



## **Biocartis Group NV**

Statutory auditor's report to the shareholders' meeting for the year ended  
31 December 2018 - Annual accounts

The original text of this report is in Dutch

## Statutory auditor's report to the shareholders' meeting of Biocartis Group NV for the year ended 31 December 2018 - Annual accounts

In the context of the statutory audit of the annual accounts of Biocartis Group NV (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 11 May 2018, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2020. We have performed the statutory audit of the annual accounts of Biocartis Group NV for 4 consecutive periods.

### Report on the annual accounts

#### Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2018 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 485 595 (000) EUR and the income statement shows a profit for the year ended of 291 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2018 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p data-bbox="164 365 772 421"><b>Realisation of investments in and amounts receivable from group companies</b></p> <p data-bbox="164 450 772 607">Financial fixed assets in associated companies amount to 230 880 (000) EUR and receivables from group companies amount to 200 120 (000) EUR at 31 December 2018, representing 89% of the balance sheet total.</p> <p data-bbox="164 629 772 719">According to the accounting policies, impairments or downward value adjustments are recorded at the event of a sustained reduction in value.</p> <p data-bbox="164 741 772 898">There is a risk that certain investments in and amounts receivable from group companies may be overvalued as a result of non-recognition of impairment losses based on the financial performance of the underlying subsidiaries.</p> <p data-bbox="164 920 772 1070">The analysis of the recoverability of the financial fixed assets is important to our audit as the related amounts are material, the assessment process is judgemental and is based on assumptions that are affected by expected future profitability.</p>	<p data-bbox="815 450 1417 607">As part of our audit, we have obtained an understanding of the process and the existence of preventive and detective controls regarding the analysis of possible impairments of financial fixed assets and the recoverability of receivables.</p> <p data-bbox="815 629 1417 786">As substantive procedures, we have focused our audit on identifying impairment indicators that could point to the recoverable amount to be below the carrying amounts of such assets and we have challenged the recorded values.</p> <p data-bbox="815 808 1417 931">The aggregate carrying amount of the investments, both financial fixed assets as receivables, of the company in its subsidiaries is below the market capitalisation of the group.</p> <p data-bbox="815 954 1417 1104">In performing the above mentioned procedures, we have considered the documentation of managements judgements, the latest approved budgets, minutes of the board of directors, analyst reports as well as the groups market capitalization.</p>

**Responsibilities of the board of directors for the preparation of the annual accounts**

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the statutory auditor for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

## Other legal and regulatory requirements

### Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code and the company's articles of association.

### Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the annual accounts and compliance with certain obligations referred to in the Companies Code and the articles of association, as well as to report on these matters.

### Aspects regarding the directors' report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for that same year and has been established in accordance with the requirements of article 95 and 96 of the Companies Code.

In the context of our statutory audit of the annual accounts we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts and other information disclosed in the annual report, is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

### Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Companies Code, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mission.

### Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the annual accounts.

### Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.

- In accordance with article 523 of the Companies Code, we are required to report on the financial consequences of the following decisions of the board of directors:
  - The minutes of the board of directors' meeting of 27 February 2018 mention the deliberation and resolution with respect to the determination of the amount of variable remuneration regarding performance year 2017 for the members of the executive management team, mention the deliberation with respect to the determination of the maximum amount and underlying company and individual goals for the variable remuneration packages regarding performance year 2018 for the members of the executive management team, and as regards the Director of the Company, the determination of the KPIs relating to the vesting of the performance-based warrants under the warrant plan 2017 for performance year 2018.

Mr. Herman Verrelst, director of the Company, and Mrs. Hilde Windels and Mrs. Hilde Eylenbosch, permanent representatives and shareholders of respectively Hilde Windels BVBA and Citros vof, directors of the Company, declared that they have an interest of a financial nature which is conflicting with the decisions that fall within the scope of the powers of the Board of Directors.

In accordance with Article 523 of the Belgian Companies Code, Mr. Herman Verrelst, Mrs. Hilde Windels and Mrs. Hilde Eylenbosch have decided that they will refrain from taking part in the deliberations and from voting on the matters for which they have a conflict of interest.

The financial consequences for the company Biocartis Group NV have been described in summary and should be read in conjunction with the annual report and the notes to the financial statement;

- The minutes of the board of directors' meeting of 21 June 2018 and 10 September 2018 mention the deliberation and resolution regarding the issuance of the Warrants in the framework of the Warrant Plan 2018.

The independent directors of the Company, notably: (i) CRBA Management BVBA, represented by its permanent representative Christian Reinaudo, (ii) Ann-Christine Sundell, (iii) Scientia II LLC, represented by its permanent representative Harry Glorikian, (iv) CLSCO BVBA, represented by its permanent representative Leo Steenbergen, (v) Luc Gijsens BVBA, represented by its permanent representative Luc Gijsens, and (vi) Peter Piot, (*hereinafter jointly, the "Independent Directors"*) informed the meeting that they might have a conflict of interest within the meaning of Article 523 of the Belgian Companies Code.

The independent directors of the Company form a category of Beneficiaries under the Warrant Plan 2018 as a result of which the Company might grant Warrants to one or more independent directors of the Company.

Subsequently, the Independent Directors no longer took part in the further deliberation and resolutions of the board of directors with respect to the Warrant Plan 2018.

The financial consequences for the company Biocartis Group NV have been described in summary and should be read in conjunction with the annual report and the notes to the financial statement;

- The minutes of the board of directors' meeting of 20 November 2018 mention the deliberation and resolution with respect to the determination of the amount of variable remuneration of the Director of the Company (CEO).

Mr. Herman Verrelst, director of the Company, declared that he has an interest of a financial nature which is conflicting with the decisions that fall within the scope of the powers of the Board of Directors.

In accordance with Article 523 of the Belgian Companies Code, Mr. Herman Verrelst has decided that he will refrain from taking part in the deliberations and from voting on the matters for which he has a conflict of interest.

The financial consequences for the company Biocartis Group NV have been described in summary and should be read in conjunction with the annual report and the notes to the financial statement.

Zaventem, 28 March 2019

**The statutory auditor**



**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**

Represented by Gert Vanhees

**Deloitte.**

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises  
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée  
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem  
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

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