

*Unofficial translation of a Dutch original. In the event of any discrepancy between the English translation and the original Dutch version, the latter shall prevail.*

**ABLYNX NV**

Limited Liability Company (“*Naamloze Vennootschap*”)  
Registered offices: Technologiepark 21, 9052 Zwijnaarde  
Company number: 0475.295.446

(the “**Company**”)

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**SPECIAL REPORT BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 583 OF THE BELGIAN COMPANY CODE (“BCC”) REGARDING THE ISSUE OF WARRANTS FOR THE BENEFIT OF CERTAIN EMPLOYEES, CERTAIN MEMBERS OF THE MANAGEMENT OF THE COMPANY AND A STILL TO BE APPOINTED MEMBER OF THE MANAGEMENT OF THE COMPANY**

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The Board of Directors of the Company (the “**Board**”) contemplates, within the context of the authorized capital which was granted to the Board by the General Meeting on 18 July 2013 and which explicitly includes, in accordance with Article 605 BCC, the authorization to issue warrants and the preferential right of the company’s shareholders being limited or cancelled, to issue a maximum of seven hundred and forty thousand (740,000) warrants free of charge, of which (i) a maximum of (four hundred and thirty thousand) (430,000) warrants for the benefit of certain employees, (ii) a maximum of hundred sixty thousand (160,000) warrants for the benefit of certain members of the management of the Company and (iii) a maximum of hundred fifty thousand (150,000) warrants for a still to be appointed member of the management of the Company, each of such warrants entitling the holder thereof to subscribe for one new share of the Company against payment of an exercise price (as defined below in Article 4 of this Report), per warrant exercised, to be immediately and fully paid up upon exercise of the relevant warrant (the “**Warrants**”). The Warrants will be issued with cancellation of the preferential subscription rights of the existing shareholders, warrant holders, and holders of convertible bonds.

The Board refers to its special report in accordance with Articles 596 and 598 BCC of even date herewith in which the Board justifies the proposed cancellation of the preferential subscription rights of the existing shareholders, warrant holders and holders of convertible bonds for the benefit of certain employees, certain members of the management of the Company and a still to be appointed member of the management of the Company, in particular in respect of the issue price and the financial impact of the transaction for the shareholders.

In this report, the Board, in accordance with Article 583 BCC, describes the purpose and justification for the issue of Warrants. Furthermore, for purposes of completeness of this report, the Board will also describe the exercise price and financial impact on existing shareholders, warrant holders and holders of convertible bonds of the Company of the issue of the Warrants, (which is also described in the report of the Board in accordance with Articles 596 and 598 BCC).

The capitalized words in this report are defined in Section 3 of this report.

## **1. Authorised Capital**

### **1.1. Description of the authorised capital**

In accordance with Article 6.1 of the Articles of Association of the Company, the Board is authorised to increase the capital on one or more occasions by an amount equal to EUR 90,695,406.12. This authorisation was granted by the general shareholders' meeting of 18 July 2013 and is valid for a period of five years as from the publication of the resolution in the Annexes to the Belgian State Gazette on 8 August 2013. This authorisation is also valid for warrants and convertible bonds.

Pursuant to Article 6.2, b of the Articles of Association of the Company, the Board is also authorized, within the limits of the authorised capital, to limit or cancel the preferential subscription rights of the shareholders within the mandatory constraints of and in accordance with the mandatory provisions of the Belgian Companies Code, if such limitation or cancellation is in the interest of the Company. Such restriction or cancellation is also allowed for the benefit of employees of the Company or of its subsidiaries (where the Company has incorporated subsidiaries) and/or, unless prohibited under mandatory law, for the benefit of one or more certain persons who are not employees of the Company or of its subsidiaries (where the Company has incorporated subsidiaries).

The Board envisages to use its authorisation under the authorised capital within the context of this issue and cancel the preferential subscription rights of the existing shareholders, warrant holders and holders of convertible bonds.

### **1.2. Available amount under the authorised capital**

Since the General Meeting granted authorisation on 18 July 2013, the Board has used its authorisation on the following occasions:

- on 30 June 2014 when 4,908,332 new shares of the Company were issued with a total representing capital value (i.e. only the par value disregarding the issue premium) of EUR 9,178,580.84;
- on 27 May 2015 the Company has issued 1,000 convertible bonds with a principal amount of EUR 100,000 per convertible bond and an initial conversion price of EUR 12,93. Pursuant to the terms and conditions of such convertible bonds, such conversion price is subject to changes (e.g. in the event of a change of control or in the event of the issuance of dividends, as defined in the terms and conditions), so that the exact maximum amount of the authorised capital which would be used cannot be determined at this time. The Company has however earmarked EUR 14,454,771.58 of the then available amount under the authorized capital to cover any potential decrease of the conversion price.
- on 14 September 2015 the Company issued 290,000 warrants of which 140,000 warrants for the benefit of certain employees and 150,000 warrants for the benefit of a, at that time, still to be recruited and appointed member of the management of the Company. Taking

into account a par value of EUR 1.87 at that time, EUR 542,300 of the then available amount under the authorized capital was used.

- on 24 February 2016 the Company issued 590,000 warrants of which 350,000 warrants for the benefit of certain employees and 240,000 warrants for the benefit of certain members of the executive committee of the Company. Taking into account a par value of EUR 1.87 at that time, EUR 1,103,300.00 of the then available amount under the authorized capital was used.
- on 1 June 2016 when 5,533,720 new shares of the Company were issued with a total representing capital value (i.e. only the par value disregarding the issue premium) of EUR 10,348,056.40;
- on 9 September 2016 the Company issued 320,000 warrants of which 170,000 warrants for the benefit of certain employees and 150,000 warrants for the benefit of a still to be nominated member of the management of the Company. Taking into account a par value of EUR 1.87 at that time, EUR 598,400 of the then available amount under the authorized capital was used.

As a result of the above mentioned transactions EUR 54,469,997.30 is currently available under the authorised capital. If the maximum number of warrants would be issued, EUR 1,383,800 under the authorised capital would be used, subject to a current par value of EUR 1.87, so that after the transaction EUR 53,086,197.30 would still be available under the authorisation in respect of the authorised capital.

## **2. Justification for the issue of the Warrants**

The Board aims to achieve the following purposes with the issue of the Warrants:

- i. creating a long-term incentive for the selected employees and consultants who are able to contribute substantially to the success and growth of the Company;
- ii. providing the Company with the necessary means to recruit and retain competent and experienced staff members; and
- iii. creating a common interest between the Selected Participants on the one hand and the shareholders of the Company on the other, aimed at an increase in the value of the Company's shares.

The Board believes that these purposes are in the interest of the Company.

The proposed issue and exercise conditions of the Warrants are, insofar as the tax treatment of these Warrants is concerned, in accordance with the conditions set out in the Law of March 26, 1999 concerning the Belgian action plan for employment 1998 and in particular with Articles 41 through 49 of this law, insofar as the Warrants would be subscribed for by persons who would thereby receive a benefit in kind arising out of or in connection with their professional activity.

### **3. Definitions**

The words below shall have the following respective meaning for the purposes of this report:

<b>Additional Offer:</b>	The offer of the Warrants that has been notified to a Selected Participant in accordance with the second paragraph of article 6.2.2;
<b>Affiliated Company</b>	A company affiliated with the Company within the meaning of Article 11 BCC;
<b>Beneficiary</b>	The person who is designated in accordance with Article 6.3.6.2 by the Warrant holder to exercise the rights of the Warrant holder attached to the Warrants after his death;
<b>Board</b>	As defined above;
<b>Company</b>	Ablynx NV, with registered offices at 9052 Zwijnaarde, Technologiepark 21 and with company number 0475.295.446;
<b>Consultancy Agreement</b>	The agreement other than an Employment Agreement or a Director's appointment pursuant to which services are provided to the Company or an Affiliated Company;
<b>Date of the Decision</b>	The date of the decision of the Board to issue the Warrants;
<b>Date of the Offer</b>	The date on which a Proxyholder of the Board offers the Warrants, under the Initial Offer, and, as the case may be, also Warrants under the Additional Offer to the Selected Participants in accordance with the third paragraph of Article 6.2.2;
<b>Director's appointment</b>	An appointment as Director of the Company or an Affiliated Company;
<b>Employment Agreement</b>	The agreement within the meaning of the Belgian law of July 3, 1978 on employment agreements (or an agreement under a legal system other than Belgian law that corresponds in substance to an employment agreement) pursuant to which a

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person in a subordinated relationship provides services to the Company or an Affiliated Company;

**End of the Employment Agreement, the Consultancy Agreement or the Director's appointment** The effective date of the termination, for any or no reason, of the Employment Agreement, the Consultancy Agreement or the Director's appointment between a relevant Selected Participant and the Company or an Affiliated Company, with the exception of a termination that is coupled with a simultaneous employment under a (possibly new) Employment Agreement, a (possibly new) Consultancy Agreement or a (possibly new) Director's appointment with the Company or an Affiliated Company;

**ESOP account** The securities account taken out with KBC Bank NV, as referred to in Article 6.2.3;

**Exercise Period** The period or periods during which the Warrant holder in accordance with article 6.3.5 may exercise the Warrants granted with a view to acquiring shares of the Company;

**Exercise Price** The price for the acquisition of one share upon the exercise of a Warrant, as set out herein;

**General Meeting** The General Meeting of Shareholders of the Company;

**Initial Offer** The offer of the Warrants that has been notified to a Selected Participant in accordance with the first paragraph of article 6.2.2;

**Offer** The offer of the Warrants that has been notified to a Selected Participant in accordance with Article 6.2.2 of this report, and which can relate to the Initial Offer, as well as to the Additional Offer;

**Proxyholder(s) of the Board** The person(s) to whom the Board grants a power of attorney to determine, on the basis of a recommendation by the Remuneration Committee of the Company, the number of Warrants that will be offered to each of the Selected Participants and to carry out all acts which are necessary or

useful regarding the offer of the Warrants and to realize the issue of Warrants. If a Proxyholder of the Board is a Selected Participant himself, such proxyholder shall not act with respect to Warrants which would be offered to him or her.

**Securities**

Shares, bonds, warrants and other securities whether or not representing the share capital or granting voting rights, as well as securities that give the right to subscribe for or acquire securities or to convert into securities;

**Selected Participant**

The person to whom Warrants will be offered by a Proxyholder of the Board.

The Selected Participants are the persons, who at the time of the Offer will be associated with the Company by way of Employment Agreement and to whom the Warrants will be offered by a Proxyholder of the Board, as well as to the following persons of which the identity is disclosed in accordance with Article 598 BCC:

- Mr. Edwin Moses, CEO;
- Mr. Wim Ottevaere permanent representative of Woconsult BVBA and/ or Woconsult BVBA, CFO;
- Mr. Johan Heylen, CCO;
- Mr. Antonin de Rollet de Fougérolles, CSO;
- Mr. Robert Zeldin, CMO;
- Mr. Guido Gielen, VP HR;
- Mr. Franciscus Gerrit Landolt, VP IP&Legal;

and, further, to a still to be appointed member of the management of the Company, whose identity will be unknown on the Date of the Decision.

In accordance with Article 7.13 of the Belgian Corporate Governance Code 2009, the system which allows members of the management of the Company to be (partly) remunerated by way of offering warrants, was approved by the Extraordinary General Meeting of the Company of 30 October 2009.

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<b>Subscription Form</b>	The form that a Selected Participant must complete and sign for acceptance or refusal of the Warrants offered to him/her, and that (in case of acceptance) entails a proxy to subscribe before a notary for the Warrants offered to him/her;
<b>Transfer</b>	The selling, offering, engaging in a deferred sale (" <i>verkoop op termijn/vente à terme</i> ") or pledging of Securities or the granting of a right of usufruct (" <i>vruchtgebruik/usufruit</i> ") or any other right with regard to Securities or the granting of options to buy or sell Securities or the disposing of Securities in any other manner or the conclusion of a swap or other agreement which in part or entirely transfers the economic advantages or the ownership of Securities, whether or not for consideration, whether by reason of universal transfer (" <i>algemene rechtsopvolging</i> ")/" <i>transfert universel</i> ") or otherwise and whether or not such transfer is settled by means of a transfer of securities, in cash or in any other manner;
<b>Warrant</b>	As defined above;
<b>Warrant holder</b>	The person entered into the Company's warrant registry as the holder of one or more Warrants;

#### **4. Issue price and exercise price**

The Warrants will be offered free of charge.

Each Warrant will entitle the holder thereof to subscribe, under the conditions specified below, for one share.

In view of the law of March 26, 1999 and Article 598 BCC, the Exercise Price of the Warrants will equal the highest of the following two values: (i) the average closing rate of the share on Euronext Brussels during the period of thirty days preceding the Date of the Decision, as mentioned in a letter sent to the Selected Participants subsequently to the Date of the Decision, and (ii) the lowest of the following two values: (a) the average closing rate of the share on Euronext Brussels during a period of thirty days preceding the Date of the Offer, or (b) the last closing rate preceding the Date of the Offer, as to be determined in the Offer.

For clarity's sake, it is specified that if the Date of the Offer and the Date of the Decision would coincide, the Exercise Price of the Warrants would be at least equal the average closing rate of the share on Euronext Brussels during a period of thirty days preceding this date.

#### **5. Consequences for the existing shareholders, warrant holders and holders of convertible bonds**

In case the maximum number of Warrants to be issued (740,000 Warrants), would be subscribed for and in case such Warrants would all be exercised, the resulting dilution of such exercise (in terms of relative shareholding, *i.e.* pro rata participation in the voting rights in, and the profits of, the Company) for the existing shareholders (currently 61,076,074 shares), warrant holders (currently warrants which entitle to an aggregate of 2,454,788 shares) and holders of convertible bonds (currently entitling to an aggregate of 7,733,952 shares<sup>1</sup>), on a non-diluted (*i.e.* without taking into account the impact on the existing Warrant holders and holders of convertible bonds) as well as on fully diluted basis, as set out in the table hereunder.

	<b>% in relation to the existing shares (=on a non-diluted basis)</b>	<b>% on a fully diluted basis</b>
<b>740,000 warrants to be issued</b>	1.21% <sup>2</sup>	1.03%

Ablynx NV has an aggregate of 2,739,538 outstanding warrants, of which 569,500 warrants entitle the holder thereof to an aggregate of 284,750 shares (where two warrants entitle to subscribe for one share) and of which 2,170,038 warrants entitle the holder thereof to an

<sup>1</sup> This number of shares is calculated on the basis of the current conversion price of EUR 12.93, which is however still subject to changes (without bottom line) pursuant to the terms and conditions of such convertible bonds.

<sup>2</sup> This percentage is the result of the quotient of the warrants to be issued and the currently outstanding shares (whereby neither the potential number of voting rights related to the currently outstanding warrants or convertible bonds, nor the number of warrants to be issued under this proposal are included in the denominator).



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aggregate of 2,170,038 shares (where one warrant entitles to subscribe for one share). The total number of voting rights that can be acquired upon the exercise of the outstanding warrants amounts to 2,454,788.

Ablynx NV has also an aggregate of 1,000 outstanding convertible bonds which entitle the holder thereof to an aggregate of 7,733,952 shares (with a current conversion ratio of 7,733.952 Shares per EUR 100,000 principal amount of convertible bonds, such conversion ratio being subject to potential changes pursuant to the terms and conditions of the convertible bonds).

The total number of outstanding warrants (in terms of voting rights) currently amounts to 3.44% of the total number of outstanding shares (on fully diluted basis) (*i.e.* 71,264,814 shares).

The Board believes that the percentage of outstanding warrants (even after the proposed issue) is not unusual compared with similar companies in the same sector.

As a general principle, the financial dilution that existing shareholders would face as a result of the exercising of the Warrants at a price that is lower than the price per share at the time when the Warrants have actually been exercised (the potential positive difference in terms of percentage between both prices, hereafter the “**Benefit Percentage**”, *i.e.* the benefit in terms of percentage the holders of Warrants would realize *vis à vis* the stock market price) can be calculated as follows: assuming (i) the maximum number of 740,000 warrants would be issued, (ii) the same number being offered and accepted and (iii) the same number would actually be exercised, the existing shareholders of the Company would undergo a financial dilution of a fixed percentage of the Benefit Percentage. Such fixed percentage is the quotient of the total number of warrants to be issued (numerator) and the sum of the total number of outstanding shares and the warrants to be issued (denominator). The fixed percentage for the proposed issue amounts to (rounded) 1.20%. In other words, for each percentage point of “benefit” (*vis à vis* the then prevailing stock market price) that would be realized by the Selected Participants by exercising the Warrants, the existing shareholders would undergo 0.0120% of financial dilution.

In addition, the issue of the Warrants may cause an economic shift from the shareholders to the Warrant holders at the occasion of the exercise of the Warrants, if the value of the shares would be higher than the Exercise Price of the Warrants at the time of the issue of shares further to the exercise of Warrants. This is an inherent characteristic of the Warrants to be issued, and the Board believes that this potential economic shift is acceptable in the light of the benefits for the Company linked to the issue of the Warrants and is even desirable, taking into account the purpose of the issue of Warrants, as set out in Article 2 of this report.

The net intrinsic value of the existing shares on the date of the annual accounts of the Company ending on 31 December 2015 amounted to EUR 3.01<sup>3</sup> per (at that time existing) share. On the basis of the current stock price of the Company the Board expects that the exercise price of the

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<sup>3</sup> Net intrinsic value as appears from the balance sheet on 31 December 2015 (prepared in accordance with Belgian GAAP) divided by the number of shares which were outstanding on 31 December 2015.

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Warrants shall exceed that net intrinsic value. The Board points out that the final dilution that the net intrinsic value of the existing shares shall undergo, shall depend upon the final exercise price of the warrants (and the negative difference between that exercise price and the net intrinsic value per share at that time). However, based on the current price per share, the exercise price shall largely exceed the fractional value of the share (EUR 1.87).

A number of simulations based on the hypothetical exercise prices is attached to this report as Annex 1 and demonstrates that, depending on the exercise price, the exercise of Warrants could lead to a decrease or an increase of the net intrinsic value of the existing shares.

The costs in relation to the services received in compensation for the granting of such Warrants are booked under IFRS as a cost in the consolidated accounts of the Company. The total amount of the costs is spread over the vesting period and determined on the basis of the actual value of the Warrants on the date of grant by applying the Black & Scholes model. Based on this model, the estimated cost to be recognized amounts to EUR 3,981,200 , and shall be spread over a period of 3 years, as set out in Article 6.2.5.

## **6. Issue and exercise conditions**

### **6.1. Number of shares**

Each Warrant shall entitle the Holder thereof to subscribe for one (1) share.

### **6.2. Offer of, subscription for, and vesting of the Warrants**

#### **6.2.1. Qualifying persons**

The Warrants will be offered to the Selected Participants.

The Company will apply the appropriate tax and social security treatment resulting from the subscription for free for the Warrants by Selected Participants that accept an Offer and to which the Act of 26 March 1999 concerning the 1998 Belgian Employment Action Plan applies.

#### **6.2.2. Offer of Warrants to the Selected Participants**

The initial offer of the Warrants to the Selected Participants will occur on the Date of the Decision to issue, or as desired by a Proxyholder of the Board, on a later date, and always based on a decision of a Proxyholder of the Board, who, based on a recommendation by the Remuneration Committee of the Company, shall determine the number of Warrants that will be offered to each of the Selected Participants.

Upon recommendation by the Remuneration Committee, a Proxyholder of the Board may decide to offer an additional number of Warrants to certain Selected Participants if the relevant Selected Participant has accepted a minimum number of Warrants under the Initial Offer (the Proxyholder of the Board will inform the relevant Selected Participant of this number in the offer letter of the Initial Offer), it being understood that the additional number of Warrants offered cannot be higher

than the number of Warrants which have been accepted by the relevant Selected Participant under the Initial Offer.

The relevant Selected Participant will be informed in writing by a Proxyholder of the Board mentioning the number of Warrants that is offered to the relevant Selected Participant, as well as the issue and exercise conditions of such Warrants. A Subscription Form will be attached to the notification.

#### 6.2.3. Subscription period

Each Selected Participant, who receives an Offer of Warrants, has an acceptance period, which upon choice of the relevant Proxyholder of the Board for each individual beneficiary shall amount to sixty (60) calendar days or seventy-five (75) calendar days as of the Date of the Offer, to inform the Company by means of the Subscription Form of his/her acceptance or refusal of the Warrants offered to him/her. The acceptance period shall be determined by a Proxyholder of the Board for each individual beneficiary in writing in the notice of the offer made by such Proxyholder of the Board to the beneficiary in accordance with Article 6.2.2.

The acceptance may relate to all or part of the Warrants offered. For the avoidance of doubt, it is specified that no parts of Warrants will be issued.

In the event of acceptance, the Subscription Form must be returned to the Company. The Selected Participant that has not informed the Company of its acceptance before the expiry of the period of sixty (60), respectively seventy five (75) calendar days as of the Date of the Offer by means of the Subscription Form, shall irrefutably be deemed to have refused the Offer. The offer lapses upon the expiry of such period of sixty (60) respectively seventy-five (75) calendar days and no acceptance of Warrants shall be possible thereafter.

The Subscription Form at the same time serves as a (necessary) proxy to establish the subscription for the Warrants by the relevant Selected Participant before a notary.

In order to validly accept the Offer, a Selected Participant will take out an ESOP account with KBC Bank NV. For this purpose, the Offer will be accompanied by a form which contains the order for KBC Bank NV to open such account in the name of the Warrant holder, if he/she does not yet have such an account. If the Warrant holder does have an ESOP account with KBC Bank NV, the account number must be mentioned on the subscription form.

#### 6.2.4. Granting of the Warrants

After the expiry of the aforementioned subscription period of sixty (60) respectively seventy-five (75) calendar days, the Proxyholder(s) of the Board shall within a reasonable period of time proceed to the recordation of the realization of the issue of the Warrants for the number of Warrants that have been subscribed for by the Selected Participants.

### 6.2.5. Vesting of the Warrants

#### *6.2.5.1. Initial Offer of Warrants*

Without prejudice to the other exercise conditions of the Warrants (amongst others, Articles 6.3.6 and 6.3.7), the Warrants that are granted to the Selected Participants following the Initial Offer shall only be acquired in a final manner (“vested”) (and may therefore be exercised during the Exercise Periods) over a three year period, with 28% of the Warrants vesting on the first anniversary of the date of the First Offer by the Proxyholder of the Board, and the balance vesting in equal quarterly installments thereafter (one eighth of the remainder, *i.e.* 9%, of the aggregate number of Warrants that are granted to this Selected Participant vesting per quarter) and subject to the condition that this person continues to be an employee, consultant, member of the management, or Director of the Company or an Affiliated Company at the relevant vesting date. It is understood that the term of the Warrants will not be extended for those Warrant holders who received the Offer from the Proxyholder of the Board on a later date than the Date of the Decision.

The vesting always relates to whole Warrants. In case 28% or 9% of the aggregate number of Warrants granted to the relevant Selected Participant does not correspond to a whole number, the resulting number shall be reduced to the lower whole number, and every quarter one additional Warrant shall vest as soon as the sum of the fractions disregarded until that time, equals one (in other words, such additional Warrant constitutes the sum of the fractions of a Warrant that have been disregarded upon the vesting of the previous portion(s)).

Upon the End of the Employment, Consultancy Agreement or Directors’ appointment of the relevant Selected Participant between one of the dates set out above, no additional Warrants shall vest for this part of the quarter.

#### *6.2.5.2. Additional Offer*

The warrants which were granted to, and accepted by, the Selected Participants within the framework of the Additional Offer shall only be acquired in its entirety and definitively (“vested”) after a full three-year period from the date of the Additional Offer. If the Employment Agreement of a Selected Participant ends (for the avoidance of doubt, irrespective of the reason or the party terminating the Employment Agreement and irrespective of what is set out in article 6.3.6) before the end of this full three year period, all warrants vested within the framework of the Additional Offer will be void and will become of no value.

It is understood that the term of the Warrants will not be extended for those Warrant holders who received the Offer from the Proxyholder of the Board on a later date than the Date of the Decision.

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### 6.3. Other terms and conditions of the Warrants

#### 6.3.1. Issue Price

The Warrants may be subscribed for without charge.

#### 6.3.2. Registered Warrants

The Warrants will be in registered form and shall be recorded in the registry of Warrant holders that is kept at the registered offices of the Company. They cannot be converted into dematerialized warrants.

#### 6.3.3. Exercise Price

The Exercise Price (as determined above in Article 4 of this report) will be allocated to the entry "capital" for an amount that is equal to the fractional value of the shares prevailing at the time of the issue of shares upon exercise of the relevant Warrant. Any amount exceeding the fractional value will be allocated to the entry "issue premium" that will constitute the guarantee of third parties to the same extent as the capital and will be booked on an unavailable reserve account, that can only be decreased or cancelled by way of a decision of the Company's general meeting of shareholders taken in accordance with the rules applicable to an amendment of the Articles of Association.

#### 6.3.4. Term of the Warrant

The term of the Warrants shall be seven years as of the Date of the Decision, irrespective of the relevant Date of the Offer in respect of a Selected Participant.

#### 6.3.5. The Exercise Periods

Without prejudice to Articles 6.2.5, 6.3.6 and 6.3.7, the Warrants that are vested may only be exercised, in accordance with Article 6.3.10, as of the beginning of the fourth calendar year following the calendar year in which the Date of the Offer lies and such only during the first fifteen days of each quarter (the "**Exercise Period(s)**").

In case the Exercise period (completely or partially) would fall within a "closed period" or a "prohibited period" as defined in the Dealing Code of the Company (but, in respect of the "prohibited periods", only such prohibited periods as (currently) indicated in point IV.E. (a) and (b) of the Dealing Code), the relevant Exercise Period will be extended until after the end of such "closed period" or "prohibited period" and with such number of bank business days as it was prohibited to deal during the initial period of 15 days pursuant to the Dealing Code.

The first fifteen days of the last quarter within the term of the Warrants constitutes, (as extended in accordance with the previous, as the case may be, provided that this extension cannot exceed the term of the Warrants), the last Exercise Period. Each Exercise Period shall end on the last bank business day of the relevant Exercise Period, it being understood that if the term of the

Warrants ends within an Exercise Period, such Exercise Period shall lapse on the last bank business day within the term of the Warrants.

The Warrant holder is free not to exercise all or part of the vested Warrants during an Exercise Period, and to postpone the exercise of the Warrants that are not exercised to a later Exercise Period, without prejudice, however, to the exceptions and restrictions set out in Articles 6.3.6 and 6.3.7.

The Warrants (that are (still) exercisable but) that are not exercised at the end of the last Exercise Period, will lapse automatically and become of no value.

The Board may decide to provide for one or more additional Exercise Period(s) between the beginning of the fourth calendar year following the calendar year in which the Date of the Offer lies and the end of the last Exercise Period as described above.

#### 6.3.6. Exercisability of the Warrants: exceptions and restrictions

##### *6.3.6.1. End of the Employment Agreement, the Consultancy Agreement or the Director's appointment*

###### *(i) End of the Employment Agreement, the Consultancy Agreement or the Director's appointment for serious cause*

Upon the End of: (i) the Employment Agreement for serious cause (within the meaning of Article 35 of the Belgian law of July 3, 1978) or (ii) the Consultancy Agreement because of breach of contract, or (iii) the Director's appointment for serious cause, on account of the Selected Participant that is also Warrant holder, before the exercise of the Warrants, the Warrants of the relevant Selected Participant (whether or not vested pursuant to Article 6.2.5) that are not yet exercised at that time, will lapse automatically and become of no value.

###### *(ii) End of the Employment Agreement, the Consultancy Agreement or the Director's appointment for a reason other than the reasons set out in Articles 6.3.6.1(i), 6.3.6.2 and 6.3.6.3*

Upon the End of the Employment Agreement, the Consultancy Agreement or the Director's appointment of a Selected Participant who is also Warrant holder, for a reason other than the reasons set out in Articles 6.3.6.1(i), 6.3.6.2 and 6.3.6.3, an additional Exercise Period shall apply for such Selected Participant, during the first fifteen days of the quarter in which the End of the Employment Agreement, the Consultancy Agreement or the Director's appointment, as the case may be, falls, notwithstanding any extensions in accordance with Article 6.3.5, in respect of the at that time (pursuant to Article 6.2.5) vested Warrants, even if such Exercise Period precedes the beginning of the fourth calendar year following the calendar year in which the Date of the Offer lies. The tax consequences of such exercise will exclusively be borne by the relevant Warrant holder.

Contrary to article 6.3.5, second paragraph, the Warrants of the relevant Selected Participant that were not exercised during such Exercise Period, cannot be transferred to a later Exercise Period

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and shall lapse automatically and become of no value after expiry of such Exercise Period (whether or not they were vested pursuant to article 6.2.5).

#### *6.3.6.2. Death*

Upon the death of a Warrant holder before the exercise of a Warrant that, in accordance with the issue and exercise conditions, is still exercisable or may still become exercisable, the Warrants of the Warrant holder that are not yet exercised, are transferred to the Beneficiary of the Warrant holder and such Warrants may be exercised by the Beneficiary at the time and in accordance with the terms and conditions set out in the issue and exercise conditions. The Warrants of the relevant Warrant holder that at the time of death are not vested in accordance with Article 6.2.5, will lapse automatically and become of no value.

A Warrant holder may only designate his or her spouse (including the legal partner) and/or his estate as Beneficiaries.

The designation, as well as the revocation and re-designation of a Beneficiary must be in writing.

In the absence of any valid designation in accordance with the two preceding paragraphs, the Warrants will be allocated to the estate.

In the event that there are several successors, all successors acting together, or, as the case may be, a person designated by all successors acting together, will be deemed to be the Beneficiary.

#### *6.3.6.3. Retirement*

Upon the End of the Employment Agreement, the Consultancy Agreement or the Director's appointment of a Selected Participant that is also Warrant holder, because of his legal retirement or the reaching of the retiring age, this Selected Participant retains its vested Warrants and may continue to exercise such Warrants at the time and in accordance with the issue and exercise conditions. The Warrants of the relevant Warrant holder that are not vested in accordance with to Article 6.2.5 at the time of his retirement, will lapse automatically and become of no value.

### 6.3.7. Acceleration of the exercise of the Warrants

#### *6.3.7.1. Cases of accelerated exercise of the Warrants*

In the following events, the Warrant holder is entitled to an accelerated exercise of its Warrants, whether or not they are vested pursuant to Article 6.2.5, in accordance with the formalities set out below and having regard to, and bearing, any tax consequences resulting from the accelerated exercise:

- (i) liquidation of the Company;
- (ii) sale of all or substantially all of the assets of the Company;

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(iii) when a public takeover bid is issued on the Company.

The tax consequences of an accelerated exercise will be borne exclusively by the relevant Warrant holder.

The Company shall inform the Warrant holders in writing in case one of the foregoing events occurs.

In case the Warrant holder, when an event (i) or (ii) occurs, as set out above, does not wish to exercise its Warrants in an accelerated manner, such Warrants will lapse automatically and become of no value.

#### 6.3.8. Non-transferability of the Warrants

The Warrants are not transferable except in case of death of a Warrant holder, in which case the Warrants held by the Warrant holder at the time of death are transferred to the Beneficiary in accordance with Article 6.3.6.2. Any tax consequences of a transfer pursuant to an obligation under the Articles of Association or pursuant to law will be borne by the Warrant holder.

#### 6.3.9. Shares to which the Warrant holder is entitled

6.3.9.1. Each Warrant entitles the holder thereof to subscribe for one share of the Company.

The transferability of the shares that have been subscribed for upon the exercise of a Warrant, is at any time subject to the provisions of the Articles of Association of the Company, as they are in effect (possibly as amended from time to time) at that time.

The shares that are issued upon the exercise of the Warrants, will entitle the holder thereof to dividends as of the beginning of the financial year during which the Warrants are exercised, or, in case the Warrants are exercised at a time that the annual shareholders' meeting has not yet decided on the allocation of the result of the preceding financial year, as of the beginning of the financial year preceding the financial year during which the Warrants are exercised.

6.3.9.2. The Company will only be held to issue shares for the benefit of the Warrant holder upon the exercise of Warrants provided that the requirements set out in Article 6.3.10 are fulfilled. Upon exercise of a Warrant, no fractions of shares will be issued.

In the event of exercise of Warrants, the shares will be issued, in accordance with Article 591 of the Belgian Company Code, as soon as reasonably possible after the end of the relevant Exercise Period, taking into account the required administrative and company law formalities.

After the issue of shares upon the exercise of Warrants, the Board will arrange for the registration of such new shares in the share registry of the Company in the name of the subscriber. The Company as soon as reasonably possible will arrange for the admission to listing of the new shares.



#### 6.3.10. Exercise procedure

An exercisable Warrant will only be validly exercised if not later than the last day of the relevant Exercise Period:

- (i) - the Board receives a registered letter (with acknowledgement of receipt) sent to the registered offices of the Company and addressed to the Board indicating that Warrants are exercised. The letter will explicitly indicate the number of Warrants to be exercised; or  
- the by KBC, that takes care of the practical settlement of the exercise procedure, hereto communicated formalities are fulfilled; and
- (ii) the Board receives full payment of the shares that are subscribed for upon Exercise of the Warrants, by way of bank transfer to an account of the Company, the number of which will be communicated by the Company; and
- (iii) the Board receives, in case the Warrants are exercised by a person or persons other than the Warrant holder, adequate evidence of the right of this person or these persons to exercise the Warrant; and
- (iv) the Board receives declarations and documents deemed necessary or desirable by the Board for purposes of any applicable law or regulation, and the submission of which is requested by the Board.

Regardless of the point in time during the Exercise Period at which the actions set out above occur, the Warrants will be deemed to be exercised on the last day of such Exercise Period.

#### 6.3.11. Costs and taxes

Stamp duties, stock exchange taxes and other similar duties or taxes that may be due upon the exercise of the Warrants and/or the acquisition of shares, will be borne by the Warrant holders.

#### 6.4. Modifications of the capital structure of the Company – reservation of rights

By way of deviation from Article 501 BCC and without prejudice to the exceptions provided by law, the Company reserves the right to adopt any resolution that it deems necessary with respect to its capital, its Articles of Association or its management. Such resolutions may include, amongst others: a capital decrease whether or not with repayment to the shareholders, a capital increase by way of incorporation of reserves whether or not combined with the creation of new shares, a capital increase in kind, a capital increase in cash whether or not with limitation or cancellation of the shareholders' preferential subscription right, an issue of profit certificates, of convertible bonds, of preferential shares, of bonds cum warrant, of ordinary bonds or warrants, an amendment to the provisions of the Articles of Association regarding the distribution of profits or the (net) proceeds of liquidation or other rights attached to the shares, a stock split, a distribution of stock dividend, a dissolution of the Company, a legal merger, a legal de-merger or a contribution or transfer of a universality or of a branch of activity whether or not combined with the

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exchange of shares. The Company may adopt such resolutions even if they (could) imply a reduction in the benefits conferred to the Warrant holder by the issue and exercise conditions of the Warrants or the law, unless such a reduction is obviously the only purpose of such resolution.

In the event of a legal merger or legal de-merger, the Board shall provide all reasonable efforts to obtain that the Warrants that are still outstanding at the date of such transaction, will be replaced by warrants in the merger company or in the split companies in accordance with the exchange ratio applied to the then existing shares of the Company.

#### 6.5. Exercise of the Warrants in accordance with the law

In the event that the Warrant holder exercises Warrants pursuant to Article 501 BCC, the shares so obtained will not be transferable as long as the Warrants but for such exercise would otherwise not yet have been exercisable in accordance with the issue and exercise conditions. Any tax consequences of such exercise will be borne by the Warrant holder.

Article 501 BCC provides that: "in the event of a capital increase by way of a contribution in cash, all warrant holders may exercise their warrants, notwithstanding any provision to the contrary in the Articles of Association or in the issue terms, and may as a shareholder subscribe for the new issue, in so far as the existing shareholders have such right".

#### 6.6. Miscellaneous

##### 6.6.1. Applicable law

The Warrants and the issue and exercise conditions of the Warrants are governed by Belgian law.

##### 6.6.2. Competent courts

Any dispute regarding the Warrants or the issue and exercise conditions thereof may only be submitted to the courts of the registered office of the Company.

##### 6.6.3. Notifications

Any notification to the Warrant holder will be made by registered letter at the address mentioned in the registry of Warrant holders or by notification in writing with acknowledgement of receipt.

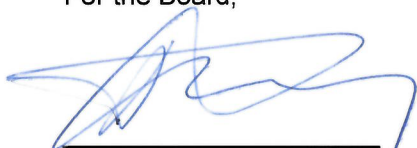
Any notification to the Company, the Board or a Proxyholder of the Board will be made validly by way of a registered letter addressed to the registered office of the Company or by notification in writing with acknowledgement of receipt.

Any notification will be deemed to have been received three business days after the date of the postmark of the registered letter. Changes of address must be notified in accordance with this Article 6.6.3.

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22 February 2017

For the Board,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

Remi Vermeiren, Director

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**Annex 1: simulations of the impact of hypothetical exercise prices on the future net intrinsic value per share**

Simulation impact intrinsic value		
# Shares	30/06/2016	60,870,926
Equity	30/06/2016	125,529,803
# Warrants (in # Shares)	16/01/2017	2,454,788
Convertible bond (# Shares/€)	7,733,952	100,000,000
<b><u>A. Current situation, before issuance of the new warrants - Basic</u></b>		
		<u>Equity in €</u>
<u>Amount represented by 1 share</u>		2.06
<u>Total</u>		125,529,803
<b><u>B. Situation before issuance of the new warrants - Fully Diluted</u></b>		
		<u>Equity in €</u>
<u>Amount represented by 1 share</u>		3.46
<u>Total</u>		245,633,033.50
<b><u>C. Situation after issuance of the new warrants with an exercise price of €12</u></b>		
		-

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<u>number of warrants to be issued</u>		740,000
<u>exercise price</u>	€ 12	
		<u>Equity in €</u>
<u>Amount represented by 1 share</u>		3.54
<u>Total</u>		254,513,033.50
<b><u>D. Situation after issuance of the new warrants with an exercise price of €13</u></b>		
		-
<u>number of warrants to be issued</u>		740,000
<u>exercise price</u>	€ 13	
		<u>Equity in €</u>
<u>Amount represented by 1 share</u>		3.56
<u>Total</u>		255,253,033.50
<b><u>E. Situation after issuance of the new warrants with an exercise price of €14</u></b>		
		-
<u>number of warrants to be issued</u>		740,000
<u>exercise price</u>	€ 14	
		<u>Equity in €</u>

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<u>Amount represented by 1 share</u>		3.57
<u>Total</u>		255,993,033.50
<b><u>F. Situation after issuance of the new warrants with an exercise price of €15</u></b>		
<u>number of warrants to be issued</u>		740,000
<u>exercise price</u>	€ 15	
		<u>Equity in €</u>
<u>Amount represented by 1 share</u>		3.58
<u>Total</u>		256,733,033.50