Biocartis Group NV
Remuneration Policy

1 INTRODUCTION

This remuneration policy sets out the principles regarding the remuneration of the directors and executive management of Biocartis Group NV (the "**Company**"). The remuneration policy has been developed by the Company's remuneration and nomination committee. The remuneration policy is drawn up in accordance with the Belgian Code of Companies and Associations and the Belgian Corporate Governance Code 2020.

2 PRINCIPLES

The objective of the Company's remuneration policy is to enable the Company to attract, retain and reward the most talented, qualified and expert individuals in order for it to achieve its strategic objectives and accomplish operational excellence. Moreover, it aims to align remuneration with individual and company performance in order to motivate people to deliver increased shareholder value through superior business results. The policy is designed to balance focus on short-term operational performance with the long-term objective of creating sustainable value, while taking into account as much as possible the interests of the different stakeholders.

The remuneration policy deals with the remuneration of the members of the board of directors and the members of the executive management. The remuneration policy has been approved by the board of directors on 10 November 2020, upon recommendation of the remuneration and nomination committee, which takes into account the overall remuneration philosophy of the Company and the general principles of the remuneration of the employees. The board of directors will submit this policy for approval to the annual shareholders' meeting of the Company to be held in May 2021.

The board of directors, with support from the remuneration and nomination committee, is responsible for compliance with this policy and for completing an annual review of the policy. This policy is submitted to the annual shareholders' meeting at least every four years and upon any proposed material change of the policy.

3 DETERMINATION OF THE REMUNERATION OF DIRECTORS AND EXECUTIVE MANAGEMENT

The remuneration of the members of the board of directors and the executive management is determined by the board of directors based on proposals from the remuneration and nomination committee. It is subject to the approval of the shareholders' meeting of the Company where required by applicable law. The remuneration is reviewed against market practice at regular occasions as the case may be with the assistance of external advisors.

The Company aims to prevent any conflicts of interests with respect to the establishment and implementation of the remuneration policy and the determination of the remuneration of the directors and the members of the executive management. To this end, the remuneration and nomination committee is composed exclusively of non-executive board members and a majority of its members must qualify as independent directors. The CEO only participates to the meetings of the remuneration and nomination committee in an advisory capacity when the remuneration of another member of the executive management is discussed. He does not participate in the discussions relating to his own remuneration. The CEO also does not participate in the deliberations and voting within the board of directors with respect to his remuneration. The remuneration of the non-executive directors is subject to approval by the shareholders' meeting.

4 REMUNERATION POLICY FOR DIRECTORS

The remuneration of the non-executive directors is composed of a fixed fee and an attendance fee. The amount of these fees was approved by the shareholders' meeting of the Company, and takes into account the role of the directors as chairperson of the board or a board committee, their resulting responsibilities and commitment in time. The Company also reimburses the non-executive directors for reasonable out of pocket expenses (including travel expenses) incurred in the performance of their mandate. In addition, for certain non-executive directors residing abroad, a fee for travel time per meeting of the board of directors attended in person is paid. The remuneration of the non-executive directors does not contain a variable part. As from 1 January 2020, the Company no longer grants share options to non-executive directors. The CEO, who is an executive director of the Company, is remunerated for his executive management mandate only and not for his director mandate.

The board of directors, upon recommendation of the remuneration and nomination committee, decided to deviate from provision 7.6 of the Belgian Corporate Governance Code 2020, which provides that shares of the Company should be granted to non-executive directors as part of their remuneration. The reason for this deviation is that the Company currently does not own treasury shares, and is currently legally not in a position to acquire treasury shares.

5 REMUNERATION POLICY FOR EXECUTIVE MANAGEMENT

The remuneration of the members of the executive management consists of an annual fixed cash amount and variable remuneration. The latter consists of short-term variable remuneration and long-term variable remuneration.

The remuneration of the members of the executive management is benchmarked on a regular basis against overall market trends on the basis of benchmarking studies and other relevant sources. The board also reviews the executive management's remuneration annually as part of the Company's merit cycle.

5.1 Fixed remuneration

The annual fixed cash remuneration of the members of the executive management is determined by the board of directors upon the recommendation of the remuneration and nomination committee. The Company aims to provide a fixed base remuneration which is in the range of the market median for the relevant position.

5.2 Short-term variable remuneration

The short-term variable remuneration of the members of the executive management is structured so as to link rewards to company and/or individual performance of the executive (goals and objectives). The goals and objectives are established annually by the board of directors upon recommendation of the remuneration and nomination committee. The level of achievement of these pre-determined goals and objectives is reviewed in the beginning of the first subsequent year by the remuneration and nomination committee and finally established by the board of directors.

In the beginning of each year, the board of directors, upon recommendation of the remuneration and nomination committee, establishes the key company objectives and the key performance indicators (KPIs) on the basis of the Company's strategy and long-term interests. The company goals and objectives consist of KPIs based on a range of business metrics that consist of financial and non-financial KPIs which may be grouped into different KPI categories such as financial performance (such as operational income growth, gross margin improvement and capping the net cash burn), commercial success (such as commercial cartridge volume and installed base growth, as well as growth in the partner business topline), execution and delivery on projects in support of financial and commercial growth and operating a highly performing manufacturing capability, and advancement of organizational capabilities (such as completion of organizational improvements, completion of training goals by Biocartis staff, completion of the yearly employee engagement conversations, employee wellbeing and sustainable mobility, and health and safety at work). The individual goals and objectives are tailored to the individual executive and relate to the executive's key responsibilities. The board is of the opinion that these KPIs contribute most to the realization of the Company's strategy, long-term interests and sustainable growth. For each KPI, a minimum achievement threshold, the bonus amount payable related to a certain level of achievement of the KPI, and a maximum bonus amount payable are defined.

The short-term variable remuneration for the CEO can be maximum 50% of his annual fixed remuneration of the year for which the variable remuneration is awarded. The short-term variable remuneration for the other members of the executive management can be maximum 30% of their respective annual fixed remuneration of the year for which the variable remuneration is awarded.

5.2.1 Non-deferred short-term variable remuneration

In accordance with applicable law, 50% of the short-term variable remuneration is linked to performance criteria measured over one performance year and is settled in cash (i.e. non-deferred short-term variable remuneration). For the CEO, these performance criteria are linked solely to company performance (100%). For the other members of the executive management, these performance criteria are linked to company performance (counting for 80%) and individual performance (counting for 20%).

5.2.2 Deferred short-term variable remuneration

The remaining 50% of the short-term variable remuneration is deferred by means of a grant of phantom stock, whereby 25% is linked to performance criteria measured over two financial years and the other 25% is linked to performance criteria measured over three financial years.

Phantom stock is the conditional right to receive an amount in cash, which depends on the evolution of the share price of the Company in the period between the moment of the award of the phantom stock and the moment of vesting of the phantom stock. The phantom stock plan foresees the flexibility to enable settlement of the phantom stock by means of shares of the Company instead of a cash payout. Such settlement in shares is however currently not yet legally possible for the Company. The phantom stock plan contains a minimum share price threshold which must be obtained, as well as a cap to the maximum cash amount which is payable. In case of termination of service before the vesting date, forfeiture rules apply.

The phantom stock plan facilitates retention and aligns management with shareholders on a longer term with the aim for management to increase the value of the Company and to spread a corporate culture of value creation in all strategic and operational decision-making. Because this instrument is linked to the value of the underlying share, this provides a reward for the contribution of the executive management to the sustainable growth of the Company.

5.3 Long-term variable remuneration (share options)

The members of the executive management are also eligible to obtain share options (having the form of subscription rights under Belgian law, formerly called warrants) under existing or future share option plans of the Company. The purpose of the share option plans is to attract, encourage, motivate and retain the executives and to align their interests with the interests of the Company and its shareholders by giving them the opportunity to share in the potential increase in the value of the Company.

The main characteristics of the share options are as follows:

1. Each share option can be exercised for one ordinary share of the Company.
2. The share options are granted for free (i.e., no consideration is payable upon the grant of the share options).
3. The exercise price per share option is at least equal to the average closing price of the Company's share on Euronext Brussels during the thirty (30) day period prior to the date of grant.
4. The share options in principle have a contractual term of seven (7) years and are subject to a cliff-vesting of minimum three (3) years. The share options granted before 1 January 2020 were not subject to the aforementioned vesting mechanism. In particular, the share options granted to the CEO under the 2017 plan, which was approved by the shareholders' meeting of the Company, are subject to a time-based vesting regime whereby 12.5% of the share options vest at each of the first four anniversary dates of the date of grant, while the remaining 50% of the share options is subject to performance-based vesting.
5. In case of termination of service before the vesting date, forfeiture rules apply.

5.4 Adjustment and claw-back of variable remuneration

The phantom stock plan and share options plans contain bad leaver provisions that can result in the phantom stock and share options, whether vested or not, automatically and immediately becoming null and void. Moreover, contractual mechanisms are in place pursuant to which the Company may revise or refuse payments of the unpaid short-term and long-term cash bonus in the following circumstances: (i) if the Company's financial statements need to be revised and such revision has a significant negative impact on the Company, (ii) if the relevant executive violates the Company's Code of Conduct, or (iii) if the relevant executive participates in specific mechanisms with the aim or consequence of promoting fraud by the Company and/or third parties. Finally, the Company can reclaim cash bonus amounts after payment thereof in the above circumstances, subject to certain conditions.

5.5 Benefits in kind

The members of the executive management are reimbursed for certain costs and expenses made in the performance of their function. Currently, all members of the executive management are self-employed and do not receive any other benefits in kind. However, in case any future members of the executive management would be employed through an employment contract, such persons would benefit from a pension plan, company car with fuel card and certain other elements. The pension plan is a defined contribution plan covering life (pension), decease, disability and premium relief.

6 MAIN TERMS RELATING TO BOARD MANDATES AND CONTRACTS WITH MEMBERS OF EXECUTIVE MANAGEMENT

6.1 Directors

The directors of the Company are appointed for a term of no more than four (4) years by the general shareholders' meeting. They may be re-elected for a new term. The duration of the mandates of the directors of the Company can be found in the most recent version of the Company's corporate governance statement which is part of its annual report. The general shareholders' meeting can decide at any time to terminate the mandate of a director with immediate effect and without specifying a reason, unless decided otherwise by the general shareholders' meeting. Every director can decide at any time to terminate his or her mandate by notification to the board of directors. Upon request of the Company, such director must remain in function until the Company can reasonably provide for a replacement.

6.2 Executive management

All members of the executive management provide their services under an agreement with Biocartis Group NV that is subject to Belgian law. The main terms of these agreements are set out below.

The managing director agreement of Herman Verrelst for the performance of his services as CEO was entered into for an indefinite term, and can be terminated at any time with a prior notice of six (6) months (or, in case of termination by the Company, the payment of an equivalent indemnity equal to six months of fixed fee). In certain circumstances, the agreement can be terminated by the Company or by Herman Verrelst with immediate effect (such as in case of breach of the agreement by the other party, subject to certain conditions).

The consultancy services agreement of Marcofin BV, represented by Jean-Marc Roelandt, for the performance of its services as CFO was entered into for an indefinite term, and can be terminated at any time with a prior notice of three (3) months (or the payment of an equivalent indemnity equal to three (3) months of fixed fee). In certain circumstances, the agreement can be terminated by the Company or by Marcofin BV with immediate effect (such as in case of breach of the agreement by the other party, subject to certain conditions).

The consultancy services agreement of Scmiles BV, represented by Piet Houwen, for the performance of its services as COO was entered into for an indefinite term, and can be terminated at any time with a prior notice of three (3) months (or the payment of an equivalent indemnity equal to three (3) months of fixed fee). In certain circumstances, the agreement can be terminated by the Company or by Scmiles BV with immediate effect (such as in case of breach of the agreement by the other party, subject to certain conditions).

7 MINIMUM SHARE OWNERSHIP FOR EXECUTIVE MANAGEMENT

In 2020, the board of directors set the minimum threshold of shares to be held at any time by the CEO to the number of shares equivalent to one year of the CEO's fixed remuneration. The minimum threshold of shares to be held at any time by the CFO and COO was set to the number of shares equivalent to 50% of their respective annual fixed remuneration. The minimum threshold will be re-calculated yearly. To determine the equivalent number of shares for a given calendar year, the average closing price of the Company's share on Euronext Brussels during the thirty (30) day period prior 31 December of the previous calendar year and the fixed remuneration granted for such preceding calendar year will be taken into account. The minimum share ownership thresholds must be reached before 31 December 2024 for existing executive management or within four (4) years as from the date of their appointment for future executive members.

8 DEVIATIONS FROM THIS REMUNERATION POLICY

In exceptional circumstances, the board of directors may decide to deviate from any items of this remuneration policy if necessary to serve the long-term interests and sustainability of the Company, or to ensure its viability. Any such deviation must be discussed at the remuneration and nomination committee, which will provide a substantiated recommendation to the board of directors. Any deviation from this remuneration policy will be described and explained in the Company's remuneration report which is a part of the Company's annual report.

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