

26 September 2023, 07:00 CEST

AGREEMENT REGARDING RECAPITALIZATION OF OPERATING SUBSIDIARIES BY SECURED CREDITORS AND WIND DOWN OF LISTED HOLDING COMPANY

- *The Company's Secured Creditors (being its First Lien Creditors and Bondholders, as defined below) will take ownership of the Biocartis operating subsidiaries through enforcement and inject EUR 40 million of new equity capital to fund the business to EBITDA break-even by the end of 2024*
- *Under the ownership of the Secured Creditors, the business will have a right-sized balance sheet with EUR 132 million of deleveraging from today*
- *Transaction should be completed by end of 2023 and is not expected to impact Biocartis's customers, suppliers, partners or employees*
- *Shareholders of Biocartis Group NV will receive no distribution from the security enforcement and are expected to receive nothing at the time of its wind down*
- *Unsecured 4.00% convertible bonds due 2027 will be written down to zero pursuant to their terms as part of the enforcement*

Mechelen, Belgium, 26 September 2023 – Biocartis Group NV (the "**Company**" or "**Biocartis**"), an innovative molecular diagnostics company (Euronext Brussels: BCART), announces it has been informed of an agreement by its Secured Creditors on a recapitalization of its operating subsidiaries and comprehensive balance sheet restructuring transaction (the "**Transaction**") that will materially de-lever the operating business by reducing its debt burden by EUR 132 million and recapitalizing it with EUR 40 million of new equity capital under the ownership of the Secured Creditors. This new capital is expected to fund the business through EBITDA break-even by the end of 2024 and ensure business continuity of the operating Biocartis companies, safeguard the interests of customers, suppliers, partners, and employees of Biocartis, and support execution of the growth strategy towards profitability. As a result of the Transaction, there will be a change in ownership through enforcement of security by the Secured Creditors of substantially all of the assets of Biocartis to New Biocartis (as defined below); customers, suppliers, partners, and employees are not expected to see any impact as a result of this ownership change.

Biocartis's CEO, Roger Moody, stated: *"This announced recapitalization and balance sheet restructuring plan follows an extensive process by the Board and Management to address Biocartis's leverage and liquidity position. Following that process, it became evident that the difficult market conditions combined with the Company's balance sheet and historic burn rate made outside funding unattainable. While disappointing to shareholders and unsecured bondholders, this Transaction is necessary, and the EUR 40 million of new equity capital to the operating businesses, combined with the material deleveraging is expected to provide the Biocartis business with funding to operational break-even. The core business performance remains strong, with 22% growth of oncology cartridge revenue, a 40% gross margin on product sales and a 20% improvement in EBITDA to EUR -14.5 million in H1 2023. I am convinced that, under the new, recapitalized holding company and in combination with the operational reorganization that is now being completed, the surviving business under new ownership will be able to continue our path to a financially healthy and sustainable business. The restructuring and recapitalization allows the Biocartis business to continue its mission to enable universal access to personalized medicine for patients around the world by making molecular testing convenient, fast, and suitable for any lab."*

Main features of the Transaction: The Transaction will provide for the following:

- The Company's EUR 116 million 4.5% Second Ranking Secured Convertible Bonds due 2026 (ISIN BE6338582206) (the "**Bonds**", and the holders of the Bonds, the "**Bondholders**") will be fully equitized into New Biocartis (as defined below) and the Bondholders will become the primary owners of Biocartis's operating business through their shareholding in New Biocartis. A new entity will be incorporated ("**New Biocartis**"), owned by the Secured Creditors, to which substantially all the Company's assets will be transferred upon an anticipated security enforcement by the Secured Creditors over the Company's assets that were pledged to such creditors.
- The Bondholders will recapitalize New Biocartis (and its operating subsidiaries) with EUR 40 million of equity capital, backstopped by a group of supporting Bondholders (the "**Equity Injection**").

- Lenders under the Company's first lien convertible term loan facility (the "**First Lien Creditors**") have agreed to roll over their first lien debt into New Biocartis (or its wholly owned subsidiaries) and release claims against Biocartis Group NV. KBC have agreed to extend their financing to Biocartis NV and Biocartis US Inc.
- Shareholders of Biocartis Group NV will receive no distribution from the security enforcement and are expected to receive nothing at the time of its wind down.
- The interests and claims of the EUR 16 million unsecured 4.00% convertible bonds due 2027 (ISIN BE0002651322) (the "**Unsecured 2027 Bonds**") will be written down to zero pursuant to their terms as part of the enforcement.
- Following the full equitization of EUR 116 million of Bonds, the write down of EUR 16 million of Unsecured 2027 Bonds, and the closing of the Equity Injection, New Biocartis will have less than EUR 45 million of gross debt and net debt of approximately zero, allowing it to continue the operations of the Biocartis group.

The Transaction is pursuant to the consent of all First Lien Creditors and more than 75% of Bondholders. To date, 100% of the First Lien Creditors and more than 90% of the Bondholders have delivered support letters with respect to the Transaction.

Trade creditors of Biocartis NV and Biocartis US Inc. are not expected to be impacted by the change in the parent entity.

The Transaction is expected to be completed by the end of the year, subject to receipt of certain regulatory approvals.

Following enforcement, Biocartis Group NV is expected to be wound down in an orderly fashion.

Shareholders of Biocartis Group NV will receive no distribution from the security enforcement and are expected to receive nothing at the time of its winding down.

Security Enforcement Steps by the Secured Creditors: The Transaction will be implemented through a security enforcement by the Secured Creditors, pursuant to which the Secured Creditors will incorporate the New Biocartis entity to be the new, unlisted holding company for Biocartis's operating subsidiaries. New Biocartis will become the owner of all of the material assets of the current Biocartis group through a security enforcement over substantially all assets of the Company secured by liens (being, primarily, the shares of Biocartis NV and Biocartis US Inc. and cash and other working capital assets). Any remaining non-collateral assets of Biocartis Group NV may be disposed of post-enforcement, although these are not expected to be material.

Bondholders consent: More than 90% of the Bondholders have already provided binding support letters, which is sufficient to effect the Transaction by way of a written resolution pursuant to the terms of the Bonds. Those supporting Bondholders will receive a consent fee of 250bps (paid 50bps in cash and 200bps in equity in New Biocartis, together the "**Consent Fee**") and an "early bird" fee from New Biocartis at completion of the Transaction. Any Bondholders who have not yet consented will have until 25 October 2023 to provide their consent and be eligible for the Consent Fee from New Biocartis at the closing of the Transaction. Any such Bondholders should contact their brokers or the Company if they have not received the relevant documentation in the coming days.

First Lien Creditors: First lien obligations under the Company's first lien convertible term loan facility (the "**Existing First Lien Facility**") will be rolled over (on a cashless basis) into a new 3-year non-convertible term loan extended to New Biocartis at par (the "**New First Lien Facility**") at completion of the Transaction. In connection with their consent to the Transaction, the First Lien Creditors will receive, at completion of the Transaction, certain fees from New Biocartis payable in kind, in equity of New Biocartis and equity warrants in New Biocartis. The interest rate of the New First Lien Facility will remain unchanged. The New First Lien Facility is callable at 103/101/par in years 1, 2, and 3, respectively. All other terms and conditions (including the scope of security) will be substantially the same as in the Existing First Lien Facility, including the EUR 10 million minimum liquidity financial covenant.

KBC debt: Other debt owed to KBC (approximately EUR 13.4 million) will be extended at the level of Biocartis NV and Biocartis US Inc. at completion of the Transaction. The maturity of the EUR 7.5 million straight loan will be extended by 21 months to September 2025, subject to certain partial prepayments being made at the time of the completion of the Transaction. The maturity of the guarantee facility (which is not part of the aggregate amount of debt owed to KBC stated above) will be extended to December 2025. The existing security package in favor of KBC will remain unchanged.

Unsecured creditors and shareholders: Following enforcement, Biocartis Group NV is expected to be wound down in an orderly fashion. Shareholders and holders of the Unsecured 2027 Bonds will receive no distribution from the security enforcement.

Equity Injection through New Biocartis: Immediately following the security enforcement and equitization of the Bonds into shares of New Biocartis, the shareholders of New Biocartis (the current Bondholders) will make the Equity Injection of not less than EUR 40 million of equity capital, which will be made available to New Biocartis and its operating subsidiaries to fund working capital, capital expenditures and investments, and to pay the costs and expenses of the Transaction. Consenting Bondholders may be eligible to participate in the Equity Injection on a pro rata basis.

Backstop and Commitments: The Equity Injection is fully backstopped by a group of supporting Bondholders to ensure certainty of funding New Biocartis going forward. The backstopping parties will receive a fee from New Biocartis, payable in equity of New Biocartis, for their backstop commitment, as will other bondholders who have already committed to participate in the Equity Injection.

New Biocartis: New Biocartis will have approximately EUR 44.5 million of debt, comprising approximately EUR 32.7 million of debt under the New First Lien Facility, approximately EUR 11.8 million of debt with KBC. For the First Lien Facility, the main borrower is expected to be New Biocartis with upstream guarantees from the operating subsidiaries, while for KBC the main borrowers will be the operating subsidiaries with a downstream guarantee from New Biocartis. New Biocartis will provide share security and a guarantee of the KBC debt and the New First Lien Facility. Post-closing of the Transaction, it is expected that the Bondholders participating in the Equity Injection will own a majority of the shares of New Biocartis, while the equitized Bonds will represent a small fraction (approximately 14%, pro forma equity allocation calculated on the basis of EUR 40 million Equity Injection) of the shares after dilution from fees and the Equity Injection. KBC will have no equity stake in New Biocartis. New Biocartis will be managed by a board of directors made up of a majority of industry experts.


New Biocartis is forecast to reach operational breakeven on an EBITDA-basis by end of 2024. New Biocartis is expected to achieve (i) total revenue CAGR of approximately 20% over the 2022-2028 period (mostly driven by increases in both cartridge sales volume and average selling price in the US), (ii) industry-standard gross margins of 60%+ over the 2024-2028 period, and (iii) an industry-standard EBITDA margin of 20%+ by 2028.

Advisers: DC Advisory and Baker McKenzie are respectively serving as financial and legal advisors to the Company.

Further implementation: The Transaction is subject to finalizing additional contractual agreements and the receipt of certain regulatory approvals. The Company intends to reach out to remaining Bondholders who have not yet consented to the Transaction. In the event that the Transaction does not complete in full and/or on time, the Biocartis group may not be able to continue operating and may not be recapitalized, and the Company would need to consider alternative arrangements, which may not be available on time or at all.

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About Biocartis

With its revolutionary and proprietary Idylla™ platform, Biocartis (Euronext Brussels: BCART) aspires to enable personalized medicine for patients around the world through universal access to molecular testing, by making molecular testing actionable, convenient, fast and suitable for any lab. The Idylla™ platform is a fully automated sample-to-result, real-time PCR (Polymerase Chain Reaction) based system designed to offer in-house access to accurate molecular information in a minimum amount of time for faster, informed treatment decisions. Idylla™'s continuously expanding menu of molecular diagnostic tests address key unmet clinical needs, with a focus in oncology. This is the fastest growing segment of the molecular diagnostics market worldwide. Today, Biocartis offers tests supporting melanoma, colorectal, lung and liver cancer, as well as for sepsis. More information: www.biocartis.com. Follow us on [Twitter](https://twitter.com/Biocartis_): @Biocartis_.

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No securities of Biocartis may be offered or sold in the United States of America absent registration with the United States Securities and Exchange Commission or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Any new securities to be issued by New Biocartis pursuant to the Transaction will not be registered under the Securities Act or any U.S. state securities laws. Therefore, such new securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any applicable U.S. state securities laws.

Forward-looking statements

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