



Biocartis Group NV

Statutory auditor's report to the shareholders' meeting for the year ended
31 December 2017

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 2017

(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 together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 24 November 2014, 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 2017. We have performed the statutory audit of the annual accounts of Biocartis Group NV for three consecutive periods.

Report on the audit of the financial statements

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2017 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 482 302 (000) EUR and the income statement shows a loss for the year ended of 3 284 (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 2017 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). 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>Realisation of investments in and amounts receivable from group companies</p> <p>Financial fixed assets in associated companies amount to 223 770 (000) EUR and receivables from group companies amount to 161 491 (000) EUR at 31 December 2017, representing 80% of the balance sheet total.</p> <p>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>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>As part of our audit, we have gained insight in the process regarding the analysis of possible impairments of financial fixed assets.</p> <p>We have gained an insight into the underlying processes as well as the preventive and detective internal controls.</p> <p>As substantive procedures, we have focused our audit on identifying impairment indicators that could point to sustainable value reduction</p>

Responsibilities of the board of directors for 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.

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 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 auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional 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), 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 the same year and it 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 also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express any kind of assurance on the directors' report.

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 mandate.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firms 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 23 February 2017 mention the deliberation and resolution with respect to the determination of the amount of variable remuneration regarding performance year 2016 for the members of the executive management team and 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 2017 for the members of the executive management team.

Mr. Rudi Pauwels, Mrs. Hilde Windels and Mrs. Hilde Eylenbosch, permanent representatives and shareholders of respectively Valetusan Limited, Hilde Windels BVBA and Citros vof, directors of the Company, declared that they may 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. Rudi Pauwels, Mrs. Hilde Windels and Mrs. Hilde Eylenbosch have decided that they will refrain from taking part in the deliberations and from voting on this agenda point. Mr. Rudi Pauwels, Mrs. Hilde Windels and Mrs. Hilde Eylenbosch left the meeting

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 director's meeting of 20 March 2017 mention the deliberation and resolution with respect to the determination of the (maximum) amount and underlying company and individual goals for the variable remuneration packages regarding performance year 2017 for the members of the executive management team.

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 may 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, each of Mrs. Hilde Windels and Mrs. Hilde Eylenbosch decided that they will refrain from taking part in the deliberations and from voting on this topic. Mrs. Hilde Windels and Mrs. Hilde Eylenbosch subsequently left the meeting

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 director's meeting of 20 March 2017 mention the deliberation and resolution in respect of the entry into of the director agreement and the stock option agreement with Valetusan Limited (together the "Agreements").

Prior to deliberation, it was noted that Mr. Rudi Pauwels, director of the Company and permanent representative and shareholder of Valetusan Limited, declared prior to the meeting to 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. Being absent during the Board meeting, Mr. Rudi Pauwels did not take part in the deliberations and voting on this topic, in accordance with Article 523 of the Belgian Companies Code.

The financial consequences for the company Biocartis Group NV are:

- i. the director agreement that require the Company to pay remuneration in cash in an amount of 87,500 EUR per annum to Valetusan Limited for the provision of services under such agreement, and
- ii. the stock option agreement that require the Company to grant 15,000 stock options (taking the form of warrants) per annum to Valetusan Limited on each of 1 March 2018, 1 March 2019 and 1 March 2020, subject to the director in question still being the chairman of the Strategy Committee on the respective dates.

Zaventem, 28 March 2018

The statutory auditor



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BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

Deloitte.

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
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