

## MDXHEALTH SA

Limited Liability Company having made a public call on savings  
(*société anonyme faisant appel public à l'épargne*)

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Belgium

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

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

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#### 1. INTRODUCTION

This special report has been prepared by the board of directors of MDxHealth SA (the "**Company**") in accordance with Article 596 of the Belgian Companies Code and relates to the proposal of the board of directors to disapply, 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 the contemplated increase of the share capital of the Company in the framework of the authorized capital with a maximum amount of EUR 14,344,070.69 (excluding issue premium) through the issuance of a maximum of 17,981,786 new shares (the "**New Shares**"), to be offered via a private placement, through an accelerated bookbuilding procedure, with a currently unidentified group of Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons, and it being understood that, with respect to investors other than qualified investors (as defined in the Regulation 2017/1129 of the European parliament and of the council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**")) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in Belgium and abroad, on the basis of applicable private placement exemptions (the "**Transaction**").

In this report, the board of directors explains and clarifies the proposed disapplication of the preferential subscription right in connection with the contemplated increase of the share capital in the framework of the Transaction and, more particularly, the issuance 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, BDO Réviseurs d'Entreprises SCRL, a cooperative company with limited liability organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9 E.6, 1930 Zaventem, Belgium, represented by Mr. Gert Claes.

On 27 February 2019, the new Belgian Companies and Associations Code was approved by the Belgian Chamber of Representatives. These new rules were published in the Belgian Official

Gazette on 4 April 2019 and will in principle become applicable to the Company on 1 January 2020. The contents of this special report has been prepared in accordance with the Belgian Companies Code of 7 May 1999 (as amended), which is still in force on the date of this report, and references herein to the Belgian Companies Code are to the Belgian Companies Code of 7 May 1999 (as amended), unless indicated otherwise herein.

## **2. AUTHORIZED CAPITAL**

### **2.1. Description of the authorized capital**

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 20 June 2016, as published by excerpt in the Annexes to the Belgian Official Gazette of 22 July 2016 under number 16103134, the board of directors of the Company has been granted certain powers to increase the Company's share capital in the framework of the authorized capital. The powers under the authorized capital have been set out in Article 6 of the Company's Articles of Association.

In the framework of this authorization granted by the extraordinary general shareholders' meeting, the board of directors is authorized to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 36,111,083.86 (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.*, 22 July 2016, and ending on the date of the annual general shareholders' meeting to be held in 2021 which shall resolve on the annual accounts relating to the financial year ending on 31 December 2020.

The capital increases that can be effected according to the aforementioned authorization can take place in accordance with the modalities 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 Companies 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.

In the framework of the use of its powers within the framework of the authorized capital, the board of directors can limit or disapply the preferential subscription right of the Company's shareholders in the interest of the Company, subject to the limitations and in accordance with the conditions provided for by the Belgian Companies Code. This limitation or disapplication can also occur to the benefit of the employees of the Company and its subsidiaries, and, to the extent permitted by law, to the benefit of one or more specific persons that are not employees of the Company or its subsidiaries.

### **2.2. Available amount in the framework of the authorized capital**

So far, the board of directors has used its powers under the authorized capital on 7 November 2016, by issuing 4,526,962 new shares for an aggregate amount of EUR 3,611,157.59 (excluding issue premium), and on 26 March 2018, by issuing 9,989,881 new shares for an aggregate amount of EUR 7,968,928.07 (excluding issue premium). As a result, the board of directors still has the authority under the authorized capital to increase the share capital of the Company with an aggregate amount of EUR 24,530,998.20 (excluding issue premium, as the case may be).

### 3. PROPOSED TRANSACTION

#### 3.1. Structure of the Transaction

In accordance with Article 6 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 authorized capital through a contribution in cash of a maximum amount of EUR 14,344,070.69 (excluding issuance premium) by issuing a maximum number of 17,981,786 New Shares.

If not all of the 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 issuance price as 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 New Shares are subscribed for, the capital increase may eventually be completed by issuing less New Shares than the number of subscriptions received by the Company at the applicable issuance price as 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 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 on 31 October 2019. The board of directors or the Placement Committee is, however, authorized 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 authorized to lengthen or shorten the subscription period and/or to prematurely end the subscription period, at its sole discretion, even if the New Shares have not or have only partially been subscribed for.

#### 3.2. Disapplication of the preferential subscription rights of the existing shareholders

In the framework of the contemplated capital increase, the board of directors proposes to disapply 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 Kempen & Co N.V. (the "**Sole Bookrunner**") to offer the New Shares to a large group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons, and it being understood that, with respect to investors other than qualified investors (as defined in the Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, on the basis of applicable private placement exemptions, in the framework of a private placement through an accelerated bookbuilding procedure. No investors have received nor will receive any commitment or undertaking from the Company or the Sole Bookrunner as regards allocation of the New Shares.

#### 3.3. Issuance price of the New Shares

The Sole Bookrunner shall be instructed by the Company to proceed with a so-called accelerated bookbuilding procedure with a large group of currently unidentified Belgian and foreign institutional, qualified and/or professional investors (including, subject to applicable securities law rules and regulations, natural persons, and it being understood that, with respect to investors other than qualified investors (as defined in the Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, that are to be contacted by the Sole Bookrunner during the subscription period in order to solicit their

interest to subscribe for the New Shares that are to be issued by the Company in the framework of the Transaction.

The issuance price of all of the New Shares to be issued shall at least be equal to the fractional value (*pair comptable*) of the existing shares, *i.e.*, (rounded) EUR 0.7977 per New Share. In practical terms, this means that the issuance price of the New Shares shall not be lower than EUR 0.80 per New Share. The board of directors or the Placement Committee shall determine the amount of the issuance premium, as the case may be, in consultation with the Sole Bookrunner. The board of directors shall consequently determine the final issuance price (consisting of the fractional value plus issuance premium), *inter alia* taking into account the results of the above mentioned accelerated bookbuilding procedure.

The amount by which the issuance price of the new shares shall exceed the fractional value of the existing shares of the Company (*i.e.*, (rounded) EUR 0.7977), as the case may be, shall be booked as issuance 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 New Shares shall need to be admitted to trading on the regulated market of Euronext Brussels. For this purpose, the Company is to make the necessary filings and applications, and, as the case may be, prepare a listing prospectus, all as required by applicable regulations, in order to permit an admission to trading following the issue of the New Shares.

To the extent that the Company would decide to issue more than 11,987,857 New Shares, being more than 20% of the currently outstanding ordinary shares of the Company already admitted to trading on the regulated market of Euronext Brussels, the number of New Shares in excess of this threshold of 20% cannot be admitted to trading on the regulated market of Euronext Brussels immediately following their issuance. The Company understands however that for New Shares in excess of the aforementioned 20% threshold, the Sole Bookrunner will swap the relevant New Shares in excess of this threshold of 20% against existing shares that are already admitted to trading on the regulated market of Euronext Brussels and that are currently held by existing shareholders of the Company, who agreed to such swap at the request of the Company. This would allow to deliver to subscribers in the Transaction shares that will be admitted to trading on the regulated market of Euronext Brussels.

#### **3.5. The rights attached to the New Shares**

The New Shares to be issued 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 issue of the New Shares. The shares to be delivered to investors will be in dematerialized form.

#### **3.6. Prospectus requirements**

In accordance with Article 1(5)(a) of the Prospectus Regulation, no prospectus is required for the admission to trading of up to 11,987,857 New Shares, considering that the relevant New Shares would represent, over a period of 12 months, less than 20% of the number of shares of the Company already admitted to trading.

In relation to the number of New Shares to be issued, as the case may be, in excess of 11,987,857 New Shares, the Company shall request the admission to trading of the relevant New Shares on Euronext Brussels in accordance with applicable rules and regulations. In this case, the effective listing of the relevant number of New Shares will be subject to regulatory approval of a listing prospectus.

As all of the New Shares will be offered via a private placement, as aforementioned, the offering will not qualify as a "public offering" pursuant to the Prospectus Regulation and, hence, not require an offering prospectus.

#### **4. JUSTIFICATION OF THE PROPOSED TRANSACTION**

The board of directors believes that the Transaction is in the interest of the Company because it will improve the net equity position and working capital of the Company. The net proceeds of the capital increase of the New Shares will be used mainly to support the Company's stated strategy to grow the business by expanding the adoption of the Company's commercial test menu with urologists and payors, as well as for general corporate purposes.

As further reflected below, the proposed Transaction may additionally 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 future fund raisings via the capital markets, and 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.

In parallel, the Company also intends to raise additional funds by entering into an additional loan, the net proceeds of which will be used for the same purposes.

#### **5. JUSTIFICATION OF THE ISSUANCE PRICE OF THE NEW SHARES**

The issuance price of the New Shares shall at least be equal to the fractional value of the existing shares of the Company, *i.e.*, (rounded) EUR 0.7977 per New Share. In practical terms, this means that the issuance price of the New Shares shall not be lower than EUR 0.80 per New Share.

The amount of the issuance premium, if any, and, hence, the total issuance price per New Share (fractional value plus issuance premium) shall be determined by the board of directors or by the Placement Committee, in consultation with the Sole Bookrunner, on the basis of the results of the aforementioned accelerated bookbuilding procedure that will be organized by the Sole Bookrunner.

During this process, interested investors can indicate to the Sole Bookrunner their interest to subscribe for the New Shares, as well as the number of New Shares and the issuance 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 issuance price can be determined.

#### **6. JUSTIFICATION OF THE DISAPPLICATION 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 authorized 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 disapply 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.

This disapplication of the preferential subscription right of the existing shareholders and, in so far as required, of the existing warrant holders, allows the Sole Bookrunner to offer the newly issued 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, and it being understood that, with respect to investors other than qualified investors (as defined in the Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, that are to be contacted by the Sole Bookrunner 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 in order to further strengthen its equity and working capital, and to finance its activities, as set out above. These activities require further investments and funding, and, if successful, the Company would be able to use the net proceeds of the proposed Transaction for these activities.

Secondly, this may allow the Company to further strengthen its image with investors, both on a national and an international level. This may be in the interest of the further development of the Company's activities and future fund raisings via the capital markets.

Thirdly, 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 existing shareholders and the Company for the purposes of future capital market transactions.

Fourthly, and taking into account the Company's experience at the occasion of the initial public offering completed in June 2006 and the private placements realized in the past, the board of directors is not in favor of proceeding with a capital increase by means of a public offering at this stage, but rather again 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 disapplication of the preferential subscription right, is in the interest of both the Company and the existing shareholders as this will allow the Company to swiftly and cost-efficiently attract the new funds that are necessary to implement and accelerate its strategy.

## **7. 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. 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, BDO Réviseurs d'Entreprises SCRL.

## 7.1. Introductory comments

The actual effects of the proposed Transaction cannot yet be determined with any certainty, as the key financial parameters of the offering such as the actual number and the issuance 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 contemplated bookbuilding procedure. Furthermore, once started, depending on the circumstances, the offering could still be postponed or cancelled.

*Accordingly, the discussion herein of the financial consequences of the contemplated Transaction for existing shareholders is purely illustrative and hypothetical, and is based on purely indicative financial parameters (where relevant). The actual issuance price and the number of the New Shares 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 47,813,068.45 represented by 59,939,289 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, (rounded) EUR 0.7977. The share capital is entirely and unconditionally subscribed for and is fully paid-up.

Furthermore, the following 6,740,250 warrants issued by the Company are still outstanding at the date of this special report (the "**Warrants**"):

- 65,000 outstanding stock options, issued under the form of warrants on 15 March 2012, ("**March 2012 Stock Options**");
- 418,000 outstanding stock options, issued under the form of warrants on 15 June 2012 ("**May 2012 Stock Options**");
- 1,103,250 outstanding stock options issued under the form of warrants on 23 June 2014 ("**2014 Stock Options**") (of which 66,500 stock options have not yet been granted);
- 2,154,000 outstanding stock options issued under the form of warrants on 19 June 2017 ("**2017 Stock Options**") (of which 341,000 stock options have not yet been granted); and
- 3,000,000 outstanding stock options issued under the form of warrants on 21 June 2019 ("**2019 Stock Options**") (of which 1,940,000 stock options have not yet been granted).

Each of the aforementioned Warrants entitles the holders thereof to subscribe for one new share of the Company upon exercise of the relevant Warrant. For the purpose of the full-dilution scenario calculations further below, it is assumed that all of the 6,740,250 outstanding Warrants (including the 66,500 outstanding 2014 Stock Options, the 341,000 outstanding 2017 Stock Options and the 1,940,000 outstanding 2019 Stock Options that can still be granted) have been effectively granted, have vested and are exercisable. On that basis, if all 6,740,250 Warrants were exercised, 6,740,250 new shares would have had to be issued by the Company.

## 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. 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 new shares.

Specifically, prior to the Transaction (and the exercise of the Warrants), each share of the Company 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), the New Shares 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 New Shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shareholders in the profit and liquidation proceeds of the Company and the preferential subscription right at a capital increase in cash shall be diluted accordingly.

The evolution of the share capital and the number of securities, with voting rights attached thereto, 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 impact of the Transaction at various issue price levels, assuming a maximum number of 17,981,786 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

<b>Before exercise of existing Warrants</b>	
Outstanding shares.....	59,939,289
New shares to be issued in the Transaction <sup>(1)</sup> .	17,981,786
Total shares outstanding .....	77,921,075
Dilution.....	23.08%
<b>After exercise of existing Warrants<sup>(2)</sup></b>	
Outstanding shares.....	59,939,289
New shares to be issued upon exercise of March 2012 Stock Options .....	65,000
New shares to be issued upon exercise of May 2012 Stock Options .....	418,000
New shares to be issued upon exercise of 2014 Stock Options .....	1,103,250
New shares to be issued upon exercise of 2017 Stock Options .....	2,154,000
New shares to be issued upon exercise of 2019 Stock Options .....	3,000,000
New shares to be issued in the Transaction ....	17,981,786
Total shares outstanding .....	84,661,325
Dilution.....	21.24%

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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 authorized capital has been capped to a maximum number of 17,981,786 New Shares. Therefore, the total issuance price (including issuance premium) will not impact the dilution in terms of number of shares, which, assuming the maximum number of shares is issued, will be the same.
- (2) For the purpose of this simulation, it is assumed that all of the 6,740,250 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 7.2.

The above simulation demonstrates that, assuming an issuance of 17,981,786 New Shares, the shares existing immediately prior to the Transaction, would no longer represent 1/59,939,289 of the share capital, but 1/77,921,075 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 23.08%.

In the event that all Warrants (outstanding and still to be granted, vested and unvested) would also be exercised and shares were to be issued as a result thereof, each share existing immediately prior to the Transaction would no longer represent 1/59,939,289 of the share capital, but 1/66,679,539 of the resulting share capital (representing a dilution of 10.11% for the shares outstanding immediately prior to the exercise of all existing Warrants). Assuming that all 17,981,786 New Shares issued at the occasion of the Transaction are fully subscribed for, the existing shares would no longer represent 1/59,939,289 of the resulting share capital but 1/84,661,325. For the shares existing immediately prior to the Transaction, this would represent a dilution of the participation in the share capital and the results of the Company of 21.24%.

Subject to the methodological reserves noted in paragraph 7.1, the table below reflects the evolution of the share capital at various price levels, assuming a maximum number of 17,981,786 New Shares and a maximum amount of share capital increase of EUR 14,344,070.69 (excluding issuance 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.*, (rounded) EUR 0.7977 per share.

#### Evolution of the share capital <sup>(1)</sup>

##### Before the Transaction

Share capital (in EUR).....	47,813,068.45
Outstanding shares.....	59,939,289
Fractional value (in EUR).....	0.7977

##### Transaction <sup>(2)</sup>

Increase of share capital (in EUR) <sup>(3)</sup> .....	14,344,070.69
Number of new shares issued ..	17,981,786

##### After the Transaction

Share capital (in EUR).....	62,157,139.14
Outstanding shares.....	77,921,075
Fractional value (in EUR).....	0.7977

Notes:

- (1) This simulation does not take into account the existing Warrants.
- (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 authorized capital has been capped to a maximum number of 17,981,786 New Shares. Therefore, the total amount of the share capital increase, whatever the total issuance price level (including issuance premium) may be, will never be superior to EUR 14,344,070.69 (excluding issuance premium) as the Company will not be able to issue more than 17,981,786 New Shares.
- (3) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being (rounded) EUR 0.7977 per share) shall be booked as share capital. The portion of the issue price in excess of the fractional value, as the case may be, 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 audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2018 (which have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS")). The consolidated accounting net equity of the Company as at 31 December 2018 amounted to EUR 47,366 (000) (*i.e.*, USD 52,117 (000)<sup>1</sup>) or EUR 0.7902 (rounded) per share (based on 59,939,289 outstanding shares as on 31 December 2018).
- The non-audited consolidated interim financial statements of the Company for six months ended on 30 June 2019 (which have been prepared in accordance with the IFRS). The consolidated accounting net equity of the Company as at 30 June 2019 amounted to EUR 35,110 (000) (*i.e.*, USD 38,631 (000)<sup>1</sup>) or EUR 0.5858 (rounded) per share (based on 59,939,289 outstanding shares as on 30 June 2019).

The simulation does not take into account any changes in the net equity since 31 December 2018 and 30 June 2019, 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.

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The reporting currency of the Company's financial statements is U.S. dollar. Amounts in U.S. dollar have been converted into euro at the currency exchange rate published by the European Central Bank on 24 September 2019, being EUR 1.00 for USD 1.1003.

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:

	<b>Transaction</b>		
	<b>Issuance price of EUR 0.80</b>	<b>Issuance price of EUR 0.90</b>	<b>Issuance price of EUR 1.00</b>
<b>Consolidated net equity for FY 2018</b>			
<u>On 31 December 2018</u>			
Net equity (in EUR '000) .....	47,366	47,366	47,366
Outstanding shares .....	59,939,289	59,939,289	59,939,289
Net equity per share (in EUR).....	0.7902	0.7902	0.7902
<u>Transaction</u>			
Increase of net equity (in EUR '000) <sup>(1)</sup> .....	14,385.43	16,183.61	17,981.79
Number of new shares issued.....	17,981,786	17,981,786	17,981,786
<u>After Transaction</u>			
Net equity (in EUR '000) <sup>(2)</sup> .....	61,751.60	63,549.78	65,347.96
Outstanding shares .....	77,921,075	77,921,075	77,921,075
Net equity per share (in EUR) <sup>(2)</sup> .....	0.7925	0.8156	0.8386
	<b>Transaction</b>		
	<b>Issuance price of EUR 0.80</b>	<b>Issuance price of EUR 0.90</b>	<b>Issuance price of EUR 1.00</b>
<b>Consolidated net equity for H1 2019</b>			
<u>On 30 June 2019</u>			
Net equity (in EUR '000) .....	35,110	35,110	35,110
Outstanding shares .....	59,939,289	59,939,289	59,939,289
Net equity per share (in EUR).....	0.5858	0.5858	0.5858
<u>Transaction</u>			
Increase of net equity (in EUR '000) <sup>(1)</sup> .....	14,385.43	16,183.61	17,981.79
Number of new shares issued.....	17,981,786	17,981,786	17,981,786
<u>After Transaction</u>			
Net equity (in EUR '000) <sup>(3)</sup> .....	49,494.94	51,293.12	53,091.30
Outstanding shares .....	77,921,075	77,921,075	77,921,075
Net equity per share (in EUR) <sup>(3)</sup> .....	0.6352	0.6583	0.6813

Notes:

- (1) Consisting of the amount of the capital increase and the amount of the increase of the issuance premium, but not reflecting that the accounting of this amount may be subject to further adjustments pursuant to IFRS.
- (2) Not taking into account changes in the consolidated net equity after 31 December 2018 (other than the contemplated Transaction).

- (3) Not taking into account changes in the consolidated net equity after 30 June 2019 (other than the contemplated Transaction).

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 31 December 2018, would amount to, respectively, (rounded) EUR 0.7925, EUR 0.8156, and EUR 0.8386 per share (instead of (rounded) EUR 0.7902 per share), depending on the applicable issuance price, and in the consolidated accounting net equity as per 30 June 2019, would amount to, respectively, (rounded) EUR 0.6352, EUR 0.6583, and EUR 0.6813 per share (instead of (rounded) EUR 0.5858 per share), depending on the applicable issuance price.

## 7.5. Financial dilution

The evolution of the market capitalization 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 capitalization and the resulting financial dilution at various price levels, assuming a maximum number of 17,981,786 New Shares and a maximum aggregate amount of gross proceeds of the capital increase of EUR 14,344,070.69 (excluding issuance premium).

On 24 September 2019, *i.e.*, the trading date preceding the date of this board report, the Company's market capitalization was EUR 56,942,324.55, on the basis of a closing price of EUR 0.95 per share. Assuming that, following the Transaction, the market capitalization increases exclusively with the funds raised (*i.e.*, respectively EUR 14,385,429, EUR 16,183,607, or EUR 17,981,786) on the basis of an issuance price of respectively EUR 0.80, EUR 0.90, and EUR 1.00 per New Share, then the new market capitalization would respectively be EUR 71,327,753.35, EUR 73,125,931.95, and EUR 74,924,110.55 per share. This would represent a (theoretical) financial dilution of respectively 3.78% and 1.23% per share in the event of an issuance price of respectively EUR 0.80 and EUR 0.90, and a (theoretical) financial relation of 1.20% in the event of an issuance price of EUR 1.00.

### Evolution of the market capitalization and financial dilution

	Transaction		
	Issuance price of EUR 0.80	Issuance price of EUR 0.90	Issuance price of EUR 1.00
<b>Before the Transaction</b>			
Market capitalization (in EUR)...	56,942,324.55	56,942,324.55	56,942,324.55
Outstanding shares.....	59,939,289	59,939,289	59,939,289
Market capitalization per share (in EUR).....	0.95	0.95	0.95
<b>Transaction<sup>(1)</sup></b>			
Funds raised (in EUR).....	14,385,429	16,183,607	17,981,786
Number of new shares issued .....	17,981,786	17,981,786	17,981,786

	<b>Transaction</b>		
	<b>Issuance price of EUR 0.80</b>	<b>Issuance price of EUR 0.90</b>	<b>Issuance price of EUR 1.00</b>
<b>After the Transaction</b>			
Market capitalization (in EUR)...	71,327,753.35	73,125,931.95	74,924,110.55
Outstanding shares.....	77,921,075	77,921,075	77,921,075
Market capitalization per share (in EUR).....	0.92	0.94	0.96
<b>Dilution</b> .....	-3.78%	-1.23%	+1.20%

Note:

- (1) The board of directors envisages to increase the share capital of the Company in the framework of the authorized capital through a contribution in cash by issuing a maximum number of 17,981,786 New Shares. Therefore, the effect of the Transaction on the market capitalization will depend on the total amount raised, which depends on the issuance price (including issuance premium).

#### 7.6. Other financial consequences

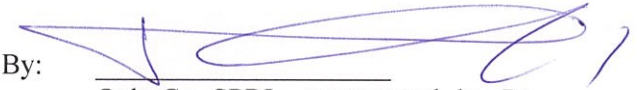
For a further discussion of the financial consequences of the proposed Transaction, the board of directors refers to the special report prepared in connection therewith by the statutory auditor of the Company.

\* \* \*

Done at Brussels, on 25 September 2019.

On behalf of the board of directors,

By:   
Ahok SPRL, represented by Mr.  
Koen Hoffman  
Director and Chairman

By:   
Qaly-Co SPRL, represented by Dr.  
Lieve Verplancke  
Director