

HECHO RELEVANTE AB-BIOTICS, S.A.

26 de julio de 2019

En virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 6/2018 del Mercado Alternativo Bursátil (MAB), se pone a disposición del mercado la siguiente información relativa a AB-BIOTICS, S.A.:

A continuación, se adjunta la traducción al inglés del último hecho relevante publicado relativo a decisiones del Consejo de Administración en relación con la oferta realizada por Kaneka.

En caso de discrepancia, prevalece la versión en castellano ya publicada.

Quedamos a su disposición para cuantas aclaraciones consideren oportunas.

En Barcelona, a 26 de julio de 2019

AB-BIOTICS, S.A.

Sergi Audvert Brugué

Consejero Ejecutivo

Miquel Àngel Bonachera Sierra

Consejero Ejecutivo

As announced by relevant fact published on July 11, 2019, the conclusions of the Fairness Opinion requested from Ernst & Young are made available to the market, as well as the decisions derived from it adopted on the day of today by the Board of Directors of the Company (refraining from participating directors appointed by Kaneka Europe Holding Company NV - "Kaneka"):

(i) The conclusion issued by Ernst & Young Servicios Corporativos, S.L. (EY) states that the price offered by Kaneka is fair according to the criteria of the International Valuation Standard Council, and also valid for the purposes of exclusion (in accordance with the provisions of article 34 of the bylaws and article 10 of the RD 1066/2007 on the regime of public offers for the acquisition of securities), highlighting that the price offered by Kaneka is higher than any of the values obtained through the different valuation methods used in the EY analysis, online with those provided for in articles 9 and 10.5 of Royal Decree 1066/2007.

To carry out this work, EY has been based on the internal information provided by the Company: among others, the Company's business plan for the period 2019-2021 approved by the Board of Directors, the agreement signed with Kaneka for North America and Japan, the covenant of partners signed between Kaneka and the founding partners, the provisional semiannual closing as of June 30, 2019, the audited financial information of the Company for the financial years 2016 to 2018, the 2018 Annual Report of the Company, the financial and operational report made to the board of directors held in June, the independent valuation report made by Crowe Advisory SP, SL, detailed information on product patents, expiration dates thereof, detailed information on pension sales segmented by products, customers and markets, analyst reports, sector reports, forecasts on secondary sources and other public information, interviews with management, analysis of the Company's market, macroeconomic context, and other available information.

(ii) Once the directors appointed by Kaneka were absent, the Board of Directors approved the following decisions unanimously by the other members: a) The directors present at the Board of Directors meeting have reiterated their appreciation for the commitment made by Kaneka's offer to the AB Biotics business project, especially due to the liquidity window offered to all shareholders of the Company . b) Proceed to the Fairness Opinion market communication (attached to this relevant event) as well as making the support assessment report issued by EY available to shareholders. For the purpose of obtaining a copy of said report, shareholders must send an email to the email address info@ab-biotics.com, stating that they are shareholders of the Company and are interested in reviewing the valuation report made by Earnst & Young in the context of preparing the aforementioned professional opinion requested from EY.

(iii) The directors Miquel Àngel Bonachera Sierra and Sergi Audivert Brugué have communicated to the Board of Directors their support for the Kaneka OPA and have stated that 2.92% of the share capital will be served by the OPA (5.84% of the Company between both). They do so in order to take advantage of the liquidity window offered by the Kaneka OPA and keeping their participation above 5% in order to maintain the current tax exemption in the estate tax. Both managers have expressed their intention to support the operation proposed by Kaneka as a whole.

The term of acceptance by the shareholders of AB-BIOTICS of the voluntary public offer of acquisition of shares made by Kaneka ends on August 16, 2019. Kaneka has announced that its ultimate objective is to promote the exclusion of the negotiation of the actions of AB-Biotics of the MAB.

Miquel Àngel Bonachera Sierra
Sergi Audivert Brugué
AB-Biotics, S.A.
Atn. Board of Directors of AB-Biotics, S.A.
ESADE Creapolis Business Park
Avinguda de la Torre Blanca, 57, Office 3B11
08172 Sant Cugat del Vallés, Barcelona

23 July 2019

Dear Sirs:

According to the terms of the engagement letter dated 16 July 2019 (the "Engagement Agreement") signed between AB-Biotics, S.A. (hereinafter "AB-Biotics", "the Company" or "the Client") and Ernst & Young Servicios Corporativos, S.L. (hereinafter "we" or "EY"), we have been engaged to provide an opinion as to whether the price per share offered ("the Offer Price") by Kaneka Europe Holding Company NV (hereinafter "Kaneka" or "the Bidder") in the context of the takeover bid for the 60.24% of the Company ("the Transaction") is fair from a financial point of view to the shareholders of AB-Biotics ("the Purpose"). The reference date of our analysis has been 9 July 2019 ("the Reference Date"), date of the take-over announcement by Kaneka.

This Letter of Opinion (hereinafter "the Letter") is confidential and for internal use of AB-Biotics only for the purpose of verifying that the Offer Price at which the Transaction will be accomplished is fair to the Company's shareholders from a financial point of view. The Directors of AB-Biotics may rely on the content of this Letter for the purposes of providing such opinion, subject to the terms and conditions of the Engagement Agreement.

EY has no conflict of interest for the performance of this work and has not received, nor will receive, any type of contingency fees in connection with this work.

In order to carry out the work and meet the objectives set forth in the scope of our mandate, we have conducted the procedures that we have deemed appropriate in order to assess the fair market value of AB-Biotics.

1. BACKGROUND

AB-Biotics was founded in 2004 as a spin-off of the Autonomous University of Barcelona launched by Miquel Àngel Bonachera and Sergi Audivert, currently executive directors and members of the Company's Board of Directors. Nowadays, it has become a leading biotechnology company, with a strong international footprint. It divides its activities into these two main business areas:

- Probiotics: business line that designs unique and patented probiotic supplements for specific health conditions (gastrointestinal, cardio metabolic, pediatrics, women's health, immune and oral health). These products are licensed and distributed globally through local distribution partners.
- Precision medicine (Neuropharmagen): pharmacogenomics-based precision medicine platform aimed at optimizing pharmacological treatments based on several factors that influence the medication success.

On 28 March 2018, the Company and Kaneka Americas Holding, Inc. subscribed a license agreement by which it was granted in favor of Kaneka Americas Holding, Inc. the exclusive right to manufacture, import, ferment, use, sell and offer certain products of AB-Biotics in Japan and North America.

As part of the same agreement, the Kaneka Group, through Kaneka Europe Holding Company NV, invested in AB-Biotics' capital through the acquisition of 26.859% of its shares through different private acquisitions. This percentage of the Company's share capital has increased since then and, as of 9 July

2019, the Bidder is the owner of 5,005,234 shares of AB-Biotics, which represent 39.76% of its share capital.

2. THE TRANSACTION

The Bidder intends to achieve 100% of the capital of the Company. In this regard, the Bidder has placed an offer to all the shareholders of the Company (other than the Bidder) for the acquisition of all AB-Biotics' shares, which represent 60.24% of its share capital. The ultimate objective of Kaneka following the liquidation of the offer is to promote the exclusion of the negotiation of AB-Biotics' shares from the Mercado Alternativo Bursátil ("MAB").

According to the announcement of the voluntary public tender offer over the shares of AB-Biotics launched by Kaneka (the "Announcement"), the offer has been formulated as a purchase and sale of shares settled in cash, being the offer price 5.00 euros per share, and targets 7,583,025 shares in AB-Biotics, accounting for 60.24% of its share capital.

3. SCOPE AND PROCEDURES

The appropriate basis of valuation for the purpose of our work is Fair Value. This is defined by the International Valuation Standard Council as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

In order to carry out the work and meet the objectives set forth in the scope of our mandate, we have conducted the following procedures in order to assess that the price per share offered by the Bidder is reasonable from a financial point of view:

- a) Analysis of the proposed Transaction from a financial point of view, through the gathering and global analysis of certain information related to the Transaction and the business, such as:
 - i. AB-Biotics Business plan for the period 2019 to 2021, approved by the Board of Directors.
 - ii. Agreement signed with Kaneka for the North America and Japanese business.
 - iii. Financial Statements of the Company as of 30 June 2019.
 - iv. Audited Financial Statements of the Company as of 31 December 2016, 2017 and 2018.
 - v. AB-Biotics Annual Report (2018).
 - vi. AB-Biotics corporate presentations.
 - vii. Valuation report issued by Crowe Advisory SP, S.L. in the context of the take-over bid by Kaneka.
 - viii. Other public information about AB-Biotics.
 - ix. Broker reports on AB-Biotics.
 - x. Industry reports and publicly available forecasts.
- b) Holding interviews with Client's Management in order to obtain a clear understanding of the Company's business.
- c) Understanding of the market and the competitive and economic environment in which the Company operates.
- d) Understanding of the macroeconomic environment in which the Company operates.
- e) Analysis of the documents necessary to understand AB-Biotics' financial situation as well as its historical and projected cash generation capacity.

- f) Obtaining of a Representation Letter from the Client confirming, among other aspects, that it has no knowledge of any event, circumstance, or other relevant information up to the present day that has not been delivered or communicated to us and that could affect the performance of our work.
- g) Issuance of this Fairness Opinion Letter, addressed to the Board of Directors of the Client concluding with our opinion about the reasonableness of the price per share offered by Kaneka from a financial point of view to the shareholders of AB-Biotics.

Our analysis has been performed based on the latest Financial Statements available as of 30 June 2019. The main valuation methodologies used for reaching our conclusions are in line with those described in article 10.5 of the Royal Decree 1066/2007 on Takeover Bids (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de Valores*):

- Net Book Value of the Company.
- Liquidation value of the Company.
- Weighted average share price during the semester immediately prior to the disclosure of the delisting proposal.
- Price offered in the acquisitions performed, if any, over the previous last twelve months.
- Other valuation methods applicable to the specific case and commonly accepted by the international financial community. EY has considered the Income Approach (Discounted Cash Flow Methodology) and Market Approach (Comparable Listed Companies and Precedent Transaction multiples).

4. OTHER CONSIDERATIONS

To carry out our work, Company's Management has granted us access to certain historical and prospective financial information of AB-Biotics. Additionally, we have also considered certain publicly available information regarding the industry of probiotics and other relevant information about companies which operate in this industry. In arriving at our conclusion, we have assumed that all the information provided to us is trustworthy, accurate, true and complete in all aspects to date, and that any information that is or could be relevant for our work has been provided to us in its entirety.

We have not carried out an audit or an independent investigation to determine the veracity or accuracy of the information provided. Likewise, we do not express any opinion as to the basis on which assumptions about the financial statements, estimates, and financial projections have been prepared or as to the reasonableness of such projections.

In relation to the work carried out, we should point out that certain aspects of the valuation involve, aside from objective factors, underlying factors that imply making judgments and establishing hypotheses that are dependent to a large extent of future events whose final outcome cannot be determined at present. As a result, some of the hypotheses used to arrive at our conclusions may not materialize as predicted.

Our opinion is based on our financial analysis of the information provided by the Management and publicly available financial information collected by us. As we are financial advisors, we have relied on the accuracy of the information provided by AB-Biotics without independent verification.

5. CONCLUSION

In accordance with the valuation methodologies reflected in articles 9 and 10.5 of the Royal Decree 1066/2007 on Takeover Bids (Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores) and based on the procedures performed during the course of our work, the information used and all the other aspects described in this Letter, the price per share offered by the Bidder within the context of the Transaction is fair to the shareholders of AB-Biotics from a financial point of view as of 9 July 2019.

This letter, as well as the information contained in it, has been prepared in the context herein described and therefore it should not be used for any other purposes nor distributed without our prior written consent.

EY declines any responsibility for the improper use of this letter or any use different than that established in our Engagement Agreement.

Yours faithfully,



Cecilia de la Hoz Arespachaga
Partner
Ernst & Young Servicios Corporativos, S.L.