



Nyrstar 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 Nyrstar NV for the year ended 31 December 2018 - Annual accounts

In the context of the statutory audit of the annual accounts of Nyrstar 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. This statutory audit report replaces our report of non-compliance issued on 26 May 2019.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 19 April 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 Nyrstar NV for 7 consecutive periods and this is the first year Deloitte Bedrijfsrevisoren has been represented by the current representative.

Report on the annual accounts

Qualified 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 405.3 million EUR and the income statement shows a loss for the year ended of 1 334.4 million EUR.

In our opinion, except for the possible effects of the matter described in the 'Basis for qualified opinion' section of our report, 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 qualified opinion

For the reasons set out below, we have been unable to obtain sufficient appropriate audit evidence as to the completeness of the information received with respect to the related party transactions and disclosures for the relationship with Trafigura Group Pte. Ltd. and its affiliated entities (collectively "Trafigura") as included in note 6.20 to the annual accounts as well as of the completeness of information on the sequence of events initiated in October 2018 that have resulted in the review of the capital structure of the Company and its subsidiaries (jointly the "Group") (the "Capital Structure Review") as included in the introduction section of the subsequent events described in note 6.20 to the annual accounts.

In addition, we have been unable to obtain sufficient appropriate audit evidence to conclude upon the disclosure in note 6.20 regarding the availability of the Trafigura Working Capital Facility for the period between 31 October 2018 and 6 December 2018, when the Trafigura Working Capital Facility was terminated upon the Group entering into the Trafigura Trade Finance Framework Agreement ("TFFA").

Background

Trafigura is a significant shareholder of the Company, through its subsidiary, Union Holdings (Malta) Ltd. During 2018, the Group has entered into a number of significant transactions with Trafigura of considerable importance to its operations.

As disclosed in the section 'Relationship with Trafigura' in note 6.20 to the annual accounts, the most significant related party transactions of the year with Trafigura were:

Transactions under the Commercial Agreements (together "the Commercial Agreements"):

- Purchase of zinc and lead concentrates by Nyrstar Sales & Marketing AG ("NSM"), an indirect subsidiary of the Company, from Trafigura - 621.2 million EUR (the "Purchase Agreements"): The commercial terms of the Purchase Agreements, as agreed on 9 November 2015, provide for a bi-annual agreement of the treatment charges, with all other significant commercial terms fixed in the original Purchase Agreements.
- Sale of zinc metal by NSM to Trafigura - 636.8 million EUR (the "Metal Sales Agreements"): The commercial terms of the Metal Sales Agreements, entered into on 9 November 2015, provide for annual agreement of a discount on the metal premiums, with all other significant commercial terms fixed in the original Metal Sales Agreements.

Financing transactions:

- Trafigura Working Capital Facility: The 250 million USD facility, granted by Trafigura to NSM, committed as of 1 January 2017 and secured by a share pledge over the shares of Nyrstar France SAS and Nyrstar Budel BV, remained undrawn and was terminated upon the Group entering into TFFA on 6 December 2018.
- Interim Zinc Prepayment Agreement: In the period from 8 November 2018 to 6 December 2018 there were a series of interim advance payments made by Trafigura to NSM totalling 220 million USD in respect of future zinc metal deliveries under the Interim Zinc Prepayment Agreement finalised on 21 November 2018. This agreement was replaced by the TFFA on 6 December 2018.
- Trafigura Trade Finance Framework Agreement: The TFFA was entered into on 6 December 2018 between NSM and Trafigura to extend 650 million USD of committed liquidity, secured by financial guarantees from the main operating companies and pledges over the main mining and smelting assets of the Group. The committed TFFA liquidity includes a 450 million USD zinc prepayment tranche, which was fully drawn at 31 December 2018 and a 200 million USD revolving letter of credit guarantee tranche, which was undrawn at 31 December 2018.

Although the Company was not the contracting party (except in some instances as guarantor) in these significant related party transactions, those transactions are of considerable importance to the Company's net equity, financial position and results through its direct and indirect participating interests in subsidiaries.

Our audit response

Our audit response to test these related party transactions included the following:

- We reviewed the purchase and sale prices to assess if the transaction prices were in accordance with the terms of the Commercial Agreements.
- We compared the fixed terms of the Commercial Agreements with similar agreements the Group has entered into with other metal traders and our knowledge of commercial terms offered by traders within the resource sector for offtake and supply contracts.
- With respect to the bi-annual agreed treatment charges, we obtained management's analysis of the market terms and compared the basis for pricing treatment charges with other metal trader contracts entered into by the Group to assess the appropriateness of comparing the prices to the spot market.

- We obtained the published Chinese treatment charge spot prices, being the established global market indicator of spot prices for treatment charges, and commentary from industry publications at the time prices were agreed. In addition, we benchmarked the transaction prices against those prices quoted for comparable transactions entered into by the Group with comparable companies when available.
- We compared the discount on the metal premiums for the European metal sales to data available for marketing fees paid to traders by resource companies. We noted the Group had not entered into comparable transactions for the sale of metal in Europe and publicly available information on discounts for marketing of metals was not available.
- We reviewed the report of the external expert engaged by the directors to assess the arm's length nature of key financial terms agreed upon in 2018 consistent with the zinc Commercial Agreements. We assessed the competence, capabilities and objectivity of the external expert and performed additional procedures considered relevant in the circumstances.
- We challenged the accuracy and completeness of management's disclosures of the treatment charges which were negotiated and agreed for deliveries in the second half of 2018.
- We considered the adequacy of the disclosures with respect to the continued availability of the undrawn committed 250 million USD Trafigura Working Capital Facility through discussions with the directors and management, review of board of director's minutes and discussions with the Company secretary and the Company's external legal advisors.
- We challenged both the directors and management with respect to the timing of finalising negotiations for agreeing the 2018 zinc prepayment from Trafigura for the 2019 zinc sales of 175 000 MT, as provided for in the Commercial Agreements, which was ultimately agreed on 6 December 2018 as part of the TFFA while discussions started early September 2018. As a result, the related cash flows were not available earlier while it was contractually agreed to make reasonable endeavours to agree upon the prepayment by 15 August 2018.
- We performed additional audit procedures on the information provided to the board of directors for its meeting on 29/30 October 2018 in relation to the arms' length assessment of related party transactions received by us on 24 May 2019 and requested updates to the related party disclosures to reflect the outcome of these additional audit procedures.
- We considered contradictory audit evidence in our risk assessment and planned audit procedures with respect to accuracy and completeness of relating management's disclosures, specifically an email communication between management and their legal advisors at the end of October 2018 on the terms of the Commercial Agreements with Trafigura.
- We reviewed the minutes of meetings of the board of directors and relevant special or ad hoc sub-committees to assess whether there are any new related party transactions entered into in 2018 that are significant or outside the normal course of business.
- We included additional experienced, senior and dedicated team members to challenge the related areas where control deficiencies existed i.e., the existence of formal controls in relation to documenting the assessments of related party transactions being at arm's length.

With the exception of the matters described hereafter, the results of our testing were satisfactory. The combined effect of the following elements could result in information that we were not aware of that has not been reflected in the related disclosures to the annual accounts:

- the exceptional nature of the operational and financial circumstances the Group has been facing resulting in the Capital Structure Review initiated in October 2018 and the following restructuring activities concluded on 31 July 2019 ("Restructuring") with Trafigura becoming the owner of 98% of all of the subsidiaries of the Company (excluding a newly incorporated English holding company of NewCo) (the "Operating Group") and the highly fluid nature of decision making during this time;

- the significance and quantum of the related party transactions entered into by the Group; as well as
- control deficiencies identified in relation to the financial reporting environment, including but not limited to complete and accurate recordkeeping of discussions held at meetings of the board of directors and relevant special or ad hoc sub-committees.

As a result we have been unable to obtain sufficient appropriate audit evidence as to the completeness of the information received with respect to the related party transactions and disclosures for the relationship with Trafigura as included in note 6.20 to the annual accounts as well as of the completeness of information on the sequence of events initiated in October 2018 that have resulted in the Capital Structure Review as included in the introduction section of the subsequent events described in note 6.20 to the annual accounts. As a result, a risk exists that the annual accounts may omit information relevant to the related party disclosures on the relationship with Trafigura and on the sequence of events that have resulted in the Capital Structure Review.

In addition, we have been unable to obtain sufficient appropriate audit evidence to conclude upon the disclosure in note 6.20 regarding the availability of the Trafigura Working Capital Facility for the period between 31 October 2018 and 6 December 2018, when the Trafigura Working Capital Facility was terminated upon the Group entering into the TFFA.

Other responsibilities

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.

Except for the matter described above, 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 qualified opinion.

Emphasis of matter – Financial statements prepared on a basis other than on a going concern

We draw attention to notes 6.19 and 6.20 to the annual accounts, which indicate that the annual accounts have been prepared on a basis other than going concern and as a result the valuation rules have been adjusted in accordance with article 28 of the Royal Decree 30 January 2001. In addition, note 6.20 to the annual accounts also describes the ongoing funding and support agreements required to finance the remaining activities of the Company after the completion of the Restructuring of the Group on 31 July 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

In addition to the matter described in the "Basis for qualified opinion" section we have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p>Investigation in relation to potential withholding of information</p> <p>On 24 May 2019, we received from the Company information provided to the board of directors for its meeting on 29/30 October 2018 in relation to the arms' length assessment of related party transactions. That information, which was in the form of a presentation, had been excluded from the documentation previously provided to us. As we believed this additional information was material to our audit and we did not have sufficient time to evaluate the impact on our audit conclusion, a report of non-compliance was issued on 26 May 2019.</p> <p>The fact that this information had not been included with the previous documentation received raised concerns as to the reliability and completeness of other information and documentation previously provided to us.</p> <p>As explained in note 6.20, the board of directors initially commissioned an investigation by an advisory firm ("initial investigation"). However, the individual concerned was taken ill, such that there was no final report for the board of directors to rely on. In addition, there were aspects of the work undertaken by the appointed investigator where we considered that further work was required. The board of directors thus engaged a Belgian law firm ("second investigation"), to investigate further and perform a more detailed forensic investigation in order to understand the circumstances by which the related information had not previously been provided to us and whether there was a deliberate attempt to withhold related information from us.</p> <p>Based on the conclusions reached in the second investigation, the board of directors concluded that the fact that these materials were not provided to us earlier was an individual error, that occurred in exceptional circumstances of pressure, but was not organised or instructed by the board of directors or management and was not made with the intention to mislead or deny relevant information from the Company's auditors.</p> <p>We refer to the related disclosures in note 6.20 to the annual accounts.</p>	<ul style="list-style-type: none"> • We involved forensic specialists to consider the scope, processes and protocols followed by the first appointed investigator and then the independent law firm selected to complete the investigation. They assisted us in our analysis of the findings and conclusions from the initial, partially completed investigation and from the second investigation. • With regard to the initial investigation, we were unable to interact with the investigator. We sought to evaluate the work performed and the contradictory evidence obtained throughout the process through additional audit procedures, including interviewing members of management and the board of directors, and evaluating certain additional evidence (including a limited number of emails) which have been collated and provided to us for our review. • With regard to the second investigation, we have had access to their work programme, to the partner responsible for the investigation and to their report. We have thus been able to understand and evaluate the full detail of the work which they undertook, including their deployment of forensic technology procedures in order to capture and interrogate a wide population of electronic communications (notably emails) for selected individuals within the Company in order to assemble a detailed chronology of events. • We assessed the competence, capabilities and objectivity of the law firm. • Based on our work, we are satisfied that the work and report prepared as part of the second investigation form an appropriate basis for the conclusions reached by the board of directors.

Debt restructuring

In October 2018, the Group initiated a review of its capital structure in response to challenging financial and operational conditions. As disclosed by the Company in note 6.20, these conditions included a significantly below budget underlying EBITDA, substantial working capital and liquidity outflows experienced during the fourth quarter of 2018 and the maturity of the 340 million EUR Bond in September 2019.

As at 31 December 2018, the Group was in breach of its financial covenants and did not have sufficient liquidity to meet its upcoming bond repayments in September 2019.

On 14 April 2019, the Group signed a lock-up agreement (the "lock-up agreement") with representatives of its key financial creditor groups. The restructuring has been fully consensual save for the creditor schemes of arrangement under the UK Companies Act 2006 applied in respect of the 500 million EUR 6.875% senior notes due in 2024, 340 million EUR 8.5% senior notes due in 2019 and 115 million EUR convertible bonds due in 2022 (together the "notes").

On 31 July 2019, the restructuring was completed and Trafigura became the owner of 98% of all of the subsidiaries of the Operating Group with the Company owning the balance of 2%.

Considering the overall significance of the debt restructuring and its importance for the users' understanding of the annual accounts, we consider the debt restructuring to be a significant matter in our audit.

We refer to the related disclosures in notes 6.19 and 6.20 of the annual accounts.

- We involved internal restructuring specialists to review the critical steps associated with the restructuring and assessed the reasonableness of completing the restructuring.
- We challenged the basis on which the annual accounts were prepared as referred to in the emphasis of matter paragraph above.
- We critically assessed and challenged disclosures in the annual accounts with a particular focus on the clarity, completeness and accuracy of disclosures around the basis of preparation and the impact of the restructuring.
- The results of our testing were satisfactory and we consider that the disclosure around the basis of preparation is appropriate and the impact of the restructuring have been appropriately accounted for.

Valuation of investments

As a result of the 'Other than going concern' basis used for the preparation of the annual accounts, the Company had to value its assets at probable realizable value in accordance with article 28 of the Royal Decree 30 January 2001. Upon the successful completion of the Restructuring which has occurred on 31 July 2019, the Company was released from its liabilities and contingent liabilities in exchange for the transfer of its assets. The Company retained a 2% equity interest in the new Operating Group (as defined above).

The probable realizable value of this participating interest at 31 December 2018 amounted to 15.4 million EUR. It was determined on the basis of fair value less cost of disposal ("FVLCD").

The determination of FVLCD requires significant management judgement and estimate. The key assumptions underlying the FVLCD were forecast commodity prices, foreign exchange rates, treatment charges, discount rates, amount of inferred resources, production assumptions and capital and operating costs.

We refer to the related disclosures in notes 6.19 and 6.20 of the annual accounts.

- We challenged Nyrstar's global macro-economic assumptions related to commodity prices, treatment charges and foreign exchange rates to determine if they were reasonable and consistent with the current economic climate.
- We involved our valuation specialists to challenge: i) management's methodology to determine the probable realizable value, ii) the assumed working capital levels, iii) the mechanical accuracy of management's models, and iv) the appropriateness of the discount rates applied.
- We involved our metal processing specialists and challenged the operational assumptions relating to the smelting operations which included metal recoveries, production volumes, and operating and capital expenditures.
- We utilised our mining specialists and challenged the operational assumptions related to life of mine, amount of inferred resources, grade, recoveries, and operating and capital expenditures for the Myra Falls and Langlois mines.
- We verified whether the external debt corrections in management's models were in line with the lock-up agreement.
- We involved our valuation experts to assess the reasonableness of the overall valuation conclusion with reference to comparable company multiples analysis and to the market capitalisation of the Company as at the valuation date.
- We involved our valuation specialists to review the valuations performed by two external firms with the purpose to identify any contradictory evidence as to the reasonableness of management's valuation.
- As a result of our procedures we consider management's key assumptions to be within a reasonable range of our own expectations and the disclosures in the annual accounts are appropriate.

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.

As a result of the decision of the board of directors to undergo the restructuring process, the Company has at 31 July 2019 ceased control over the subsidiaries that it controlled as at 31 December 2018 and the activities of the Company are now limited to the holding of a 2% investment in the new Operating Group. As a result, the board of directors prepared the annual accounts on an other than going concern basis. In this context, it is the responsibility of the board of directors to include the necessary disclosures regarding the impact of the other than going concern basis and to apply the provisions of article 28, § 2, of the Royal Decree of 30 January 2001 in execution of the Companies Code.

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 the board of directors use of the other than going concern basis and the adequacy of relating disclosures, considering the decision of the board of directors to cease to trade;
- 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, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the annual report, for the documents to be filed according to the legal and regulatory requirements, 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, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the annual report, those documents to be filed according to the legal and regulatory requirements 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 and except for the possible effects of the matter described in the section "Basis for qualified opinion", 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 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 and except for the possible effects of the matter described in the section "Basis for qualified opinion", we are not aware of such material misstatement.

The non-financial information as required by article 96, § 4 of the Companies Code, has been disclosed in the directors' report. This non-financial information has been established by the Company in consideration of the disclosure guidance contained in the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for Metals & Mining. In accordance with article 144, § 1, 6° of the Companies Code we do not express any opinion on the question whether this non-financial information has been established in consideration of the disclosure guidance contained in the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for Metals & Mining.

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.

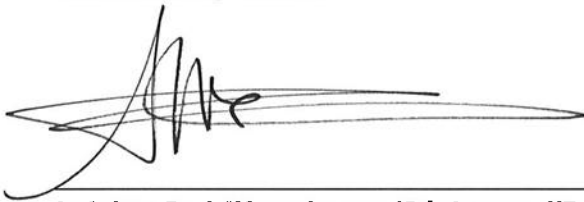
Other statements

- Without prejudice to certain formal aspects of minor importance and except for the possible effects of the matter described in the section "basis for qualified opinion", the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general shareholders 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, except for:
 - Not respecting the legal requirements stipulated in article 143 of the Companies Code relating to the timeframe for the submission of the necessary documents by the board of directors of the Company to the statutory auditor for the shareholders meeting that was held on 25 June 2019. The shareholders meeting of that date did not vote on the statutory or consolidated annual accounts of the Company;
 - Not timely submitting the annual accounts and the annual report for the year ended 31 December 2018 for approval by the general meeting within six months after the period end date as required by article 92 of the Companies Code; and
 - Not convening a shareholder's meeting to deliberate and decide on the dissolution of the Company within the legal timeframe of 2 months as required by article 633 of the Companies Code.
- In accordance with article 523 of the Companies Code, we report to you on the following decisions of the board of directors:
 - The decision of the board of directors on 20 February 2019 relating to the retention agreements signed to provide additional remuneration given the specific context of the Company, the increased demands resulting from the current situation (Mr Hilmar Rode) and the additional role in the capital structure review (Mr Martyn Konig). The financial consequences of these agreements consisted in, for Mr Hilmar Rode, an immediate payment of 250 (000) CHF, and a further payment of 1 250 (000) CHF upon completion of the Restructuring and, for Mr Martyn Konig, an immediate payment of 135 (000) CHF and a further payment of 765 (000) CHF upon completion of the Restructuring, all payments by NSM.
 - The decisions of the board of directors with regard to the lock-up agreement, the 250 million USD bridge finance facility provided by Trafigura to NSM and the requests for consent by the noteholders at the meetings of the board of directors of 9, 10 and 15 April 2019 constitute a conflict of interest for Mr Martyn Konig and Mr Hilmar Rode as a result of the aforementioned retention agreements considering the decisions impact the timing of completion of the Restructuring.

- As disclosed in section 12 'Information provided in accordance with articles 523 and 524 of the Company Code' of the directors' report, the Company applied, as a precautionary measure, article 524 of the Company Code in connection with the TFFA. We completed our procedures and issued our report on factual findings in connection to this procedure on 26 February 2019 and the conclusion of which is included in the director's report. The matter mentioned in the 'Basis for qualified opinion' section of our report of today directly relates to the information on the sequence of events initiated in October 2018 that have resulted in the Capital Structure Review as well as the signing of the TFFA. However, as this matter was not known to us at the time we completed the article 524 procedures, our 26 February 2019 report does not take into account the possible effects of this matter. Hence, the conclusion of our 26 February 2019 report should be read in conjunction with the 'Basis for qualified opinion' section of our report of today.
- The net assets have decreased below one half of the issued capital. In accordance with article 633 of the Companies Code, the board of directors need to convene a shareholder's meeting to deliberate and decide on the dissolution of the Company.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Antwerp, 27 September 2019

The statutory auditor



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Represented by Ine Nuyts

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