MATERIALISE NV
Company having made a public appeal to savings

Technologielaan 15
B-3001 Leuven
enterprise number 0441.131.254
RPR/RPM Leuven

(the "**Company**")

MANAGEMENT REPORT
TO THE ANNUAL GENERAL MEETING
TO BE HELD ON 6 JUNE 2017

Ladies and Gentlemen,

In accordance with the requirements laid down by law and the statutes of the Company, we are pleased to report to you about the activities of the Company and its subsidiaries (the "**Group**") for the financial year starting on January 1, 2016 and ending on December 31, 2016, and to present to you both the statutory annual accounts as well as the consolidated annual accounts as at December 31, 2016. This report has been prepared in accordance with articles 95 and 119 of the Belgian Companies Code. For additional information, we also refer to our annual report on Form 20-F which has been filed with the SEC and is available on our website.

1. ANALYSIS OF THE OPERATING RESULTS ON A CONSOLIDATED BASIS

On a consolidated basis, the results of our operations, as derived from our consolidated annual accounts prepared in accordance with IFRS, can be summarised as follows:

Comparison of the Years Ended December 31, 2016 and 2015

	Year Ended December 31,		
	2016	**2015**	**% Change**
	(in thousands of €)		*(%)*
Revenue	114,477	102,035	12.2%
Cost of sales	(46,706)	(42,963)	8.7%
Gross profit	**67,771**	**59,072**	**14.7%**
Research and development expenses	(17,682)	(18,186)	-2.8%
Sales and marketing expenses	(36,153)	(36,832)	-1.8%
General and administrative expenses	(20,041)	(15,045)	33.2%
Net other operating income (expenses)	6,212	7,102	-12.5%
Operating (loss) profit	**107**	**(3,889)**	**-102.8%**
Financial expenses	(2,437)	(2,470)	-1.3%
Financial income	2,039	3,511	-41.9%
Share in loss of joint venture	(1,018)	(401)	153.9%
(Loss) profit before taxes	**(1,309)**	**(3,249)**	**-59.7%**
Income taxes	(1,710)	389	-539.6%
Net (loss) profit	**(3,019)**	**(2,860)**	**5.6%**

Comparison for the Years Ended December 31, 2016 and 2015 by Segment

	Materialise Software	Materialise Medical	Materialise Manufacturing	Total Segments	Adjustments & Eliminations[(1)]	Consolidated
			(in thousands of €, except percentages)			
For the year ended December 31, 2016						
Revenues	30,122	37,910	46,406	114,438	39	114,477
Segment EBITDA (unaudited)	10,130	894	3,848	14,872	(6,391)	8,481
Segment EBITDA %	33.6%	2.4%	8.3%	13.0%		7.4%
For the year ended December 31, 2015						
Revenues	25,798	34,856	41,381	102,035	-	102,035
Segment EBITDA (unaudited)	9,093	422	1,645	11,160	(8,239)	2,921
Segment EBITDA %	35.2%	1.2%	4.0%	10.9%		2.9%

(1) Adjustments & Eliminations to Revenues consist of occasional one-off sales by our core competencies not allocated to any of our segments. Adjustments & Eliminations to Segment EBITDA consist of corporate research and development, corporate headquarter costs and other operating income (expense).

Analysis

Revenue. Revenue was €114.5 million in the year ended December 31, 2016 compared to €102.0 million in the year ended December 31, 2015, an increase of €12.5 million, or 12.2%.

Revenue from our Materialise Software segment increased from €25.8 million in the year ended December 31, 2015 to €30.1 million in the year ended December 31, 2016, which represented an increase of €4.3 million, or 16.8%. This growth was primarily fueled by a 24.6% increase in recurrent sales from annual and renewed licenses and maintenance fees. Over the same period, sales of services and manufacturing control platforms increased by 27.8% and 499.0%, respectively.

Revenue from our Materialise Medical segment increased from €34.9 million in the year ended December 31, 2015 to €37.9 million in the year ended December 31, 2016, representing an increase of €3.0 million, or 8.8%. Medical software growth was 7.4%, partner sales growth 4.2%, and direct sales growth 45.2%. Within our medical

software department recurrent sales from annual and renewed licenses and maintenance fees increased by 19.6%, while sales of perpetual licenses decreased by 23.4% in line with the new sales model that was introduced in April 2014, whereby, except for research and academic centers, our medical software will generally be offered through time-based licenses (and no longer on a perpetual basis). Recurrent revenues from annual and renewed licenses and maintenance fees represented 64.9% of total medical software revenues in the year ended December 31, 2016, compared to 56.8% in the year ended December 31, 2015.

Revenue from our Materialise Manufacturing segment increased from €41.4 million in the year ended December 31, 2015 to €46.4 million in the year ended December 31, 2016, representing an increase of €5.0 million, or 12.1%. We increased the number of 3D printers dedicated to the Materialise Manufacturing segment from 112 3D printers and six vacuum casting machines at December 31, 2015 to 120 3D printers and six vacuum casting machines at December 31, 2016. Our i.materialise and RapidFit businesses, which we previously referred to as our growth businesses, are part of our Materialise Manufacturing segment. Although these activities are becoming more mature, and were fully integrated into the Materialise Manufacturing business lines during the fourth quarter in order to create additional synergies, they have adversely impacted overall profit for the segment. Revenue from our Materialise Manufacturing segment excluding i.materialise and RapidFit (which we sometimes refer to as our "additive manufacturing solutions" business) increased from €34.1 million in the year ended December 31, 2015 to €37.1 million in the year ended December 31, 2016, representing an increase of €3.0 million, or 8.9%. Our additive manufacturing solutions business sold in the years ended December 31, 2015 and 2016 a wide variety of products (most of which were uniquely customized), based on a wide variety of materials and produced by means of multiple 3D printing technologies. In the year ended December 31, 2016, our additive manufacturing solutions business experienced stronger growth in its manufacturing of end parts than in its prototyping activities, with 27.7% and 3.5% growth, respectively.

During the year ended December 31, 2016, and across our various segments, 38.1% of our revenue was derived from Materialise Software and Materialise Medical software licenses and related services, as compared to 37.0% in the year ended December 31, 2015, 40.6% of our revenues was derived from the sale of printed industrial and consumer products, which was identical to the year ended December 31, 2015, and 21.3% of our revenues was derived from the sale of medical devices (guides as well as implants) that were brought to the market together with complex software planning solutions, including royalties and other fees, as compared to 22.5% in the year ended December 31, 2015.

Cost of sales. Cost of sales was €46.7 million in the year ended December 31, 2016 compared to €43.0 million in the year ended December 31, 2015, an increase of €3.7 million, or 8.7%. This increase in cost of sales was primarily attributable to increased salaries and to increases in depreciation expenses.

Gross profit. Mainly as a result of increased efficiency in the Materialise Manufacturing segment, the overall gross profit margin (our gross profit divided by our revenue) increased to 59.2% in the year ended December 31, 2016 from 57.9% in

the year ended December 31, 2015. For the year ended December 31, 2016, gross profit of €67.8 million reflected growth of 14.7% compared to the prior year.

Research and development, or R&D, sales and marketing, or S&M, and general and administrative, or G&A, expenses. R&D, S&M and G&A expenses increased, in the aggregate, 5.4% to €73.9 million for the year ended December 31, 2016 from €70.1 million in the year ended December 31, 2015. R&D expenses decreased from €18.2 million to €17.7 million, S&M expenses decreased slightly from €36.8 million to €36.2 million, and G&A expenses increased 33.2% from €15.0 million to € 20.0 million. These changes compared to last year primarily reflected the managerial structure and support we have implemented within our S&M and R&D groups to support their significant growth since our initial public offering. A number of employees with mixed roles within these groups have evolved into more managerial/administrative roles, and their cost as well as certain other expenses are now categorized into G&A. This increase of R&D, S&M and G&A expenses in aggregate was mainly attributable to an increase of payroll expenses and an increase in purchases of goods and services.

Net other operating income. Net other operating income decreased from €7.1 million in the year ended December 31, 2015 to €6.2 million in the year ended December 31, 2016. This decrease in other operating income was primarily attributable to a decrease in grants and funding for research and development projects of €0.6 million.

Financial expenses. Financial expenses decreased from €2.5 million in the year ended December 31, 2015 to €2.4 million in the year ended December 31, 2016, a decrease of €0.1 million.

Financial income. Financial income decreased from €3.5 million in the year ended December 31, 2015 to €2.0 million in the year ended December 31, 2016. Of this € 2.0 million of financial income, €1.9 million was related to foreign currency exchange gains that should be considered jointly with €1.5 million of foreign currency losses under financial expenses. These were primarily due to foreign exchange fluctuations on the portion of the initial public offering proceeds held in U.S. dollars.

Income taxes. Income taxes in the year ended December 31, 2016 resulted in an expense of €1.7 million, which was a combination of deferred tax bookings, and income taxes due over the result for the period. The income taxes are influenced by research and development tax incentives and patent income deduction (which is a favorable tax regime for income derived from patents).

Net profit. As a result of the factors described above, the net loss was €3.0 million in the year ended December 31, 2016 compared to a net loss of €2.9 million in the year ended December 31, 2015, a decrease of €0.1 million.

EBITDA. As a result of the factors described above, our consolidated EBITDA increased from €2.9 million in the year ended December 31, 2015 to €8.5 million in the year ended December 31, 2016, an increase of €5.6 million, or 190.3%, and our total segment EBITDA increased from €11.2 million in the year ended December 31, 2015 to €14.9 million in the year ended December 31, 2016, an increase of €3.7 million, or 33.3%.

Our Materialise Software segment's EBITDA increased from €9.1 million in the year ended December 31, 2015, to €10.1 million in the year ended December 31, 2016, an increase of €1.0 million, or 11.4%. As a result of accelerated efforts in rolling out new projects, this segment's EBITDA margin (the segment's EBITDA divided by the segment's revenue) decreased from 35.2% for the year ended December 31, 2015 to 33.6% in the year ended December 31, 2016.

Our Materialise Medical segment's EBITDA increased from €0.4 million in the year ended December 31, 2015 to €0.9 million in the year ended December 31, 2016. The segment's EBITDA margin increased from 1.2% in the year ended December 31, 2015 to 2.4% in the year ended December 31, 2016, which was mainly the result of an increase of the segment's gross margin by 7.5% compared to an increase of 4.5% across the segment's operational expenses.

Our Materialise Manufacturing segment's EBITDA increased from €1.6 million in the year ended December 31, 2015 to €3.8 million in the year ended December 31, 2016. The EBITDA of our "additive manufacturing solutions" business (which excludes i.materialise and RapidFit) increased from €4.3 million in the year ended December 31, 2015 to € 5.6 million in the year ended December 31, 2016, resulting in EBITDA margins of 15.1% in the year ended December 31, 2016 and 12.5% in the year ended December 31, 2015. This increase in EBITDA was influenced by the increased efficiency in the production process.

2. ANALYSIS OF THE OPERATING RESULTS AT THE LEVEL OF THE COMPANY

At the level of the Company, the results of our operations, as derived from our statutory annual accounts prepared in accordance with Belgian GAAP, can be summarised as follows:

Comparison of the Years Ended December 31, 2016 and 2015

	Year Ended December 31,		
	2016	2015	% Change
	(in thousands of €)		*(%)*
Operating income	**102,999**	**91,779**	**12.23**
Operating charges	111,474	85,088	31.01
Operating profit (loss)	**-8,475**	**6,691**	
Financial income	2,013	4,086	-50.73
Financial charges	1,734	2,567	-32.45
Gain (loss) on ordinary activities before taxes	**-8,196**	**8,210**	
Extraordinary income		47	
Extraordinary charges		12	
Gain (loss) for the period before taxes		**7,057**	
Transfer from deferred taxes	3	1	
Taxes on result	166	5	
Net profit	**-8,358**	**7,053**	

Analysis

The operations of the Company are in line with the operations of the Group. Reference is made to Section 1 in this respect.

The major difference with the Group reporting consists in the treatment of research & development expenses that have been activated since 2015 in the Company's statutory accounts according to Belgian GAAP. In 2016 the activated research & development expenses amounted to € 12,761,898, compared to €12,475,750 in the prior year. The operating loss of €8,474,510 is primarily the result of the changed treatment of depreciation of activated research & development expenses. According to the changed Belgian accounting legislation such activated research & development expenses must now be depreciated at 100% during the year of activation.

3. APPROPRIATION OF PROFITS

The period which has expired concluded with a net loss of €-8,358,324.71.

Together with the carried forward profit of the previous financial year (€17,476,287), the total amount to be appropriated amounts to €9,117,961.87, which we recommend to carry forward in its entirety.

4. STRUCTURE AND DEVELOPMENT OF THE GROUP

On December 31, 2016, we had 23 (direct and indirect) subsidiaries (in Belgium(2), France (2), England (5), Germany, Czech Republic, Austria, Poland, the United States (3), Columbia, Japan, Malaysia, China, Italy, Australia and Ukraine) and 2 branches (in Spain and China).

We owned 100% of the shares of Mobelife NV. On December 5, 2016, after a transfer of all assets of Mobelife NV to the Company, Mobelife NV was dissolved and ceased to exist. The business of Mobelife NV has been fully integrated in and is continued by our Materialise Medical segment.

On December 31, 2016, we decided to transfer all the assets and activities of RapidFit, LLC, a subsidiary of RapidFit NV.

Moreover, with regard to the 50/50 joint-venture company RS Print NV, each party contributed € 500,000 to the joint-venture at its incorporation and during the year ending on December 31, 2016, further contributions to RS Print NV have been made as part of a commitment to contribute an additional €4.0 million.

Finally, on June 29, 2016 and November 7, 2016 respectively, CENAT BVBA and Elbimmo NV were merged into the Company as well as Materialise Metal BVBA was liquidated on 5 December 2016.

5. MATERIAL EVENTS SINCE THE END OF THE FINANCIAL YEAR

No material events have occurred since the end of the financial year.

6. RISKS AND UNCERTAINTIES

The risks and uncertainties, with which both the Group and the Company are faced, can be summarized as follows. However, other than those risks and uncertainties, we are not aware of any circumstances that are likely to have a material influence on the development of the Company.

- We may not be able to maintain or increase the market share or reputation of our software and other products and services that they need to remain or become a market standard.

- We may not be successful in continuing to enhance and adapt our software, products and services in line with developments in market technologies and demands.

- The research and development programs that we are currently engaged in, or that we may establish in the future, may not be successful and our significant investments in these programs may be lost.

- Existing and increased competition may reduce our revenue and profits.

- We rely on collaborations with users of our additive manufacturing solutions to be present in certain large scale markets and, indirectly, to expand into potentially high-growth specialty markets. Our inability to continue to

develop or maintain these relationships in the future could harm our ability to remain competitive in existing markets and expand into other markets.

- Our revenue and results of operations may fluctuate.

- Demand for additive manufacturing generally and our additive manufacturing software solutions, products and services in particular may not increase adequately.

- We are dependent upon sales to certain industries.

- If our relationships with suppliers, including with limited source suppliers of consumables, were to terminate or our manufacturing arrangements were to be disrupted, our business could be adversely affected.

- We depend on the knowledge and skills of our senior management and other key personnel, and if we are unable to retain and motivate them or recruit additional qualified personnel, our operations could suffer.

- We may need to raise additional capital from time to time in order to meet our growth strategy and may be unable to do so on attractive terms, or at all.

- Our international operations subject us to various risks, and our failure to manage these risks could adversely affect our results of operations.

- Our international operations pose currency risks, which may adversely affect our results of operations and net income.

- Changes in tax laws, treaties or regulations could adversely affect our financial results.

- We may engage in acquisitions or investments that could disrupt our business, cause dilution to our shareholders and harm our financial condition and results of operations.

- We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third parties that may not result in the development of commercially viable products or the generation of significant future revenue.

- Failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation could result in fines, criminal penalties and an adverse effect on our business.

- Errors or defects in our software or other products could cause us to incur additional costs, lose revenue and business opportunities, damage our reputation and expose us to potential liability.

- We rely on our information technology systems to manage numerous aspects of our business and customer and supplier relationships, and a disruption of these systems could adversely affect our results of operations.

- A breach of security in our products or computer systems may compromise the integrity of our products, harm our reputation, create additional liability and adversely impact our financial results.

- We rely on third party technology, platform, carriers, server and hardware providers, and a failure of service by these providers could adversely affect our business and reputation.

- Workplace accidents or environmental damage could result in substantial remedial obligations and damage to our reputation.

- Our operations are subject to environmental laws and other government regulations that could result in liabilities in the future.

- If our service center operations are disrupted, sales of our 3D printing services, including the medical devices that we print, may be affected, which could have an adverse effect on our results of operations.

- We could experience unforeseen difficulties in building and operating key portions of our 3D printing infrastructure.

- We may not have adequate insurance for potential liabilities, including liabilities arising from litigation.

- Current and future global economic uncertainties and political conditions may adversely affect our results of operations.

- We face potential liability related to the privacy and security of personal information we collect.

- Our medical business, financial condition, results of operations and cash flows could be significantly and negatively affected by substantial government regulations.

- Modifications to our medical products marketed in the United States may require new 510(k) clearances or premarket approvals, or may require us to cease marketing or recall the modified products until clearances are obtained.

- Healthcare policy changes, including legislation to reform the U.S. healthcare system and legislation to reform the EU medical Device legislation, could adversely affect us.

- Our financial performance may be adversely affected by medical device tax provisions in the health care reform laws.

- The use, including the misuse or off-label use, of our medical services and products may be deemed unauthorized use or improper promotion, which could harm our image in the marketplace or result in injuries that lead to product liability suits and could be costly to our business or result in regulatory sanctions.

- If our marketed medical devices are defective or otherwise pose safety risks, the relevant governmental authorities could require their recall, or we may initiate a recall of our products voluntarily.

- If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

- Our Materialise Medical segment's 3D printing operations are required to operate within a quality management system that is compliant with the regulations of various jurisdictions, including the requirements of ISO 13485, and the U.S. Quality System Regulation, which is costly and could subject us to enforcement action.

- We may be subject to or otherwise affected by U.S. federal and state, European or other healthcare laws, including fraud and abuse and health information privacy and security laws, and could face substantial penalties if we are unable to fully comply with such laws.

- If we are unable to obtain patent protection for our products or otherwise protect our intellectual property rights, our business could suffer.

- We may not be able to protect our trade secrets and intellectual property.

- We may incur substantial costs enforcing or acquiring intellectual property rights and defending against third-party claims as a result of litigation or other proceedings.

- Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

- We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

- If disputes arise, we could lose rights that are important to our business or be subject to restrictions on the conduct of our business.

- Certain technologies and patents have been developed with collaboration partners and we may face restrictions on this jointly developed intellectual property.

- Our use of open source software may expose us to additional risks and harm our intellectual property.

7. RESEARCH AND DEVELOPMENT

We have an ongoing research and development program to improve and expand the capabilities of our existing technology portfolio, which reflects our continued investments in a range of disciplines, including software development, industrial, mechanical and biomedical engineering, physics and chemistry.

We have a long history of research and development through collaborations, which augment our internal development efforts. As of December 2016, we were active in 24 government funded research projects.

As of December 31, 2016, we had more than 60 active research and development projects in various stages of completion and more than 200 FTEs and fully dedicated consultants working on research and development in our facilities in Belgium, Germany, Poland, the United Kingdom, Ukraine, China and Malaysia.

For the year ended December 31, 2016, our research and development expenses were €17.7 million, or 15.4% of our revenue, as compared to €15.1 million, or 17.8% of our revenue in 2015.

We also regularly apply for research and development grants and subsidies under European, Belgian, British, French, German and Czech grant rules. The majority of these grants and subsidies are non-refundable. We have received grants and subsidies from different authorities, including the Flemish government (VLAIO, or Vlaams Agentschap Innoveren en Ondernemen, the former IWT) and the European Union (FP7 and H2020 framework programs).

We expect to continue to invest significantly in research and development in the future.

8. FINANCIAL INSTRUMENTS

The Company has not used any financial instruments in the course of the financial period.

9. MISCELLEANOUS

9.1 Exceptional tasks performed by the auditor

Not applicable

9.2 Conflicts of interest

During the financial year ending on 31 December 2016, the board of directors of the Company has applied the conflicts of interest procedure of article 523 of the Companies Code during its meeting of 8 December 2016 in connection with the establishment of a management committee, as follows:

MINUTES OF THE BOARD OF DIRECTORS HELD AT 8 DECEMBER 2016

The following directors are present or have partaken to the discussion:

- *Peter Leys*
- *Wilfried Vancraen*
- *Hilde Ingelaere*
- *Pol Ingelaere*
- *Jürgen Ingels*
- *Lieve Verplancke*
- *A TRE C cvoa, represented on a permanent basis by Johan De Lille*

Mr. Jos Vander Sloten is excused.

AGENDA

1. *Approval of the minutes of the previous meeting of the board of directors.*
2. *Approval of new corporate governance (establishment of a management committee).*

[...]

1. Approval of the minutes of the previous meeting of the board of directors

The minutes of the meetings of 19 September and 8 November 2016 are approved without comments and signed by the directors present.

2. Approval of new corporate governance (establishment of a management committee).

Pursuant to the previously taken decision of principle to establish a management committee, the directors discuss the terms regarding the appointment of the members, the functioning and remuneration of the management committee.

Article 523 of the Companies Code – declaration directors

Prior to the board of directors taking a decision, Hilde Ingelaere, Wilfried Vancraen and Peter Leys declare that in their capacity of director they have a personal conflict of interest of a financial nature within the meaning of article 523 of the Companies Code, since they will be required to vote on agenda item 2.3 as director of the Company, more specifically on their remuneration for exercising the mandate as members of the management committee related to their mandate as a member of the management committee and the termination of their management services agreement. They leave the meeting.

The abovementioned directors request that this declaration is included in the minutes of this meeting. The other formalities of article 523 Companies Code need to be respected, and the aforementioned decision (and its nature) is therefore described and justified hereafter, together with the financial consequences for the Company. The

board of directors will mention this in its annual report. The auditor shall be informed of this.

During the meeting of 19 September 2016, the board of directors decided to establish a management committee to which all management powers are delegated, with the exception of:

- *the general policy; and*
- *the competences which are reserved to the board of directors pursuant to the Companies Code.*

The board of directors has clarified and confirms during this meeting that amongst others the following items should be understood under "general policy":

- *Mergers and acquisitions;*
- *Transfer and waiver of intellectual property rights to third parties;*
- *Granting exclusive rights to third parties with an important impact on the liberty of a specific business segment;*
- *Appointment and dismissal of members of the management committee;*
- *Opening offices abroad and appointment and dismissal of the managers thereof;*
- *Entering into financial loans (contrary to operational credit facilities);*
- *Sale and purchase of real property;*
- *Termination of certain product lines.*

The board of directors is charged with the supervision over the aforementioned management committee.

2.1 <u>Decision concerning the appointment of the members of the management committee and the determination of the duration of their mandate and appointment of person charged with daily management</u>

The board of directors confirms unanimously that [the following persons] are appointed as members of the management committee as of 1 January 2017:

- *Hilde Ingelaere;*
- *Wilfried Vancraen;*
- *Peter Leys;*
- *Johan Pauwels;*
- *Bart Van der Schueren;*
- *Johan Albrecht;*
- *Stefaan Motte;*
- *Brigitte de Vet;*
- *Jurgen Laudus;*
- *Nico Foqué;*
- *Sabine Demey;*
- *Carla Van Steenbergen.*

Some members of the management committee will exercise their function via a management company.

The mandates are of an indefinite duration. The mandates can be revoked by the board of directors in accordance with the terms and conditions as set out in the document named "agreement for the remunerated mandate as member of the management committee", which will be concluded for this purpose with each of the concerned members.

The board of directors ratifies the mandate of Mr. Wilfried Vancraen as CEO, i.e. as being the person charged with daily management of the company, in accordance with article 525 Companies Code. He will carry the title of CEO.

2.2 *Decision concerning the functioning of the management committee: functioning – reporting – representation – discharge*

In accordance with the requirements of article 524bis, paragraph 2 Companies Code, the board of directors has established the rules concerning functioning, reporting and discharge in internal rules.

A copy of the internal rules is attached as Annex I to these minutes.

In accordance with article 21 of the articles of association, the Company will be validly represented in matters which belong to the competences of the management committee by two members of the management committee acting jointly. The board of directors decides that at least one of these members also needs to be a member of the board of directors.

2.3 *Decision on remuneration of the members of the management committee - signature of the terms and conditions of the mandate of member of the management committee*

The board of directors decides to lay down the terms and conditions for the members of the management committee for exercising their mandate in a separate document, entitled "Agreement regarding the remunerated mandate of the member of the management committee", the concepts of which are attached as Annex II to these minutes, including, inter alia, (i) the individual terms and conditions of the performance of the mandate as a member of the management committee and (ii) the remuneration.

The applied principle in defining the remuneration of the members of the management committee, is that the change in membership of the management committee should not cause any changes to the overall cost of the Company.

The directors are of the opinion that the abovementioned remunerations are justified in the view of the tasks of the respective members of the management committee, including those who are also directors, in the Company and the scope of the tasks they perform. The directors request that the remuneration and appointment committee monitor the impact of the management committee on the functioning of the remuneration and appointment committee.

It consists of an at arms' length remuneration for actually delivered services so that it is completely legally granted. Hilde Ingelaere, Wilfried Vancraen and Peter Leys therefore do not obtain any unlawful benefit from the Company. The remuneration package is in balance with the tasks to be performed by these persons and the extent of their duties.

The compensation will not adversely affect the Company's working capital, hence, the Company will not suffer any financial disadvantage.

The directors also believe that the other terms of the "Agreement regarding the remunerated mandate of the member of the management committee" correspond to the usual agreements that are used in analogous situations and are therefore justified and that Hilde Ingelaere, Wilfried Vancraen and Peter Leys hereby do not obtain any unlawful benefit at the expense of the Company.

The board of directors approves the "agreement regarding the remunerated mandate of the member of the management committee" unanimously.

The "agreement regarding the remunerated mandate of the member of the management committee" will be signed by Mr. Peter Leys or Wilfried Vancraen in the name of the board of directors.

2.4 Decision concerning the termination of management services agreements

Having regard to the previous agenda items and decisions, the board of directors equally decides to formally terminate in mutual agreement the "management services agreement" entered into with Hilde Ingelaere, Peter Leys and Wilfried Vancraen. Since these agreements are replaced with the terms and conditions mentioned above, reference can be made to what has been mentioned above for the financial consequences and justification.

[...]

9.3 Use of authorised capital

By resolution of the extraordinary shareholders' meeting of April 23, 2014, which entered into force on June 30, 2014, our shareholders authorized the board of directors, for a period of five years from August 18, 2014, to increase the Company's share capital, in one or more transactions, up to a maximum amount of €2,714,634.83 (the so-called authorised capital). The authorised capital has not been used in 2016.

9.4 Acquisition or disposal of own shares

Not applicable

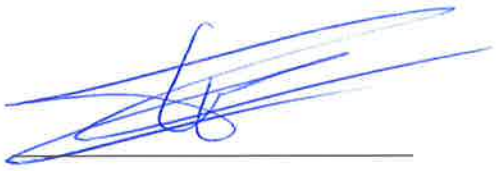
10. DISCHARGE

We propose that the directors and auditors are formally discharged for the performance of their mandates during the financial period which has just expired.

Done in Leuven on 19 May 2017

Peter Leys

Chairman



Wilfried Vancraen

Director