ABLYNX NV

Limited Liability Company that has made a public call on savings
Registered offices: Technologiepark 21, 9052 Zwijnaarde
Company number: 0475.295.446 (RPR Ghent)
(the "**Company**")

**SPECIAL REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 596 OF THE BELGIAN COMPANIES CODE ("BCC")
IN RESPECT OF THE CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT OF THE EXISTING SHAREHOLDERS, WARRANT HOLDERS AND HOLDERS OF CONVERTIBLE BONDS IN RESPECT OF A CAPITAL INCREASE BY WAY OF A CONTRIBUTION IN CASH**

The Board of Directors of the Company (the "**Board**") hereby presents its special report, prepared in accordance with Article 596 BCC in respect of the cancellation of the preferential subscription right of the existing shareholders, warrant holders and holders of convertible bonds in the context of a capital increase by way of a contribution in cash following a public offering of new shares of the Company in the form of American Depositary Shares ("**ADSs**") to investors in the United States (the "**U.S. Offering**") and the private offering of new shares of the Company in Europe and in countries other than the United States and Canada under applicable European and other private placement prospectus exemptions (by means of a "bookbuilding") (the "**Private Placement**") to subscribe for shares of the Company whereby the financial institutions involved in the transaction (the "**Underwriters**") will have the option to additionally offer a number of shares up to 15% of the number of placed new shares of the Company (the "**Overallotment**") in the context of both the U.S. Offering and the Private Placement (the "**Global Offering**"). The Underwriters shall have an option during a period of 30 days following the date of an underwriting agreement to be entered into between the Company and the Underwriters (the "**Underwriting Agreement**") to subscribe for an additional number of new shares to settle a potential short position as a result of the Overallotment (the "**Overallotment Option**"). Therefore, the capital increase may be realized in one or more steps, whereby it is the intention to partially realize the capital increase for approximately 87% of the Global Offering in first instance (the "**First Realization**") and whereby the capital increase can be further realized in one or more instances if the Underwriters would opt to exercise the Overallotment Option within a period of 30 days following the date of the Underwriting Agreement (the "**Subsequent Realizations**").

1. Introduction

Within the framework of the authorized capital (to which the Board has been authorized by a decision of the Extraordinary Shareholders Meeting held on 18 July 2013 (effective as of 8 August 2013)), the Board proposes to increase the share capital of the Company with cancellation of the preferential subscription right of the existing shareholders, warrant holders and holders of convertible bonds within the framework of the contemplated Global Offering, by means of a contribution in cash for a maximum amount in EUR which corresponds, at a reference exchange rate EUR/USD on the date of the Underwriting Agreement, with an amount of USD 250 million (the "**Maximum Amount**").

The final issue price and the final number of new shares and ADSs to be issued shall be determined by the Board or by an IPO Committee, established by the Board on an ad-hoc basis, by means of a "bookbuild"-procedure to which investors (retail and institutional U.S. investors in the U.S. Offering and only institutional investors in the Private Placement) can participate, based on a price per share which in any event may not be lower than (i) the par value of the existing shares and (ii) 90% of the closing price of the share on the regulated market of Euronext Brussels on the date of the Underwriting Agreement. Since the capital of the Company is expressed in terms of EUR and the ADSs will be offered and issued in terms of USD, the Board or the IPO Committee shall determine upon advice of the Underwriters a reference exchange rate EUR/USD for the Global Offering. The portion of the issue price which exceeds the par value of the existing shares will be booked as an issuance premium. Following the issuance of the new shares, the par value of all shares (both existing and new shares) shall be equalised, so that all shares shall have the same rights after the issuance of new shares.

In this special report prepared in accordance with Article 596 BCC the Board justifies the proposal to cancel the preferential subscription right of the existing shareholders, warrant holders and holders of convertible bonds and describes the determination of the issue price and the financial consequences of the capital increase for existing shareholders. The Board refers to the special report prepared by the statutory auditor of the Company in accordance with Article 596 BCC in respect of the cancellation of the preferential subscription right of existing shareholders, warrant holders and holders of convertible bonds in connection with the contemplated capital increase by way of a contribution in cash.

2. Authorized capital

2.1. Description of the authorized capital

In accordance with article 6.1 of the articles of association of the Company, the Board has been authorized to increase the capital in one or multiple times for an amount equal to EUR 90,695,406.12. This authorization was granted by a decision of the extraordinary shareholders meeting held on 18 July 2013 and is valid for a period of 5 years as of publication of that decision in the Annexes of the Belgian Official Gazette (which has taken place on 8 August 2013). This authorization also relates to capital increases which result from the exercise of warrants and/or the conversion of convertible bonds.

In accordance with article 6.2.b of the articles of association of the Company, the Board has also been authorized to limit or cancel the preferential subscription right of shareholders, warrant holders and holders of convertible bonds, in the interest of the Company, within the limits of the authorized capital, and within the mandatory limits and in accordance with the mandatory conditions set out in the Belgian Companies Code. The preferential subscription right can also be limited or cancelled for the benefit of employees of the Company or its subsidiaries (insofar as the Company would establish subsidiaries), and/or, unless prohibited by mandatory law, for the benefit of one or multiple determined persons which are no employees of the Company or her subsidiaries (insofar as the Company would establish subsidiaries).

The Board wishes to use its authorization relating to the authorized capital, in the framework of this transaction and to cancel the preferential subscription right of the existing shareholders, warrant holders and holders of convertible bonds.

2.2. <u>Available amount under the authorized capital</u>

Since the Extraordinary Shareholders Meeting granted authorization on 18 July 2013, the Board has used this authorization 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 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 adjustment (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.
- on 14 September 2015, the Company issued 290,000 warrants, of which 140,000 warrants are for the benefit of certain employees and 150,000 warrants are 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 are for the benefit of certain employees and 240,000 warrants are 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 are for the benefit of certain employees and 150,000 warrants are 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 598,400 of the then-available amount under the authorized capital was used.

- on 22 February 2017, the Company issued 740,000 warrants of which 430,000 warrants are for the benefit of certain employees, 160,000 warrants are for the benefit of certain members of the management of the Company 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 1,383,800 of the then-available amount under the authorized capital was used.

- on 20 September 2017, the Company issued 670,000 warrants of which 370,000 warrants are for the benefit of certain employees and 300,000 warrants are for the benefit of two, at that time, still to be recruited and appointed members of the management of the Company. Taking into account a par value of EUR 1.87 at that time, EUR 1,252,900 of the then-available amount under the authorized capital was used.

3. As a result of the above mentioned transactions EUR 51,833,297.30 is currently available under the authorised capital. **Conditions of the Global Offering – Offer price**

The maximum number of shares that can be issued in the context of the capital increase shall be equal to the Maximum Amount divided by the Minimum Issue Price (as defined hereinafter) (including the number of new shares that would be issued as a result of the First Realization and the Subsequent Realization(s)).

The final issue price shall in any case not be lower than (i) the par value of the existing shares of the Company (i.e. EUR 114,800,726.94 / 61,419,295, corresponding to approximately EUR 1,87) and (ii) 90% of the closing price of the share on the regulated market of Euronext Brussels on the date of the Underwriting Agreement (the "**Minimum Issue Price**").

The final issue price and the price per ADS and the number of new shares and ADSs to be issued will be determined by the Board or by the IPO Committee upon advice of the Underwriters, by means of a "bookbuild"-procedure to which investors (retail and institutional U.S. investors in the U.S. Offering and only institutional investors in the Private Placement) can participate.

The final issue price will be booked as "share capital" for an amount of EUR 1,87 per share (which exceeds the par value, currently approximately EUR 1.87, of the existing shares); the portion of the issue price which exceeds the par value of the existing shares will be booked on an unavailable account "Issuance Premiums", which constitutes a guarantee for third parties in the same manner as the Company's share capital and which can only be decreased or reduced to zero in accordance with the conditions provided for by the Belgian Companies Code for an amendment to the articles of association. Immediately following the realization(s) of the capital increase, the par value of all shares shall be equalised, so that all (new and existing) shares shall, as of that moment, represent the same value in the share capital and have the same rights.

The Board points out that the final realization of the capital increase is subject to the condition that applications to subscription, via the Underwriters, for the new ordinary shares, where appropriate in the form of ADSs, are received in the framework of the Global Offering and that the Underwriters in accordance with the terms and conditions of the Underwriting Agreement, subscribe for the capital increase. If no applications to subscription for new shares, taking into account the final offer price, are obtained in an amount of at least equal to the maximum amount of the contemplated capital increase, the Board has the right, but not the obligation, to proceed with the capital increase, in accordance with Article 584 BCC, for a lower amount and in consideration for the issue of a lower number of new shares than the maximum number of shares (taking into account the maximum amount of the contemplated capital increase and the final offer price) in relation to the number of applications that has been received and deemed acceptable. Even if applications to subscribe for new shares are received by the Underwriters in an amount equal to or higher than the maximum amount of the contemplated capital increase, the capital increase may still be realized for a lower amount and in consideration for the issue of a lower number of new shares (taking into account the final offer price), also taking into account the number of applications which have been received and deemed acceptable or other reasonable considerations. If the applications received would exceed the maximum amount of the contemplated capital increase (taking into account the final offer price), the Board is authorized to limit the number of applications and/or to reduce the applications.

The new ordinary shares which will be issued as a result of the capital increase, will have the same rights as the existing shares and will be entitled to share in the results of the Company for the entire current financial year and any following financial year.

The Board proposes to cancel the preferential subscription right of the shareholders, warrant holders and holders of convertible bonds within the context of the contemplated capital increase by way of a contribution in cash, in order to allow the Underwriters, acting on behalf of the investors in the Global Offering (which are not identified at this time), to subscribe for new shares.

4. Financial consequences for the shareholders, warrant holders and convertible bond holders of the Company

The capital increase by way of a contribution in cash in the context of the Global Offering will result in dilution (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 61,419,295 shares), warrant holders (currently outstanding warrants which entitle to an aggregate of 2,572,414[1] shares) and holders of convertible bonds (currently entitling to an aggregate of 7,733,952 shares[2]).

At this time, it is, however, not possible to calculate the exact dilution resulting from the capital increase, since the final amount of new shares that will be issued in the context of the Global Offering is not yet determined. The number of shares and ADSs to be issued and their offering price will be determined by the Board or the IPO Committee upon advice of the Underwriters by means of a "bookbuild"-procedure to which investors (retail and institutional U.S. investors in the U.S. Offering and only institutional investors in the Private Placement) can participate, taking into

[1] This number does not take into account the maximum number of 670,000 warrants, issued in principle by the Company on 20 September 2017 (and which have not yet been granted and accepted by the relevant beneficiaries), neither the warrants of which warrant holders have notified the Company that they want to exercise such warrants during the ongoing exercise period which runs from 1 October 2017 through 18 October 2017 (the exercise of which has not yet been determined in a notarial deed).
[2] 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 pursuant to the terms and conditions of such convertible bonds.

account various relevant qualitative and quantitative criterions, including, but not limited to, the stock price of the shares of the Company, the number of shares which was subscribed for, the size of the receivers orders, the quality of the investors which submitted such orders and the price at which the orders have been submitted, as well as the market circumstances at that moment.

The theoretical maximum dilution resulting from the capital increase, which the existing shareholders (61,419,295 shares) will bear, amounts to 17.75% on an non-diluted basis.[3] The theoretical maximum dilution which the existing shareholders, warrant holders and holders of convertible bonds will bear, amounts to 15.60% on a fully diluted basis.[4]

Existing situation prior to the Capital Increase

Number of shares prior to the Capital Increase	61,419,295
Equity of the Company on 30 September 2017	EUR 61,960,893.35
Equity value per share prior to the Capital Increase	EUR 61,960,893.35 / 61,419,295 = EUR 1.01/share

Effect of the Capital Increase on a non-fully diluted basis, assuming an issue for an aggregate amount of USD 250 million with a EUR/USD exchange rate of 1.181 and an issue price of EUR 17.74

Number of shares after the Capital Increase	61,419,295 + 11,932,638 = 73,351,933
Amount of the Capital Increase (capital + issuance premium)	11,932,638 * EUR 17.74 = EUR 211,684,998.12
Equity of the Company after the Capital Increase	EUR 273,645,891.47
Equity value per share after the Capital Increase	EUR 3.73

[3] This calculation is made on the basis of the number of existing shares and a maximum number of new shares of 13,258,487, taking into account the Maximum Amount for the Global Offering of approximately $250 million and a minimum issue price which, if this would be calculated on the basis of the closing price of the share on the regulated market of Euronext Brussels on 13 October 2017 (EUR 17.74) amounts to EUR 15.97 (i.e. 90% of EUR 17.74).

[4] This calculation is made on the basis of the number of existing shares, shares to be issued pursuant to the exercise or conversion of outstanding warrants and convertible bonds, as well as a maximum number of new shares of 13,258,487, taking into account the Maximum Amount for the Global Offering of approximately $250 million and a minimum issue price which, if this would be calculated on the basis of the closing price of the share on the regulated market of Euronext Brussels on 13 October 2017 (EUR 17.74), amounts to of EUR 15.97 (i.e. 90% of EUR 17.74).

Effect of the Capital Increase on a fully diluted basis, assuming an issue for an aggregate amount of USD 250 million with a EUR/USD exchange rate of 1.181 and an issue price of EUR 17.74

Number of shares after the Capital Increase	61,419,295 + 11,932,638= 73,351,933
Amount of the Capital Increase (capital + issuance premium)	11,932,638 * EUR 17.74 = EUR 211,684,998.12
Amount of the Capital Increase resulting from the exercise of all outstanding warrants (weighted average exercise price of EUR 9.48 per warrant and conversion of the convertible bonds at the current conversion price of EUR 12.93)	2,572,414 warrants x EUR 9.48180537036418 + 7,733,952 * EUR 12.93 = EUR 124,391,128.24
Equity of the Company after the Capital Increase and after the exercise of all warrants and convertible bonds	EUR 398,037,019.71
Equity value per share after the Capital Increase and after the exercise of all warrants and convertible bonds	EUR 4.76

5. Justification

The Board is of the opinion that the cancellation of the preferential subscription right of the existing shareholders, warrant holders and holders of convertible bonds is justified and in the interest of the Company, since the Global Offering will provide additional funds to the Company which will support and accelerate the further development and growth of the activities of the Company.

The principal purposes of the Global Offering are to increase the Company's financial flexibility to prepare for the commercialization of caplacizumab, if approved, advance the Company's clinical pipeline, create a public market for the Company's securities in the United States and facilitate its access to the U.S. public equity markets.

The Company currently expects to use the net proceeds from this offering as follows:

- to continue to build-out a sales, marketing and distribution infrastructure in preparation for the commercial launch of caplacizumab in Europe and the United States;
- to advance the development of ALX-0171 through its Phase II trials; and
- to advance the discovery and development of earlier stage products

The Company expects to use the remainder of any net proceeds from the Global Offering for working capital and other general corporate purposes. The Company may also use a portion of the net proceeds to in-license, acquire or invest in complementary technologies, products or assets, either alone or together with a collaboration partner.

Ghent, 16 October 2017