

Convocation extraordinary general shareholders' meeting

FAGRON

Company limited by shares making or having made a public appeal on savings
("Naamloze vennootschap die een openbaar beroep
op het spaarwezen doet of heeft gedaan")
Textielstraat 24, 8790 Waregem, Belgium
VAT BE 0890.535.026
RLE Gent, division Kortrijk

CONVOCATION

The board of directors (the **Board of Directors**) of Fagron NV (the **Company**) has the honour of inviting the holders of securities to attend the extraordinary general shareholders' meeting of the Company which will be held on 1 July 2016 at the office of civil-law notary Liesbet Degroote at Beneluxpark 13, 8500 Kortrijk, at 2 p.m. CET (Belgian time) or at such other place as will be indicated at that place at that time, and if the quorum required by law to validly deliberate and vote is not reached at this meeting, to attend a second extraordinary general shareholders' meeting which will take place on 19 July 2016 at the office of civil-law notary Liesbet Degroote at Beneluxpark 13, 8500 Kortrijk, at 2 p.m. CET (Belgian time) or at such other place as will be indicated at that place at that time, each time with the following agenda, containing comments from the Board of Directors and proposed resolutions.

The agenda, the comments from the Board of Directors and the motions to vote of the Company's extraordinary general shareholders' meeting are the following:

1. Approval of the Warrant Plan 2016, in accordance with article 7.13 of the Belgian Corporate Governance Code.

Proposed resolution: *Upon proposal of the Board of Directors, assisted by the Nomination and Remuneration Committee, suggests the approval of the Warrant Plan 2016 as published on the website (www.fagron.com), in accordance with article 7.13 of the Belgian Corporate Governance Code.*

2. Application of article 556 of the Belgian Companies Code (BCC) – Warrant Plan 2016.

Proposed resolution: *In accordance with article 556 BCC, approval of the provisions of and actions pursuant to the Warrant Plan 2016, and in particular the provisions granting rights to third parties (in this case the beneficiaries of the Warrant Plan 2016) that affect the Company's equity, or due to which a debt or obligation arises to the Company, and where exercising these rights is dependent on a public offer on the Company's shares or a change of control exerted on the Company.*

¹ This press release was sent out by Fagron NV and Fagron BV.



3. Reading of and discussing on:

- The special report of the Board of Directors in accordance with articles 582, 583 and 596 *juncto* 598 BCC, regarding the issuance of 1,000,000 warrants (the **Warrants**) which each give the right to subscribe to one of the Company's shares with cancellation of preferential subscription rights to the benefit of certain employees of the Company and its subsidiaries and to the benefit of current and future self-employed workers of the Company and its subsidiaries and at an issue price which is possibly below the par value; and
- The special report of the auditor of the Company in accordance with articles 582 and 593 *juncto* 598 BCC regarding the issuance of the Warrants with cancellation of the preferential subscription rights to the benefit of certain employees of the Company and its subsidiaries and to the benefit of current and future self-employed workers of the Company and its subsidiaries and at an issue price which is possibly below the par value.

Comment to the agenda item: *The Board of Directors requests the extraordinary general shareholders' meeting to review the special report of the Board of Directors in accordance with articles 582, 583 and 596 juncto 598 BCC and the special report of the auditor of the Company in accordance with articles 582 and 593 juncto 598 BCC.*

4. Issuance of Warrants and determination of the issue conditions of the Warrants.

Proposed resolution: *Issuance of 1.000.000 Warrants and determination of the issue conditions of the Warrants in accordance with the Warrant Plan 2016. The Warrants will have a term of 5 years from the date of the offer and will be granted for free as described in the Warrant Plan 2016. In accordance with the Warrant Plan 2016 the Warrants will be granted to certain employees of the Company and its subsidiaries and to current and future self-employed employees of the Company and its subsidiaries. The issue price shall be equal to the lowest of (a) the average of the closing stock prices of the Company's shares over the 30 calendar days' period immediately preceding the offer and (b) the lowest closing price prior to the day of the offer, taking into account that the issue price of the Warrants granted to persons that are not employees of the Company or its subsidiaries in accordance with article 598, paragraph 2 BCC shall not be lower than the average closing price of the Company's share within a period of 30 days prior to the issue date.*

5. Resolution to increase the capital under the condition precedent of the exercise of the Warrants and recording thereof in a notarial deed and by issuing a number of ordinary shares of the Company with the same rights and benefits as the existing shares of the Company

Proposed resolution: *Increase of the Company's share capital, under the condition precedent of the offer, the acceptance and the exercise of the Warrants and the recording of the capital increase in a notarial deed with an amount equal to the product of (i) the number of shares issued upon exercise of the Warrants and (ii) the exercise price or, in the event that this exceeds the par value, the par value of the Company's existing ordinary shares at the moment of exercising, and by issuing a number of the Company's ordinary shares that will share in any profit for the financial year in which the underlying warrants are exercised and all following financial years; any positive difference between the issue price of the Warrants and the amount of the capital increase will serve as an issue premium, which*

will be booked on an unavailable reserve "issue premium", which will form a guarantee toward third parties in the same manner as the Company's capital and which can only be decreased or distributed in accordance with the conditions required by the Belgian Companies Code for a modification of articles of association.

6. Cancellation of the preferential subscription right of the existing shareholders (i) to the benefit of certain employees of the Company and its subsidiaries, (ii) to the benefit van current and future self-employed employees of the Company and its subsidiaries and (iii) to the benefit of the following specific persons that are not employees of the Company or one of its subsidiaries: Johannes (Hans) Stols, Michaël Hillaert, Johan Verlinden and Céline Caveye (or their respective management companies).

Proposed resolution: *Cancellation of the preferential subscription right of the existing shareholders in the context of the issuance of the Warrants (i) to the benefit of certain employees of the Company and its subsidiaries, (ii) to the benefit of current and future self-employed employees of the Company and its subsidiaries and (iii) to the benefit of the following specific persons that are not employees of the Company or one of its subsidiaries: Johannes (Hans) Stols, Michaël Hillaert, Johan Verlinden and Céline Caveye (or their respective management companies).*

7. Subscription to the Warrants.

Proposed resolution: *Granting of the Warrants to the Company, with a view to offer and grant them to employees of the Company and its subsidiaries, to current and future self-employed employees of the Company and its subsidiaries and to Johannes (Hans) Stols, Michaël Hillaert, Johan Verlinden and Céline Caveye (or their respective management companies), based on the recommendations of the Nomination and Remuneration committee in the context of the Warrant Plan 2016. The Company cannot exercise the Warrants itself.*

8. Power of attorney to the members of the Board of Directors

Proposed resolution: *Granting of a power of attorney to every member of the Board of Directors, acting independently, with the possibility of substitution, to determine the exercise of the Warrants, the realization of the capital increase possibly resulting therefrom (including the incorporation of the issue premium, as the case may be) and the issuance of the shares, to execute the notarial deeds concerning the recording of the capital increases as a result of the exercising of the Warrants, to modify the articles of association in order to adapt these to the new share capital amount and the new number of shares as a consequence of the exercise, and to practically organize the execution modalities, the registration in the Company's share register, the application for dematerialisation or admission to trading of the shares on Euronext Brussels and Euronext Amsterdam.*

9. Application of article 556 BCC – Note Purchase Agreement and Credit Agreement.

Proposed resolution: In accordance with article 556 BCC, approval of (i) article 8.9 (Change of Control Prepayment Offer) of the Note Purchase Agreement, concluded on 15 April 2014 between the Company and certain note holders as amended due to the request to amend and waive (the **Amendment and Waiver Agreement to the Note Purchase Agreement**), and (ii) article 9.2 (Change of Control) of the Revolving Credit Facility concluded on 3 July 2012 between the Company and its financiers, modified on 16 December 2014 and as amended due to the request to amend and waive (the **RCF Waiver and Amendment Request**).

10. Application of article 556 BCC – Amendment and Waiver Agreement to the Note Purchase Agreement and the RCF Waiver and Amendment Request.

Proposed resolution: In accordance with article 556 BCC, approval of the provisions and of the actions pursuant to the Amendment and Waiver Agreement to the Note Purchase Agreement and the RCF Waiver and Amendment Request, and in particular the provisions granting rights to third parties that affect the Company's equity, or due to which a debt or obligation arises to the Company, and where exercising these rights is dependent on a public offer on the Company's shares or a change of control exerted on the Company.

11. Capital decrease by incorporation of losses

Proposed resolution: Reduction of the Company's share capital with fifty four million one hundred eighty two thousand, three hundred sixteen euro and twenty seven eurocent (54,182,316.27 EUR), to reduce it from four hundred sixty million one hundred nine thousand one hundred seventy seven euro and fifty five eurocent (460,109,177.55 EUR) to four hundred and five million nine hundred twenty six thousand eight hundred sixty one euro and twenty eight eurocent (405,926,861.28 EUR), by incorporating the same amount of the losses transferred (as first allocated to the Company's (un)available reserves), without cancellation of shares. In accordance with this incorporation also the following BSI's were decreased so that a total amount of fifty four million two hundred and two thousand three hundred eighty four euro and eighty nine eurocent (54,202,384.89 EUR) was allocated as follows: (a) on the item "Available Reserves" for an amount of twenty seven million fourteen thousand six hundred eighty four euro and forty seven eurocent (27,014,684.47 EUR), (b) on the item "Issue premium" for an amount of nineteen million two hundred and two thousand sixty eight euro and sixty one eurocent (19,202,068.61 EUR) and (c) on the item "Legal Reserves" for an amount of seven million nine hundred eighty five thousand six hundred thirty one euro and eighty one eurocent (7,985,631.81 EUR).

12. Coordination of the articles of association – Publication formalities

Proposed resolution: Approval of the assignment to coordinate, deposit and publish the articles of association of the Company by the notary.

13. Power of attorney.

Proposed resolution: *Power of attorney to Mr Johan Verlinden, with the possibility of substitution, choosing as address Textielstraat 24, 8790 Waregem, and to Mrs Susana Gonzalez-Melon, with the possibility of substitution, choosing as address Tervurenlaan 268A, 1150 Sint-Pieters-Woluwe, to act individually in representing the Company regarding fulfilment of the filing and disclosure obligations as set out in the Belgian Companies Code. This power of attorney entails that the authorised person may take all necessary and useful actions and sign all documents relating to these filing and disclosure obligations, including but not limited to filing the aforementioned decision making with the competent registry of the commercial court, with a view to publication thereof in the Annexes to the Belgian Bulletin of Acts, Orders and Decrees.*

Quorum

According to the BCC, a quorum of at least 50% of the outstanding shares must be present or represented at the extraordinary general shareholders' meeting for the deliberation and voting on the items 4, 5, 6, 7 and 11 referred to in the aforementioned agenda of the extraordinary general shareholders' meeting. If this quorum is not reached, a second extraordinary general shareholders' meeting will be convened for these agenda items, unless, as the case may be, decided otherwise on behalf of the Board of Directors, and the quorum requirement will not apply to the second meeting.

Voting and majority

Subject to applicable legal provisions, each share shall have one vote. In accordance with applicable law, the proposed resolutions referred to in the items 4, 5, 6, 7 and 11 referred to in aforementioned agenda of the extraordinary general shareholders' meeting shall be passed if they are approved by a majority of 75% of the votes validly cast by the shareholders.

In accordance with applicable law, the proposed resolutions under the other items of the agenda of the extraordinary general shareholders' meeting shall be passed if they are approved by a majority of 50% of the votes validly cast by the shareholders.

Admission conditions

The right to participate in the extraordinary general shareholders' meeting, and to exercise the voting right during such meeting, shall be granted solely based on the accounting registration of the shares in the shareholder's name at 24:00 CET (Belgian time) on 17 June 2016, either (i) in the case of registered shares, through their registration in the Company's share register, or (ii) in the case of dematerialized shares, by their registration in the accounts of a recognized account holder or clearing institution, irrespective of the number of shares that the shareholder is holding on the actual date of the extraordinary general shareholders' meeting. The time and date given above shall constitute the registration date.

The shareholder shall report no later than on 25 June 2016 that he/she/it wishes to participate in the extraordinary general shareholders' meeting. This must be reported online through the shareholders' portal of ABN AMRO which is available at www.abnamro.com/evoting.

In the case of dematerialized shares, the intermediaries of the shareholders wishing to attend the meeting must confirm the same to ABN AMRO via www.abnamro.com/intermediary, by no later than 25 June 2016 24.00 CET, stating the number of shares (i) that shall be registered for the extraordinary general shareholders' meeting including the name of the representative or attorney-in-fact and giving the full contact details of that person and (ii) that the shareholder who shall be represented, is shareholder of the company at 24:00 CET on 17 June 2016.



Subsequently, the intermediary shall provide the shareholder with a certificate stating how many dematerialized shares were registered in its account in the shareholder's name at 24:00 CET on 17 June 2016.

Holders of bonds, warrants or certificates issued with the Company's cooperation may attend the shareholders' meeting subject to compliance with the admission conditions applicable to shareholders.

Participants are invited to arrive from 1:30 p.m. CET onwards on 1 July 2016 in order to enable smooth processing of registration formalities.

Right to ask questions

During the extraordinary general shareholders' meeting, the directors shall answer the questions asked by the shareholders during the meeting or submitted in writing before the meeting regarding the items on the agenda, such in accordance with the applicable legal provisions. Questions are to be submitted by email to johan.verlinden@fagron.com, no later than on 25 June 2016. More detailed information on the right to ask questions is available on the website (www.fagron.com).

The possibility of submitting items on the agenda and/or proposed resolutions

In accordance with article 533ter of the BCC, one or more shareholders that jointly hold at least 3% of the share capital shall have the right to have items placed on the agenda of the extraordinary general shareholders' meeting and to submit proposed resolutions concerning the items (to be placed) on the agenda.

Such requests must be submitted by email to johan.verlinden@fagron.com, no later than on 9 June 2016 at 24:00 CET. More detailed information on the conditions for making use of this option is available on the website of the Company (www.fagron.com).

If the Company receives requests for items to be added to the agenda or proposed resolutions, it will as soon as possible and the latest on 11 June 2016 publish the same on its website.

Proxies and voting instructions

Shareholders who wish to be represented by a different person to attend the meeting can indicate this via www.abnamro.com/evoting by no later than 25 June 2016. In addition to this, shareholders may give voting instructions to Johan Verlinden, Director Legal Affairs, via www.abnamro.com/evoting. Alternatively, shareholders who wish to be represented could also make use of a hard copy form, drawn up by the board of directors and which is available at the registered office. The proxy form will also be available on the website of the company (www.fagron.com). No other hard copy proxy forms will be accepted. This hard copy proxy form must be filed at the Company's registered office, for the attention of the board of directors, or sent by email to johan.verlinden@fagron.com, in either case (online or in hard copy) no later than at 24:00 CET on 25 June 2016.

Availability of documents

As from 1 June 2016, during working days and during normal business hours, the shareholders and holders of warrants may review at the company's registered office the documents to be submitted to the extraordinary general shareholders' meeting, the proposed resolutions or, if the subject to be dealt with does not require any resolution, a comment from the board of directors on each agenda item on the agenda to be discussed, and the forms to be used for voting by proxy.



Any further information that must be made available in accordance with the provisions of article 533bis, paragraph 2 of the BCC shall be made available on the website (www.fagron.com) or via ABN AMRO (www.abnamro.com/evoting) no later than on 1 June 2016.

The Board of Directors

