



Limited Liability Company ("naamloze vennootschap")  
Registered Office: Generaal de Wittelaan 11B, 2800 Mechelen, Belgium  
Company Number VAT BE 0505.640.808 RLP Antwerp, division Mechelen

**SPECIAL REPORT OF THE BOARD OF DIRECTORS  
IN ACCORDANCE WITH ARTICLE 7:199 OF THE BELGIAN CODE OF COMPANIES AND  
ASSOCIATIONS**

## **1 Introduction**

This special report has been prepared by the Board of Directors of Biocartis Group NV (the "**Company**") in accordance with Article 7:199 of the Belgian Code of Companies and Associations (the "**BCCA**"). It relates to the proposal to grant the Board of Directors of the Company the power to increase the Company's share capital within the framework of the authorized capital within the limits set out in this special Board report, and sets out the circumstances in which the Board of Directors will be able to use its powers under the authorized capital and the purposes that it should pursue. This proposal shall be submitted to the extraordinary shareholders' meeting of the Company to be held on 8 May 2020 (or on 9 June 2020 should the required attendance quorum not be reached at the first meeting).

## **2 Proposal to renew the authorized capital**

The current authorization to the Board of Directors to increase the share capital of the Company within the framework of the authorized capital was granted by the extraordinary shareholders' meeting held on 13 April 2015, and expires on 13 May 2020.

In accordance with Article 7:199 of the BCCA, the Board of Directors proposes to the extraordinary shareholders' meeting of the Company to be authorized, for a period of five years as from the publication of such authorization in the Annexes to the Belgian Official Gazette, to increase the share capital of the Company in one or several times with a maximum amount of up to seventy-five percent (75%) of the current share capital. It should be noted that the aforementioned authorization is not intended as a defense mechanism against a takeover bid as it does not authorize the Board of Directors to increase the share capital of the Company with restriction or cancellation of the preferential subscription right of the shareholders after the Financial Services and Markets Authority (FSMA) has notified the Company of a public takeover bid for the Company's securities, subject to the provisions of Article 7:202 of the BCCA.

If approved by the shareholders, Article 10 of the articles of association of the Company will read as follows (whereby the date referred to in the sub-section between square brackets shall be the date of the general shareholders' meeting approving the renewed authorized capital):

*"Article 10: Authorized capital*

*The board of directors may increase the share capital of the company in one or several times with a maximum amount of € 422,865.66, i.e. 75% of the share capital at the time of the convening of the shareholders' meeting granting this authorization.*

*The board of directors may increase the share capital by contributions in cash or in kind, by capitalization of reserves, whether available or unavailable for distribution, and capitalization of issue premium, with or without the issue of new shares. The board of directors may use this authorization for the issue of convertible bonds, share options or subscription rights, bonds with subscription rights or other securities.*

*This authorization is valid for a period of five years as from the date of publication in the Annexes to the Belgian Official Gazette of an extract of the minutes of the extraordinary shareholders' meeting of the company held on [date].*

*In the event of a capital increase decided by the board of directors pursuant to the authorized capital, all booked issue premiums, if any, shall be booked in accordance with these articles of association.*

*The board of directors is authorized, when exercising its powers under the authorized capital, to restrict or cancel the statutory preferential subscription right of the shareholders (in accordance with Article 7:190 and following of the Belgian Code of Companies and Associations) in the interest of the company. This restriction or cancellation of the preferential subscription right can also be done in favor of members of the personnel of the company or of its subsidiaries or in favor of one or more persons, other than members of the personnel of the company or of its subsidiaries.*

*Every member of the board of directors, the company secretary and every person specifically authorized by the board of directors or by the managing director of the company, acting individually and with the right of substitution, is authorized to amend the articles of association, after each capital increase within the framework of the authorized capital, in order to bring them in conformity with the new situation of the share capital and shares."*

### **3. Circumstances and purposes for the use of the authorized capital**

The Board of Directors is of the opinion that the renewal of the authorized capital is necessary to meet the needs of the Company as a listed company.

In principle, changes to the share capital are decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements that apply to an amendment of the articles of association. This means that a shareholders' resolution to increase the Company's share capital is only passed provided that at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and provided that the resolution is approved by at least 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened through a new notice, and the second shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorize the Board of Directors, within certain limits, to increase the Company's share capital without further approval of the shareholders. This is the so-called authorized capital.

The technique of the authorized capital offers the Board of Directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the Company and of the financing of its operations. The prior disclosures, formalities and time windows to convene a general shareholders' meeting and obtain an approval of such meeting to effect a capital increase are elaborate, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the outstanding shares is not reached at the first meeting) can take around two months for a listed company. During this period, market circumstances can change significantly. If the Board of Directors is not able to seize potential market opportunities that would arise, this could be to the disadvantage of the Company. On the other hand, if market circumstances no longer allow for a capital raising at favorable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company.

The Board of Directors intends to use the abovementioned powers under the authorized capital in circumstances where, in the interest of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities;
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders;
- a prior convening of a general shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the Company;

- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorized capital is necessary in the interests of the Company.

The Board of Directors would be able to use its powers under the authorized capital to issue shares, share options, subscription rights, or other securities with disapplication of the preferential subscription right to the benefit of the members of the personnel of the Company or of its subsidiaries, or to the benefit of one or more specified persons other than members of the personnel of the Company or of its subsidiaries.

The Board of Directors would be able to use its powers under the authorized capital to raise capital, inter alia:

- with a view to strengthening the share capital or net equity of the Company;
- to finance the Company's existing business activities or new business initiatives;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets, corporate partnerships, in-licensing deals or other types of mergers, partnerships or strategic alliances;
- to create share based compensation plans for members of the personnel, consultants and other service providers of the Company and/or its subsidiaries (from time to time); and/or
- for other general working capital purposes.

Done on 31 March 2020.

On behalf of the Board of Directors,

By:

*[signed]*

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CRBA Management BV  
Permanently represented by  
Christian Reinaldo  
Director

By:

*[signed]*

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Herman Verrelst  
Director