be issued upon exercise of April 2011 Warrants	125,000
New shares to be issued upon exercise of March 2012 Warrants	170,000
New shares to be issued upon exercise of May 2012 Warrants.....	651,250
New shares to be issued upon exercise of June 2014 Warrants	1,500,000
New shares to be issued in the Transaction.....	1,086,956
Total shares outstanding.....	47,764,011
Dilution	2.28%

Note:

- (1) For the purpose of this simulation, it is assumed that all of the existing Warrants (*i.e.*, outstanding and still to be granted) were granted, have vested, are immediately exercisable (regardless of their terms and conditions), and have been fully exercised prior to the completion of the Transaction. For the number of shares issuable upon the exercise of the Warrants outstanding, see paragraph 6.1.

The table below illustrates the evolution of the share capital:

Evolution of the share capital⁽¹⁾

Before the Transaction	
Share capital.....	€ 35,097,093.09
Outstanding shares	43,998,490
Fractional value.....	€ 0.7977
Transaction	
Increase of share capital ⁽²⁾	€ 867,064.80
Number of new shares issued	3,632,933.04
After the Transaction	
Share capital.....	€ 35,964,157.89
Outstanding shares	45,085,446
Fractional value.....	€ 0.7977

Notes:

- (1) This simulation does not take into account the existing Warrants.
- (2) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being € 0.7977 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.

6.3. 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 audited accounting net equity of the Company, as follows:

- Based on the unaudited consolidated financial statements of the Company for the six months ended June 30, 2015 (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 amounted to € 38,993,000 (*i.e.*, \$ 48,173,000²) or € 0.88 per share (based on 43,998,490 outstanding shares).
- The simulation takes into account any changes to the accounting net equity resulting from the creation of the receivable resulting from the Sale and Purchase Agreement, but does not take into account any other possible changes since June 30, 2015.

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:

Consolidated net equity	
<u>On 30 June 2015</u>	
Net equity (in thousands).....	€ 38,933.93
Outstanding shares.....	43,998,490.00
Net equity per share.....	€ 0.88
<u>Transaction</u>	
Increase of net equity.....	€ 4,499,997.84
Number of new shares issued	1,086,956
<u>After the Transaction</u>	
Net equity(in thousands).....	€ 43,433.93
Outstanding shares.....	45,085,446
Net equity per share.....	<u>€ 0.96</u>

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Note: In view of the change of its functional currency, the Company converted on July 1, 2014 (transition date) all non-monetary assets and liabilities at the rate of 1.3658 corresponding to the exchange rate at June 30, 2014, this rate being from then on considered as the new historical rate of these non-monetary items. As from that date (July 1) and on a continuing basis, the Company has been converting all transactions and balance sheet items in accordance with IAS 21.21 and IAS 21.23:

- all transactions under the statement of comprehensive income are converted at the rate of 1.1158 USD/EUR corresponding to the average rate for the related period (January 1, 2015 until June 30, 2015);
- monetary assets and liabilities at the date of the balance sheet are converted at the rate of 1.1189 corresponding to the exchange rate at June 30, 2015;
- non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate of the month during which the transaction takes place.

The table above demonstrates that the Transaction will, from a pure accounting point of view, lead to a increase of the amount represented by each share in the statutory and in the consolidated accounting net equity of the Company.

Following the Transaction, the consolidated accounting net equity of the Company would amount to, € 0.96 per share (instead of € 0.88 per share).

6.4. Financial dilution

The evolution of the market capitalisation as a result of the proposed Transaction is simulated below. The table reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution, based on a capital increase of € 4,499,997.84 (including issue premium) and the issuance of 1,086,956 new shares.

On September 17, 2015, *i.e.*, the date preceding the date of this board report, the Company's market capitalisation was € 193,153,371.10, on the basis of a closing price of € 4.39 per share. Assuming that, following the Transaction, the market capitalisation increases with the nominal value of the contributed receivable (*i.e.*, € 4,499,997.84), then the new market capitalisation would be € 4.38 per share. This would represent a (theoretical) financial dilution of 0.1% per share.

Evolution of the market capitalisation and financial dilution

Before the Transaction	
Market capitalisation per share	€ 4.39
Outstanding shares	43,998,490
Market capitalisation	<u>€ 193,153,371.10</u>
Transaction	
Value of the contribution	€ 4,499,997.84
Number of new shares issued	1,086,956.00
After the Transaction	
Market capitalisation	€ 197,653,368.94
Outstanding shares	45,085,446
Market capitalisation per share	€ 4.38
Dilution	0.1%

6.5. Other financial consequences

For a further discussion on the financial consequence 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 at Brussels, on September 18, 2015.

On behalf of the board of directors

By:

Dr. Jan Groen
CEO

By:

Ruth Devenyns
Director

Unofficial English translation - For information purposes only

ANNEX
REPORT OF THE STATUTORY AUDITOR

See attached