Biocartis Group NV

Annual Report

2023

1 General

1.1 About this report

The board of directors of Biocartis Group NV (the “**Company**”) is responsible for the contents of this document and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this annual report for the period starting 1 January 2023 up to 31 December 2023 is, to the best of its knowledge, in accordance with the facts, contains no omissions likely to affect it materially and contains the required information in accordance with applicable Belgian Law. In accordance with Article 3:32 of the Belgian Code of Companies and Associations, the annual reports on the statutory and consolidated annual accounts have been combined.

As a company with less than 500 employees in the period starting 1 January 2023 up to the 31 December 2023, the Company is not yet legally required to report on its environmental, social and governance (ESG)/sustainability performance according to the EU Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy Regulation.

According to the European Single Electronic Format issuers on EU regulated markets are required to prepare their annual financial reports in an electronic reporting format with the intention to make reporting easier for issuers and to facilitate accessibility, analysis, and comparability of annual financial reports. This annual report was prepared both in XHTML format (Inline XBRL technology with XBRL tagged data) and in PDF. In case of differences between both versions, the formal XBRL version shall prevail. According to Belgian law, the Company must publish its annual report in Dutch. The Company also provides an English version. In case of differences between both versions, the English version shall prevail. An electronic version of the annual report is available on Financial reports & webcasts | Biocartis Group NV. Except if information is explicitly incorporated herein by reference, other information on the website of the Company or on other websites is not a part of this annual report. The annual report reflects the performance and results of the Company in the period starting 1 January 2023 up to 31 December 2023. An overview of the securities legislation and listed company reporting requirements can be found on the website of the Financial Services and Markets Authority, www.fsma.be.

This report is not for distribution, directly or indirectly, in any jurisdiction where to do so would be unlawful. Any persons reading this report should inform themselves of and observe any such restrictions. The Company takes no responsibility for any violation of any such restrictions by any person. This report does not constitute an offer or invitation for the sale or purchase of securities in any jurisdiction. No securities of the Company 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.

1.2 About the Company

The Company is a limited liability company organized under the laws of Belgium and has its registered office at Generaal de Wittelaan 11 B, 2800 Mechelen, Belgium. The Company was incorporated on 24 November 2014 and is registered in Belgium under enterprise number 0505.640.808 (register of legal entities Antwerp, Mechelen division).

1.3 Forward-looking statement

Certain statements, beliefs and opinions in this report are forward-looking, which reflect the Company's or, as appropriate, the Company directors’ or managements’ current expectations and projections concerning future events such as the Company's results of operations, financial condition, liquidity, performance, prospects, growth, strategies and the industry in which the Company operates. By their nature, forward-looking statements involve a number of risks, uncertainties, assumptions and other factors that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions and factors could adversely affect the outcome and financial effects of the plans and events described herein. A multitude of factors including, but not limited to, changes in demand, competition and technology, can cause actual events, performance or results to differ significantly from any anticipated development. Forward-looking statements contained in this report regarding past trends or activities are not guarantees of future performance and should not be taken as a representation that such trends or activities will continue in the future. In addition, even if actual results or developments are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in future periods. As a result, the Company expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements in this report as a result of any change in expectations or any change in events, conditions, assumptions or circumstances on which these forward-looking statements are based, except if specifically required to do so by law or regulation. Neither the Company nor its advisers or representatives nor any of its subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this report or the actual occurrence of the forecasted developments. You should not place undue reliance on forward-looking statements, which speak only as of the date of this report.

1.4 Overview of the development and results of the company's business and position, as well as a description of the main risks and uncertainties it faces, including significant events that occurred after the end of the fiscal year

1.4.1 The Security Enforcement

On 25 September 2023, the Company has been informed of an agreement by and between the holders of the Company's 4.5% Second Ranking Secured Convertible Bonds due 2026 (the "**Bondholders**") and the lenders under the Company's first lien convertible term loan facility (jointly the "**Secured Creditors**") to enforce upon the Company's assets that were pledged to such creditors (the "**Security Enforcement**").

Pursuant to the Security Enforcement that effectively occurred on 31 October 2023, all of the shares in Biocartis NV and Biocartis US Inc., the subsidiaries through which the Company operated its entire European and US operations, along with substantially all cash in the pledged accounts of, as well as pledged receivables owing to, the Company have been transferred to an unlisted company owned by the Bondholders (such unlisted company together with its subsidiaries are referred to as the "**New Biocartis Group**").

As a result of the Security Enforcement, the Company no longer has any operating activities, personnel or significant assets, other than (i) a limited cash on balance and (ii) a 50% participation in WondfoCartis Ltd.

The Company's shareholders have not received any distribution in the context of the Security Enforcement and are expected to receive nothing upon liquidation (as the case may be) of the Company. The principal amount outstanding and accrued interests in respect of the EUR 16 million unsecured 4.00% convertible bonds due 2027 (ISIN BE0002651322) have been automatically written down to zero pursuant to their terms.

Prior to the Security Enforcement, an extensive process was undertaken by the Company's board of directors and management to address the Company's and its former subsidiaries' 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.

1.4.2 Main risks and uncertainties

- By writ of summons of 12 October 2023, the Company was summoned by Orbimed Royalty & Credit Opportunities III, LP ("**Orbimed**") before the Dutch-speaking Brussels Commercial Court. Orbimed claims payment from the Company of a principal amount of EUR 8,983,700.64 (plus interests and costs) pursuant to the unsecured convertible bonds that had been issued by the Company which Orbimed claims have become payable in an accelerated manner following a press statement by the Company on 26 September 2023 regarding the possible execution of pledges accorded to certain secured debtors. The execution of these pledges took place on 31 October 2023. The Company and Orbimed are in dispute over the consequences of that execution for Orbimed's convertible bonds. Orbimed's convertible bonds have automatically been reduced to zero in accordance with the terms and conditions of those bonds. Orbimed disputes that position and argues that the conditions for the reduction to zero have not been met. On 29 October 2024 the Dutch-speaking Brussels Commercial Court has issued an interim decision in which it orders the Company to provide additional documents within two months following the official service (if any) of the interim decision by a bailiff. For all other aspects, the proceedings were suspended to be reinstated by the parties thereto. On the date of this report no official service of the interim decision by a bailiff has taken place.

- Discussions have been initiated with Wondfo Biotech (HK) Co., Ltd. with respect to the possible liquidation of WondfoCartis Ltd. WondfoCartis Ltd. is a Hong Kong joint venture company that was established together with Wondfo Biotech (HK) Co., Ltd. in 2018 and in which the Company holds a 50% stake.
  In Q1 2024, several lawsuits were started by ten distributors of the joint venture against Wondfo-Cartis Ltd., for alleged breaches by Wondfo-Cartis Ltd. of its distribution agreements with such distributors. The Company's position is that no such breaches of the distribution agreements were made by Wondfo-Cartis Ltd. The claims are currently being heard by judges in China. The Company has no contractual obligation to further fund the joint venture. Any cash that would remain after potential payments to be made in the framework of the abovementioned lawsuits and the liquidation of the joint venture would be 50:50 distributed between its

shareholders. However, due to the abovementioned lawsuits and the expectation that any manufacturing equipment and Idylla inventory will not be able to be monetized, it is unlikely that the liquidation of the joint venture will lead to any distribution of cash to the shareholders of the joint venture. Accordingly, the Company does not expect to receive any distributions in the context of the possible liquidation of WondfoCartis Ltd.

- The Company received a notice of default from Biocartis NV on May 7, 2024 in which Biocartis NV requests the Company to transfer to Biocartis NV a VAT credit received by the Company on February 29, 2024 in the amount of EUR 359,241.92. The Company disputes Biocartis NV's position ("**VAT Dispute**").

- The Company has limited cash and cash equivalents. Furthermore, the Company is severely limited in its financing options as the Company no longer has any material business as a result of the the Security Enforcement.

- In light of the the Security Enforcement and since the Company no longer has any material business as a result of the the Security Enforcement, the Company's board of directors will propose to the general meeting of shareholders to dissolve and liquidate the Company in an orderly manner. However, given the above risks and uncertainties, there is a possibility that such liquidation (if approved by the Company's general meeting of shareholders) may take place on an insolvent basis or that the Company may be forced to declare bankruptcy before the formal completion of the liquidation process.

1.5 Information on circumstances that may significantly affect the development of the Company

In view of the Security Enforcement, there are no circumstances that may significantly affect the development of the Company, other than those already mentioned above.

1.6 Information on research and development work

In view of the Security Enforcement, there are no more activities within the Company in the field of research and development as per 31 December 2023.

1.7 Information on the existence of branches of the company

As per 31 December 2023, the Company has no branch offices.

1.8 Justification of the application of valuation rules under the going concern assumption, since the balance sheet shows a loss carried forward and the income statement shows a loss for the fiscal year for two consecutive fiscal years

The board of directors will propose to the Company's general shareholders' meeting to liquidate the Company in an orderly fashion. In view of the intention to liquidate the Company, the annual accounts have not been prepared on a going concern basis.

2 Corporate governance report

2.1 Introduction

During 2023, the Company applied the Belgian Code on Corporate Governance 2020 (the 'Corporate Governance Code 2020'), which can be consulted on the website of the Corporate Governance Committee (corporategovernancecommittee.be). In accordance with the Corporate Governance Code 2020, the Company has adopted a corporate governance charter which describes the main aspects of the corporate governance of the Company, including its governance structure, the terms of reference of the board of directors and its committees and other important governance topics. The Company's corporate governance charter was last updated at the meeting of the board of directors held on 18 April 2023 to meet the changing circumstances of the company and the evolving standards of corporate governance globally. The corporate governance charter must be read together with the articles of association of the Company. The articles of association and the corporate governance charter are available on the Company's investor website.

2.2 Board of directors

Composition

The table below gives an overview of the members of the Company's board of directors on the date of this report.

Name	Position	Start of mandate	End of term
Christian Reinaudo	**Chairman(4), independent director**	**2018**	**2024**
Herman Verrelst(1)	**Chief executive officer(5), executive director(6), Chairman(4)**	**2017**	**2025**
Luc Gijsens(2)	**Non-executive, independent director**	**2018**	**2024**
Ann-Christine Sundell	**Non-executive, independent director**	**2018**	**2024**
Christine Kuslich	**Non-executive, independent director**	**2020**	**2024**
Bryan Dechairo(3)	**Non-executive, independent director**	**2023**	**2024**

(1) Permanently representing South Bay Ventures (SBV) BV; (2) Permanently representing Luc Gijsens BV; (3) Mr. Dechairo was appointed by the board of directors with effect as of 21 February 2023, replacing Mr. Roald Borré who resigned as director with effect as of the same date. Mr. Dechairo's appointment was confirmed by the annual shareholders' meeting held in May 2023 (4) up until 24 April 2023, after Herman Verrelst assumed the role of chairman of the board (5) Until 24 April 2023 (6) until 30 June 2023, after that he was non-executive chairman of the board.

Christian Reinaudo was the independent chairman of the Company's board of directors from May 2018 until 23 April 2023 and as of such date serves as director of the Company. Mr. Reinaudo started his career with Alcatel in 1978 at the research center at Marcoussis, France. In 1984, he joined Alcatel's cable activities where he became responsible for research associated with fiber optics and cable for undersea applications. In 1997, he became president of Alcatel's Submarine Networks Division. From 1999 to 2003, he was president of the Alcatel Optics Group, which comprises all activities in terrestrial and submarine transmission networking and optoelectronic components. In 2003, he was appointed president of Alcatel Asia Pacific and moved to Shanghai (China), where he stayed until 2006, also serving as vice chairman of the board of directors of Alcatel Shanghai Bell, the Chinese joint venture between Alcatel and the Chinese government. In his latest position at Alcatel, he was president Europe & North for Alcatel-Lucent and was responsible for the integration and transition process during the merger of Alcatel with Lucent Technologies. Mr. Reinaudo joined Agfa-Gevaert, a leading e-health & digital imaging solutions provider, as president of the Agfa HealthCare business group and member of the executive committee, on 1 January 2008. In 2010, Mr. Reinaudo was appointed CEO of Agfa-Gevaert (a position he held until January 2020) and became a member of the board. Mr. Reinaudo is also member of the supervisory board of Domo Chemicals Holding NV.

Herman Verrelst was chief executive officer of the Company from 31 August 2017 until 23 April 2023. Effective 24 April 2023, he moved into the new position of Executive Chairman of the Company's board of directors. As of 1 July 2023, he continued this role as a non-executive chairman. He is a seasoned executive and technology entrepreneur with a proven international commercial track-record in molecular diagnostics. Prior to joining Biocartis, Herman Verrelst held the position of vice president and general manager of the genomics and clinical applications division of Agilent Technologies, a global leader in life sciences, diagnostics and applied chemical markets. Mr. Verrelst joined Agilent following Agilent's acquisition of Cartagenia, a spin-off of Katholieke Universiteit Leuven (Belgium) focused on software solutions for clinical genetics and molecular oncology, of which Herman Verrelst was CEO and founder. Prior to that, Herman Verrelst was CEO of Medicim, a medical imaging company acquired by Nobel Biocare, now part of Danaher, as well as founder and CEO of DATA4s, a financial services software company acquired by Norkom Technologies, now part of BAE Systems.

Luc Gijsens is a highly experienced international executive with deep knowledge in a wide range of areas in finance and capital markets, asset management, corporate and investment banking in Belgium and abroad. He served KBC Group, a leading bank & insurance group in Belgium and Central Europe for 40 years in a wide range of responsibilities. Mr. Gijsens retired from KBC Group in 2017 as CEO of the business unit International Markets and executive director of KBC Bank & Insurance, responsible for the market activities of KBC Group. He acted as chairman of the board of KBC Securities and KBC Asset Management and as chairman of the board of the banking and insurance subsidiaries in Ireland, the Slovak Republic, Hungary and Bulgaria. Prior to that, Mr. Gijsens served as senior general manager of KBC Bank, responsible for corporate banking in Belgium, Western Europe, Asia Pacific and the US.

Ann-Christine Sundell has more than 30 years of experience in the diagnostics and life science sector, where she held various global senior positions. For 10 years she served as president for the Genetic Screening (diagnostics) strategic business unit within PerkinElmer, one of the world's leading life science companies. Mrs. Sundell has deep strategic and operational experience from building, developing and managing global growth businesses. She serves on several boards and board committees, and holds an MSc in biochemistry from Åbo Akademi, Turku, Finland.

Christine Kuslich, PhD, is an in vitro diagnostic senior executive and strategic leader with a particular focus on advancing clinical diagnostics, novel assay and device development as well as quality executive leadership. As a passionate inventor with more than 40 pending and issued patents, Dr. Kuslich has a proven track record of identifying and developing new technologies with the greatest market potential with particular focus on the oncology diagnostics and therapeutic spaces. Dr. Kuslich held several positions as Chief Scientific Officer developing breakthrough diagnostics at companies including Hologic, GE Healthcare and Caris Life Sciences. Her areas of expertise include medical device development & commercialization, companion diagnostics, molecular profiling in oncology and circulating tumor detection and sequencing technologies. Dr. Kuslich holds a Ph.D. degree in Genetics from the University of Hawaii John A. Burns School of Medicine and a B.S. degree in Microbiology from Arizona State University.

Bryan Dechairo is the chief executive officer of Sherlock Biosciences, and also serves on its board of directors. He has more than 25 years of experience developing and commercializing revenue generating clinical innovations that improve patient lives. Prior to joining Sherlock Biosciences, Mr. Dechairo served as executive vice president of clinical development at Myriad Genetics, where he oversaw the development portfolio, delivering business-critical evidentiary data for value-based reimbursement and market acceptance of commercial and novel diagnostic products across six business units globally. Before joining Myriad Genetics, he was chief medical officer, chief scientific officer and senior vice president of research and development at Assurex Health, which was acquired by Myriad in 2016. During his extensive career, Mr. Dechairo held roles of increasing responsibility at Medco, Pfizer, Oxagen, Sequana and Roche, where he established a proven track record of funding and scaling businesses from venture backed start-ups to profitable fortune 50 public companies. He also authored more than 50 academic and research-based publications, and earned a Ph.D. in Common Complex Human Genetics from the Institute of Child Health at University College London and a B.A. in Integrative Biology from the University of California, Berkeley.

The business address of each of the directors for the purpose of their mandate is Generaal de Wittelaan 11B, 2800 Mechelen, Belgium.

Procedure for the appointment of directors

The directors are appointed for a term of maximum four years by the general shareholders' meeting. They may be re-elected for a new term. When a legal entity is appointed as director, it must appoint a permanent representative charged with the performance of the mandate in the name and for the account of the legal entity-director. This permanent representative must be a natural person. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting. The general shareholders' meeting can in principle dismiss the directors at any time.

Changes to the composition of the board of directors

Mr. Bryan Dechairo was appointed by the board of directors with effect as of 21 February 2023, replacing Mr. Roald Borré who resigned as director with effect as of the same date. Mr. Bryan Dechairo's appointment was confirmed by the annual shareholders' meeting held on 12 May 2023, for a term of two years, up to and including the closing of the annual shareholders' meeting to be held in 2025 which will have decided upon the financial statements for the financial year ended on 31 December 2024.

Furthermore, effective 24 April 2023, Herman Verrelst moved into the new position of Executive Chairman of the Company's board of directors. As of 1 July 2023, he continued this role as a non-executive chairman.

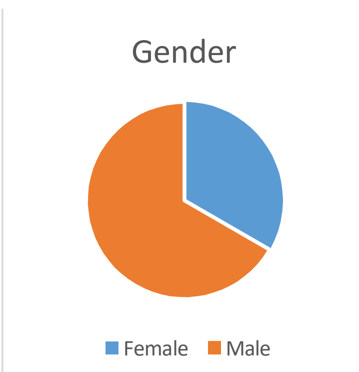
Diversity

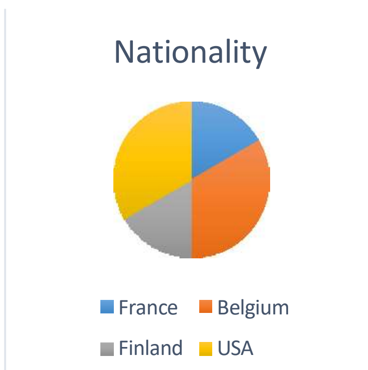
The board of directors must be composed in a manner compliant with the diversity principles applicable to listed companies. Moreover, the board aims to be composed in a manner that allows it to support in all relevant material aspects the success of Biocartis as a commercial-stage innovative molecular diagnostics company that operates internationally. Four main diversity criteria have been identified by the board of directors: functional background and expertise, gender, age and nationality/international experience. The board will reassess these criteria as often as required.

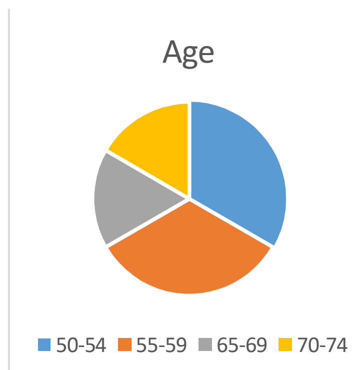
Name	Functional background and expertise	Gender	Age	Nationality
Christian Reinaudo	**E-health & digital imaging solutions Managing companies International business**	**Male**	**69**	**France**
Herman Verrelst[1]	**Molecular diagnostics Software solutions Entrepreneurship**	**Male**	**50**	**Belgium**
Luc Gijsens[2]	**Finance Capital markets Corporate and investment banking**	**Male**	**70**	**Belgium**
Ann-Christine Sundell	**Life sciences Diagnostics Strategy and operations**	**Female**	**59**	**Finland**
Christine Kuslich	**Molecular diagnostics Oncology & Infectious disease Strategy & investment**	**Female**	**56**	**USA**
Bryan Dechairo	**Business and R&D strategy Molecular Diagnostics Market Access and Reimbursement**	**Male**	**51**	**USA**

(1) Permanently representing South Bay Ventures (SBV) BV; (2) Permanently representing Luc Gijsens BV.

Belgian company law requires at least one third of the directors of a listed company to be of a different gender than the other directors. Currently, the Company has two female directors on its board of directors on a total of six directors. The board is of the opinion that there is currently sufficient diversity in terms of age. It however believes that in terms of 'functional background and expertise' it could benefit from additional profiles with relevant industry background and expertise in other go-to-market models, partnering and/or diagnostic service models, digitalization and/or AI.







Activity report

In 2023, the board of directors held thirteen meetings. The attendance rate (i.e. the attending of board meetings in person or by written proxy to a fellow director) for the board members in function as at 31 December 2023 was 100%, save for Bryan Dechairo who was excused during one board meeting.

During the meetings of the board of directors, the board among others discussed Biocartis' financing strategy, as well as the need for reorganization and significant cost reduction (including, amongst others, a collective dismissal procedure and (as described before) all possible options aimed at preventing the Security Enforcement). The board also reviewed Biocartis' strategy, operations, commercial performance and ongoing proprietary and partner menu development. It discussed business development and strategic opportunities and the status of ongoing collaborations, as well as regular updates on the quality plan and manufacturing strategy. The board also discussed various corporate governance, as well as nomination and remuneration matters, such as board evaluation, the establishment of the company goals and objectives and executive remuneration. A new corporate governance charter and remuneration policy were approved, and a new draft code of conduct and whistleblowing procedure was implemented. Moreover, the board discussed the regular updates of the financial performance and the budget for financial year 2023, as well as the Company's long-term financial plan. The board also discussed and approved the full year and half year financial statements and reports, and the Q1 business update and related communication.

Other board mandates

Apart from their mandate within Biocartis, the directors of the Company held the following board mandates (directly or via a management company) on 31 December 2023:

Christian Reinaudo	**Agfa Gevaert NV** **Domo Chemicals Holding NV**
Herman Verrelst	**South Bay Ventures (SBV) BV** **Opdorp Finance BV(1)** **Heran Partners BV** **Icometrix NV(2)** **Medvia VZW** **Aspect Analytics NV**
Luc Gijsens	**Luc Gijsens BV** **Arvesta BV** **PMV NV** **KMDA VZW** **KMDA NV** **Global Rental Properties NV**
Ann-Christine Sundell	**Raisio Oyj** **Medix Biochemica Group Oy** **Revenio Oyj** **Actim Oy** **Acmer Ab Oy** **ÅU Media Ab** **SynthticMR AB** **BCBM Holding Oy**
Christine Kuslich	**N/A**
Bryan Dechairo	**Sherlock Biosciences Inc.**

(1) Representing SBV NV, (2) Representing Heran Partners BV.

Conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid any conflicts with the interests of the Company. Any director with a financial interest that is conflicting with the interests of the Company based on a decision or a transaction that belongs to the authority of the board of directors must, in accordance with Article 7:96 of the Belgian Code of Companies and Associations, inform his or her fellow directors and the statutory auditor thereof and may not take part in the deliberations or voting related to such matter.

The conflict of interest procedure pursuant to Article 7:96 of the Belgian Code of Companies and Associations was applied three times in 2023, i.e.:

- during the meeting held on 21 February 2023, for which the extract of the minutes sound as follows:

  "<u>A. Evaluation 2022 key company goals and remuneration executive management for performance year 2022</u>

  <u>Deliberations and resolutions</u>

  Following the recommendations of the Remuneration and Nomination Committee, the Board discussed the goals for the CEO relating to performance year 2022 (consisting for 50% of the 1-year targets defined in the beginning of 2022, for 25% of the 2-year target taking the form of phantom stock, and for 25% of the 3-year target taking the form of phantom stock), and assessed the degree to which these goals were achieved. The Board resolved that overall 65.9% of the 1-year targets was achieved (corresponding to a pay-out of EUR 61,781). The Board further resolved that the 2-year target taking the form of phantom stock resulted in a pay-out of EUR 0, and the 3-year target taking the form of phantom stock resulted in a pay-out of EUR 0.

Following the recommendations of the Remuneration and Nomination Committee, the Board discussed the goals for the other members of the executive management relating to performance year 2022, and assessed the degree to which these goals were achieved. For the 1-year company targets (having a weight of 80% for these executives), 65.9% was achieved (same as for CEO, see above). The Board was of the opinion that the CFO achieved 96% of his individual goals and the COO achieved 93.3% of his individual goals, corresponding to an aggregate pay-out of EUR 72,929 (including bonus for the CFO for the successful completion of the comprehensive recapitalization Security Enforcement). The Board further resolved that the 2-year target taking the form of phantom stock resulted in a pay-out of EUR 0, and the 3-year target taking the form of phantom stock resulted in the pay-out of EUR 0.

B. Company goals 2023 and remuneration executive management for performance year 2023

Deliberations and resolutions

Following the recommendations of the Remuneration[1] and Nomination Committee, the Board of Directors discussed and deliberated on the variable remuneration for the CEO for performance year 2023, including the minimum thresholds to be achieved and the amount of variable remuneration in case of overachievement. For the 1-year target (for 2023), the proposal is to use the below KPIs categories, each time consisting of the specific KPIs as proposed by the Remuneration and Nomination Committee, provided that the CEO will only be entitled to a cash bonus in case the Company has secured a funding event in 2023 which extends the Company's cash runway until at least 31 December 2024:

- *'Realize a strong financial performance' as KPI category (consisting of KPIs relating to (i) capping the operational cash flow, (ii) growth of product related income, (iii) improving gross margin on product sales and reduction of COGs per cartridge, and (iv) financial contribution from the partner business) having a total weight of 40% (20%-7.5%-7.5%-5%).*

    - *o In case the operational cash flow is equal to EUR -29.2m, 100% of the variable remuneration related to this KPI will be payable. Excess performance over EUR -29.2m (i.e., operational cash flow better than EUR -29.2m), will be calculated linearly up and until an operational cash flow of EUR -22.7m (e.g., cash flow of EUR -28,2m results in 103,5% achievement, 4 cash flow of EUR -27,2m results in 106,2% achievement, up to cash flow of EUR -22,7m resulting in 128,6% achievement).*

    - *o For growth of product related income, a minimum threshold of 87% must be achieved. In case of achievement of this KPI of 87%, 87% of the percentage of the variable remuneration will be payable, while every incremental percentage of achievement will result in 1% extra being payable, provided that the maximum amount payable shall be equal to 125%. In case of an*

[1] For target amounts, reference is made to the minutes of the Remuneration Committee of the same date, previously briefed to the board of directors, an extract of which is included below:

For the variable remuneration of the CEO and other members of executive management i.e., CFO and COO as well as for other defined senior management i.e., Head of Product, Head of Strategic Partnering, Head of Sales, the proposal is to use the proposed 2023 KPI categories for the evaluation/calculation of the short-term cash bonus amount (for 2023) whereby **the materialization of a funding event triggers eligibility to the short-term cash bonus**. The funding event (or cash event) will be deemed to have been achieved if financing is secured that extends the cash runway of the company until at least 31 December 2024.

Once the funding event achieved, effective calculation of the bonus amount will be based on the weighted achievement scores of both company and individual objectives as applicable, on which **an accelerator of 125%** will be applied. As a consequence, payment of the 1-year cash bonus for the above-mentioned senior management categories will be excluded from the bonus provisions for other staff.

The total max. bonus amount is **capped at 100%**.

Illustration:

Cash event materialized?	
Yes	**No**
Eligibility to variable compensation (i.e., 1-year cash bonus over 2023)	**No** eligibility to variable compensation (i.e., 1-year cash bonus over 2023)
Bonus amount: Calculated based on total achievement (e.g., 75%) x accelerator of 125% whereby for the total achievement both the company and individual performance will be considered if applicable (e.g., 100% company or 80/20% company/individual distribution or 60/40% company/individual distribution) ➔ 75% x 125% = 94% achievement ➔ Bonus amount: **base salary x bonus target% x 94%** ➔ Bonus amount is **capped at 100%**	Bonus amount: **'0' EUR**

achievement of less than 87% of this KPI, no variable remuneration to which such KPI relates shall be payable.

o For gross margin on product sales, a minimum threshold of 89% must be achieved. In case of achievement of this KPI of 89%, 89% of the percentage of the variable remuneration will be payable, while every incremental percentage of achievement will result in 1% extra being payable, provided that the maximum amount payable shall be equal to 125%. In case of an achievement of less than 89% of this KPI, no variable remuneration to which such KPI relates shall be payable.

o For COGs reduction per cartridge, a minimum threshold of 85% must be achieved. In case of a cartridge COG above 115% of the target cost, no variable remuneration to which such KPI relates shall be payable. For an achievement less than 115% of the target cost, every incremental percentage cost reduction will result in 1% extra being payable starting at 85% up to 100%. For an achievement resulting in a COG per cartridge of less than 100% of the target cost, every incremental percentage of achievement will result in 10% extra being payable, provided that the maximum amount payable shall be equal to 200% for an achievement of 90% of the target COGs.

o For financial contribution from the partner business, a minimum threshold of 75% must be achieved. In case of achievement of this KPI of 75%, 75% of the percentage of the variable remuneration will be payable, while every incremental percentage of achievement will result in 1% extra being payable, provided that the maximum amount payable shall be equal to 125%. In case of an achievement of less than 75% of this KPI, no variable remuneration to which such KPI relates shall be payable.

• 'Boost commercial success' as KPI category (consisting of KPIs relating to (i) expansion of installed base through instruments placements, (ii) delivering on the 'Integrated Product Roadmap', (iii) the health of funnel, and (iv) enhancement of the go-to-market strategy) having a total weight of 30% (10%-10%-5%-5%).

o For the KPI relating to gross new instrument placements, a minimum threshold of 85% must be achieved. In case of achievement of this KPI of 85%, 85% of the percentage of the variable remuneration will be payable, while every incremental percentage of achievement will result in 1% extra being payable, provided that for achievement above 100% every incremental percentage of achievement will result in 10% extra being payable, and provided that the maximum amount payable shall be equal to 200%.

o For the other KPIs (i.e. 'Integrated Product Roadmap', health of funnel and enhancement of go-to-market strategy), which are project based, the variable remuneration payable for these project based KPIs can be between 0% and 125% depending on (timing of) project delivery and budget.

• 'Drive focused process improvements' as KPI category (consisting of KPIs relating to optimization 'Manufacturing Asset Utilization & Reliability', shorter time to market processes including product development cycles and operational processes to accommodate FLEX and strengthening the 'Partner Integration Processes') having a total weight of 16% (8%-4%-4%). The variable remuneration payable for project based KPIs can be between 0% and 125% depending on (timing of) project delivery and budget.

• 'Grow organizational competencies' as KPI category (consisting of KPIs relating to strengthening the quality culture, continued investment in business-critical competencies with focus on RA and market access competencies, and the sustainability action plan and employee wellbeing initiatives) having a total weight of 14% (6%-4%-4%). The variable remuneration payable for project based KPIs can be between 0% and 125% depending on (timing of) project delivery and budget.

For the deferred compensation for the following 2 and 3 years, the phantom stock plan will be used.

The Board considered the proposed variable remuneration mechanism and the KPIs that will be used to measure and determine the variable remuneration for the CEO to be fully in line with the Company's interests. Therefore, after discussion, the Board resolved to approve the variable remuneration mechanism for the CEO as discussed.

Following the recommendations of the Remuneration and Nomination Committee, the Board of Directors discussed and deliberated on the variable remuneration for the other members of the executive management for 2023. The Board resolved to use the same 1-year target mechanism as set out for the CEO above. The Board considered the proposed variable remuneration mechanism and the KPIs that will be used to measure and determine the variable remuneration for the executive management to be fully in line with the Company's interests. Therefore, after discussion, the Board resolved to approve the variable remuneration mechanism for the executive management for 2023 as discussed."

- during the meeting held on 23 February 2023, for which the extract of the minutes sound as follows:

"*With respect to the foregoing statements made by South Bay Ventures BV, permanently represented by Mr. VERRELST, the board of directors refers to the aforementioned report of the board of directors, prepared in accordance with Articles 7:198 in conjunction with Articles 7:180 and 7:191 of the WVV with respect to the proposed issuance of the 2023 Subscription Rights under the 2023 Subscription Rights Plan*[2]*, for a description of:*

(a) the nature of the 2023 Subscription Rights Plan and the proposed issuance of the 2023 Subscription Rights,

(b) the justification for the proposed issuance of the 2023 Subscription Rights under the 2023 Subscription Rights Plan, and

(c) a description of the asset implications for the Company of the proposed issuance of the 2023 Subscription Rights under the 2023 Subscription Rights Plan.

The relevant report contains further details and will be publicly available (inter alia) on the company's website and, to the extent necessary, will be incorporated by reference into the minutes of this meeting."

- during the meeting held on 18 April 2023, for which the extract of the minutes sound as follows:

"*As a result of SBV BV, permanently represented by Herman Verrelst, transitioning into the role of Executive Chairman of the Board of Directors*[3]*, the key terms were discussed related to the termination of the current*

[2] A full copy of which is published on the company's website: [verslag-raad-van-bestuur-sop-2023-dutch-only.pdf (biocartisgroupnv.be)]
[3] Following the justification and suggestions as included in the minutes of the Remuneration Committee of the same date, previously briefed to the board of directors, an extract of which is included below:

consultancy agreement with SBV BV, including payment of any outstanding base monthly fees in respect of services rendered in calendar year 2023 until 24 April 2023 and the milestone payment for performance year 2022, payable in 2023. There will be no accelerated payment of part of the variable remuneration for the period 01 January 2023 until 24 April 2023. Final evaluation and pay-out of the variable remuneration will continue to follow the existing scheme and pay-out method, also taking into consideration the fixed remuneration earned during the period 01 January 2023 until 24 April 2023. The deferred phantom stock granted in respect of the variable remuneration of 2021 and 2022 will not be terminated or settled and will remain in place. Also, the 600.000 share options which were granted as part of the Share Options Plan 2023, will be retained (if accepted) as long as SBV BV, permanently represented by Herman Verrelst, continues to be a Director in the Company. For the latter, the existing (vesting) conditions (e.g., 3-year cliff vesting) as per the Share Options Plan 2023, will remain applicable.

Starting as of 24 April 2023, a new consultancy agreement with SBV BV will be entered into whereby a two-phase approach is proposed for the provision of the intended services. For the period as of 24 April 2023 until 30 June 2023 services will be provided on a full-time basis with payment of a fixed base monthly fee of 31.250 Euro. As of 1 July 2023, the services will be reduced to 40% with payment of a fixed base monthly fee of 12.500 Euro. If appropriate, changes to the terms can be mutually agreed upon.

The currently applicable scheme related to 50% variable remuneration will be retained on all fees earned in performance year 2023 and will continue to be subject to the existing performance KPIs and agreed upon schedule for 2023. The variable remuneration will continue to follow the deferral obligations. However, any deferred phantom stock granted as part of the additional fee for service year 2023 (or thereafter) will lapse and become null and void in case services are no longer performed for the Company (besides being a director of the company).

Subsequently the HPO referred to the proposed arrangements to manage Herman Verrelst transitioning into the position of Executive Chairman of the Board of Directors while ensuring operational continuity during a transition period. Based on legal guidance the company is proposing to terminate and settle the current consultancy agreement with South Bay Ventures BV, represented by Herman Verrelst and have it replaced by a new consultancy agreement with South Bay Ventures BV, effective as of 24 April 2023.

The key terms related to the termination of the current consultancy agreement include payment of any outstanding base monthly fees in respect of services rendered in calendar year 2023 until 24 April 2023 and the milestone payment for performance year 2022 that is payable in 2023. There will be no accelerated payment of (part of) the variable remuneration for the period 01 January 2023 until 24 April 2023. Final evaluation and pay-out of the variable remuneration will continue to follow the existing scheme and pay-out method, also taking into consideration the fixed remuneration earned during the period 01 January 2023 until 24 April 2023. The deferred phantom stock granted in respect of the variable remuneration of 2021 and 2022 will not be terminated or settled and will remain in place. Also the 600.000 share options which were granted (and if accepted) as part of the Share Options Plan 2023, will be retained as long as SBV continues to be a Director in the Company. For the latter, the existing (vesting) conditions (e.g., 3-year cliff vesting) as per the Share Options Plan 2023, will remain applicable.

For the new consultancy agreement, that will enter into as of 24 April 2023 a two-phase approach is proposed for the provision of the intended services, whereby for the period as of 24 April until 30 June services will be provided on a full-time basis with payment of a fixed base monthly fee of 31.250 Euro. As of 01 July 2023, the services will be reduced to 40% with payment of a fixed base monthly fee of 12.500 Euro. If appropriate, changes to the terms can be mutually agreed upon.

The currently applicable scheme related to 50% variable remuneration will be kept in place on all fees earned in performance year 2023 and will continue to be subject to the existing performance KPIs and agreed upon schedule for 2023. The variable remuneration will continue to follow the deferral obligations (50% pay-out in cash after performance year, 25% after two years in phantom stock, 25% after three years in phantom stock). However, any phantom stock granted as part of the additional fee for service year 2023 (or thereafter) will lapse and become null and void in case services are no longer performed for the company (besides being a director of the company).
The new consultancy agreement will be entered into for an indefinite term with a 3-months' notice period. In both the termination agreement and the new consultancy services agreement, reference is made to non-compete, non-solicitation, confidential, publicity and intellectual property obligations.

In his new capacity, Herman Verrelst will no longer be part of the executive management.

During the transition period where SBV will be remunerated for the performance of services as consultant, no (additional) fee will be payable for the performance of the Executive Chair or Board mandate.

> *The new consultancy agreement will be entered into for an indefinite term with a 3-months' notice period. In both the termination agreement and the new consultancy services agreement, reference is made to non-compete, non-solicitation, confidentiality, publicity and intellectual property obligations or restrictions.*
>
> *In its new capacity, SBV BV, permanently represented by Herman Verrelst, will no longer be part of the executive management of the Company.*
>
> *The Board resolved to approve the related contracts with SBV BV and authorized the current Chair of the Board to sign these on behalf of the Company.*"

More information on the remuneration of Herman Verrelst in 2023 can be found in the Remuneration Report below.

The procedure pursuant to Article 7:97 of the Belgian Code of Companies and Associations was not applied in 2023.

2.3 Committees of the board of directors

The board of directors has established two board committees: an audit committee and a remuneration and nomination committee. The terms of reference of these board committees are set out in the Company's corporate governance charter.

Audit committee

Composition

According to Belgian company law, the audit committee consists of non-executive directors only, at least one member of the audit committee must be an independent director, the members of the audit committee must have a collective expertise relating to the activities of the Company, and at least one member of the audit committee must have the necessary competence in accounting and auditing. The following three directors are members of the audit committee: Luc Gijsens BV, permanently represented by Luc Gijsens (chairman), Christian Reinaudo and Bryan Dechairo (who replaced Mr. Roald Borré as of 21 February 2023). The members of the audit committee have adequate expertise in financial matters to discharge their functions and have a collective expertise relating to the activities of the Company. The members of the audit committee are competent in accounting and auditing as evidenced by their previous and current roles.

Activity report

In 2023, the audit committee held two meetings which were attended by all members, resulting in a 100% attendance rate for the audit committee meetings. During its meetings, the audit committee among others reviewed and discussed the operational reorganization, as well as financial reporting and assessed the declarations regarding internal control and risk management in the annual report 2022. The external auditor attended both meetings of the audit committee. The audit committee reported systematically to the board of directors and ensured the co-operation of the executive management and the finance department of the Company where required.

Remuneration and nomination committee

Composition

According to Belgian company law, the remuneration and nomination committee consists of non-executive directors only, of which a majority must be independent directors. The committee has the required expertise in terms of remuneration policy. The remuneration and nomination committee consists of three directors: Christian Reinaudo (chairman), Ann-Christine Sundell and Christine Kuslich. All members of the remuneration and nomination committee are independent directors. The chief executive officer participates to the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of another member of the executive management is discussed.

Activity report

In 2023, the remuneration and nomination committee held four meetings which were attended by all members, resulting in a 100% attendance rate for the remuneration and nomination committee meetings. The remuneration and nomination committee discussed the composition of the board of directors and executive management, discussed and approved the achievement of the 2022 company goals and related variable remuneration of the executive management, and set the 2023 company goals and objectives (the progress of which was reviewed by the committee throughout the year). It approved the remuneration report included in the 2022 annual report. The remuneration and nomination committee reported systematically to the board of directors and ensured the co-operation of the executive management and the HR department of the Company where required.

2.4 Executive management

Composition

Throughout the year, the executive management was composed of the following individuals, who assumed the role of CEO, CFO or COO.

Name	Age	Function
Herman Verrelst(1)	50	Chief executive officer (CEO)
Roger Moody	56	Chief executive officer (CEO)
Jean-Marc Roelandt(2)	59	Chief financial officer (CFO)
George Cardoza	62	Chief financial officer (CFO)
Piet Houwen(3)	56	Chief operating officer (COO)

(1) Permanently representing South Bay Ventures (SBV) BV; Permanently representing Marcofin BV; (2) Permanently representing Scmiles BV.

Herman Verrelst served as chief executive officer of the Company effective from 31 August 2017 until 24 April 2023. Between 24 April 2023 and 1 July 2023, he served as executive director and chairman of the Company. From 1 July 2023, he served as non-executive chairman. See his biography under 'board of directors'.

Roger Moody has been Biocartis' Chief Executive Officer from 24 April 2023 until 31 October 2023 (whereby his mandate was officially ended on 23 December 2023). He has more than 30 years of experience in the technology and healthcare industry and brings a unique combination of deep knowledge of molecular diagnostics in the US and a proven track record of scaling up public companies. He has held various senior executive positions leading strategic business development, scaling manufacturing and commercial operations and securing funding in both private and public offerings. Prior to joining Biocartis, Mr. Moody served as CEO of GlySure Limited, whose primary assets were sold to Baxter International (NYSE: BAX), and held the CFO position at Nanosphere (now part of DiaSorin (Euronext Milan: DIA)), Clinical Genomics, Inc., a colorectal cancer diagnostics company) and most recently Talis Biomedical (Nasdaq: TLIS), a point-of-care molecular diagnostics company. Roger Moody holds a BSc in Finance from Syracuse University and an MBA from The University of Chicago Booth School of Business.

Jean-Marc Roelandt was the chief financial officer (CFO) of the Company until 4 August 2023. He is a senior executive with an established track record of more than 25 years as Chief Financial Officer in globally active publicly listed companies. With a focus on M&A, capital market transactions and the implementation of adequate financial management infrastructure in dynamic and fast-growing companies, he built up a solid expertise in various industries. Prior to joining Biocartis, he was Chief Financial Officer of MDxHealth, a multinational healthcare company that provides actionable genomic information to personalize the diagnosis and treatment of cancer. Mr. Roelandt holds a master's Degree in Applied Economics from the University of Ghent (Belgium).

George Cardoza has been Biocartis' Chief Financial Officer and Head of Service Delivery from 7 August 2023 until 31 October 2023 (whereby his mandate was officially ended on 23 December 2023). During this period, he was responsible for overseeing the company's financial strategies, driving operational efficiencies, and ensuring sustainable growth in line with the organization's objectives and in addition, overseeing the execution of Biocartis' strategic partnerships. He has more than 25 years of experience in the diagnostics and laboratory industry and brings a unique combination of extensive experience in both finance and operational leadership roles. Prior to joining Biocartis, Mr. Cardoza served as CEO of AccuraGen Holdings LLC, a California-based company focused on development of NGS-based liquid biopsy testing and prior to that he served in various executive roles (President and Chief Operating Officer Laboratory Services, President Pharma Services Division, and CFO) at NeoGenomics Laboratories (NASDAQ: NEO) a clinical laboratory and pharma services company that specialized in cancer diagnostic testing. Throughout his career, Mr. Cardoza has demonstrated a strong aptitude for financial management, strategic planning, and fostering collaboration across departments. He possesses a deep understanding of the industry landscape and a proven ability to navigate complex financial challenges while driving profitability. George Cardoza holds a B.S. in Finance and Accounting from Syracuse University and an MBA from Michigan State University.

Piet Houwen was the chief operating officer (COO) until 1 September 2023. He has more than 30 years of experience in various operational and general management roles. Piet Houwen has a strong track record in manufacturing, process engineering, project and people management. Mr. Houwen has gained broad operational experience in dynamic international environments, including in fast moving consumer goods, food manufacturing, biopharmaceuticals and consulting. Prior to joining Biocartis, Piet Houwen was chief operations officer at Ablynx and prior to that, he held global roles for Sanofi/Genzyme and Janssen Pharmaceutica (part of Johnson & Johnson family of companies) where he was active in pharmaceutical manufacturing of large and small molecules, stent coating and medical devices. Piet Houwen holds a

Master's Degree in Mechanical Engineering from the Delft University of Technology (The Netherlands). After his departure, part of his responsibilities were assumed by George Cardoza as Head of Service Delivery.

The business address of each of the members of the executive management for the purpose of their mandate is Generaal de Wittelaan 11B, 2800 Mechelen, Belgium.

In view of the completion of the Security Enforcement, the Company no longer has any executive management in place as from 23 December 2023.

Diversity

The board has always valued diversity as a key business driver and focused on a diverse set of skills and inclusive leadership throughout the Company when composing the executive management. In view of the completion of the Security Enforcement however, the Company no longer has any executive management in place. Therefore, the Company does not have a diversity policy in place as per 31 December 2023.

2.5 Remuneration report

Introduction

This remuneration report provides an overview of the key aspects of the remuneration of the Company's directors and members of the executive management in 2023, it being understood that the executive management has transferred to and was remunerated by the New Biocartis Group following the Security Enforcement. As from 23 December 2023 – i.e. the date on which all remaining corporate mandates of the executive management have been formally terminated by the Company's board of directors – the Company no longer has any executive management in place. Following a clear positive vote by the Company's shareholders on the remuneration report of 2022 and the Company's remuneration policy, the changes to the remuneration of the directors and members of the executive management in 2023 as compared to 2022 have been kept to a minimum, it being understood however that, in view of the Security Enforcement, directors have waived their remuneration as of Q4 2023. This remuneration report must be read together with the Company's remuneration policy which can be found on its website, as well as with the performance of the Company in 2023 as set out in detail in this annual report.

Remuneration of the directors

<u>Principles</u>

The remuneration of the non-executive directors is composed of a fixed fee and an attendance fee. The amount of such fees was set by the annual shareholders' meeting.

Annual fixed fees:

- Chairperson of the board: EUR 36,000
- Chairperson of the audit committee: EUR 18,000
- Chairperson of the remuneration and nomination committee: EUR 14,000
- Other non-executive directors: EUR 12,000

Attendance fees: In addition to the annual fixed fees mentioned above, each non-executive director receives an attendance fee of EUR 3,000 per regular meeting of the board of directors or EUR 1,500 per ad hoc board meeting with a more limited agenda (to be increased, as the case may be, with a fee for travel time of EUR 1,500 for Ann-Christine Sundell and EUR 2,500 for Christine Kuslich and Bryan Dechairo per meeting of the board attended in person), EUR 1,000 per meeting of the audit committee attended by the director who is a member of such committee, and EUR 500 per meeting of the remuneration and nomination committee attended by the director who is a member of such committee.

No share-based awards: As from 1 January 2020, the Company no longer grants share options to non-executive directors. However, certain directors do hold subscription rights granted to them under the 2018 Plan (see below).

The board of directors, upon recommendation of the remuneration and nomination committee, decided to deviate from provision 7.6 of the Belgian Code on Corporate Governance 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.

The Company also reimburses the directors for reasonable out of pocket expenses (including travel expenses) incurred while performing their mandate.

Remuneration of the members of the board of directors in 2023

Based on what is set out above, the remuneration of the directors for the performance of their director mandate in 2023 is as follows(1):

Name of Director	Fixed remuneration			Variable remuneration		Extra-ordinary items	Total remune-ration	Proportion of fixed and variable remuneration
	Fixed fees (2)	Attendance fees (3)	Fringe benefits	One-year variable	Multi-year variable			
SBV BV, repr. by Herman Verrelst	9,000	9,000	0	0	0	0	18,000	Fixed: 100% Variable: 0%
Christian Reinaudo	21,775	23,500	0	0	0	0	45,275	Fixed: 100% Variable: 0%
Luc Gijsens BV, repr. by Luc Gijsens	13,500	21,500	0	0	0	0	35,000	Fixed: 100% Variable: 0%
Ann-Christine Sundell	9,000	21,500	0	0	0	0	30,500	Fixed: 100% Variable: 0%
Christine Kuslich	9,000	22,500	0	0	0	0	31,500	Fixed: 100% Variable: 0%
Bryan Dechairo	7,282	22,500	0	0	0	0	29,782	Fixed: 100% Variable: 0%
Roald Borré(4)	0	0	0	0	0	0	0	Fixed: 100% Variable: 0%

(1) Amounts mentioned are gross amounts in Euro.

(2) Amounts mentioned in this column relate to the directors' annual fixed fees.

(3) Amounts mentioned in this column relate to the attendance fees of the members of the board and its committees.

(4) Mr. Borré renounced his remuneration as director and member of the audit committee of the Company. Mr. Borré resigned from the board with effect as of 21 February 2023, and was replaced by Mr. Dechairo with effect as of the same date.

As mentioned above, the Directors waived their remuneration as of the fourth quarter of 2023 in view of the Security Enforcement, resulting in a decrease of their total 2023 remuneration in comparison to 2022. This decrease is also reflected in the chart showing the changes in the remuneration of the directors and the members of the executive management and the changes in the average remuneration of the employees of the Company over the past five years.

The table below provides an overview of the number of subscription rights of the directors on 31 December 2023:

Name of Director	The main conditions of subscription rights plans						Information regarding the reported financial year			
							Opening balance	During the year (2)		Closing balance
	Specification of plan	Award date	Vesting date (1)	End of holding period	Exercise period	Strike price	Subscription rights held (of which vested)	Subscription rights awarded	Subscription rights vested	subscription rights held (of which vested)
Christian Reinaudo	2018 Plan	10/09/2018	1/3rd in each of 2019, 2020 and 2021	N/A	1/1/2022 – 9/9/2025	EUR 11.93	15,000 (15,000)	0	0	15,000 (15,000)
Luc Gijsens BV, repr. by Luc Gijsens	2018 Plan	10/09/2018	1/2nd in each of 2019 and 2020	N/A	1/1/2022 - 9/9/2025	EUR 11.93	10,000 (10,000)	0	0	10,000 (10,000)
Ann-Christine Sundell	2018 Plan	10/09/2018	1/2nd in each of 2019 and 2020	N/A	1/1/2022 - 9/9/2025	EUR 11.93	10,000 (10,000)	0	0	10,000 (10,000)
Christine Kuslich	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0

Roald Borré	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0

(1) Pursuant to the 2018 Plan, the subscription rights of the directors vest in X equal instalments on each anniversary date of the date of his or her appointment as director of the Company, whereby X shall be equal to the duration of his or her director's mandate expressed in years.

(2) During 2022, no subscription rights were exercised or became null and void for any reason.

Remuneration of the members of the executive management

Principles

The remuneration of the members of the executive management consists of the following remuneration components:

- Annual fixed cash remuneration
- Non-deferred short-term variable remuneration (cash bonus)
- Deferred short-term variable remuneration (since 2020 in the form of phantom stock)
- Long-term variable remuneration (subscription rights)
- Certain other components

Remuneration of the members of the executive management in 2023

Total Remuneration: The total remuneration of the members of the executive management in 2023 is as follows:

Name of Executive	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Fees	Fringe benefits	One-year variable(1)	Multi-year variable (2)				
SBV BV, repr. By Herman Verrelst(3)	EUR 187,500	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 187,500	Fixed: 100% Variable: 0%
John Roger Moody Jr.(4)	USD 234,017	USD 0	USD 135,817 (8)	USD 0	USD 0	USD 0	USD 0	USD 369.834	Fixed: 100% Variable: 0%
Marcofin BV, repr. By Jean-Marc Roelandt(5)	EUR 140,332	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 140,332	Fixed: 100% Variable: 0%
George Cardoza(6)	USD 82,963	USD 0	USD 0	USD 0	USD 0	USD 0	USD 0	USD 82,963	Fixed: 100% Variable: 0%
Scmiles BV, repr. by Piet Houwen(7)	EUR 217,653	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 217,653	Fixed: 100% Variable: 0%

(1) Amounts mentioned in this column relate to the non-deferred short-term variable remuneration (cash bonus).

(2) Amounts mentioned in this column relate to the deferred short-term variable remuneration. The deferred variable remuneration of the executive management is structured by way of phantom stock under the phantom stock plan which was created in 2020. In view of the Security Enforcement, the value of any subscription rights vested in 2023 have not been taken into account. See the table below for more information on the subscription rights of the executive management as per 31 December 2023.

(3) CEO until 24 April 2023; chair since 24 April 2023 but only as non-executive since 1 July 2023 (before that date: SBV BV was paid fee under consultancy agreement).

(4) CEO from 24 April 2023 until 31 October 2023, the date of the Security Transaction. No remuneration was received after 31 October 2023. His mandate was officially terminated on December 23, 2023.

(5) CFO until 4 August 2023;

(6) CFO and Head of Service Delivery from 7 August 2023 until 31 October 2023, the date of the Security Transaction. No remuneration was received after 31 October 2023. His mandate was officially terminated on December 23, 2023.

(7) COO until 1 September 2023.

(8) Sign-on bonus, hardship compensation, car allowance and telecom allowance.

None of the executive management received or will receive a variable remuneration relating to the fiscal year 2023, as the qualifying objective thereto, i.e. the materialization of a funding event, whereby financing would be secured that extends the cash runway of the Company until at least 31 December 2024, was not realized.

No severance payments have been granted to members of the executive management who left the Company in 2023.

The aforementioned remuneration of the members of the executive management was in line with the Company's remuneration policy. By creating a balanced mix between fixed and variable remuneration, as well as between short-term and long-term remuneration, the Company strived to create a focus not only on short-term operational performance but also on the long-term objective of creating sustainable value. The goals and objectives of the members of the executive management determined to evaluate their variable remuneration were established in order to support the Company's long-term performance as they focused on the key metrics to achieve such long-term performance.

Non-Deferred and Deferred Short-Term Variable Remuneration

In the past, short-term variable remuneration for the CEO could 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 could be maximum 30% of their respective annual fixed remuneration of the year for which the variable remuneration is awarded.

In accordance with applicable law, 50% of the short-term variable remuneration of the members of the executive management is linked to performance criteria measured over one performance year. Such non-deferred short-term variable remuneration is settled in cash. For the remaining 50% of the short-term variable remuneration, 25% is linked to performance criteria measured over two performance years and another 25% is linked to performance criteria measured over three performance years. It is to be noted that in the course of 2020, the Company decided to structure the deferred short-term variable remuneration for the members of the executive management by way of a grant of phantom stock. For more information on the phantom stock mechanism, please see the Company's remuneration policy.

However, in view of the Security Enforcement, none of the executive management received a variable remuneration.

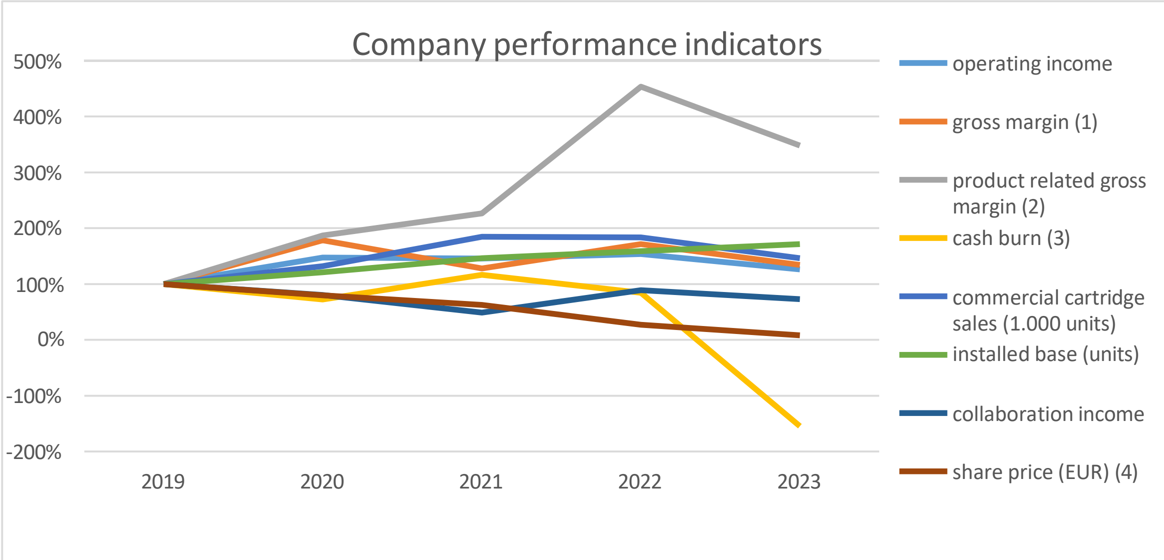
Long-Term Variable Remuneration (subscription rights)

The table below provides an overview of the number of subscription rights of the members of the executive management on 31 December 2023:

Name of Executive	The main conditions of subscription rights plans						Information regarding the reported financial year				
							Opening balance	During the year			Closing balance
	Specification of plan	Award date	Vesting date	End of holding period	Exercise period	Strike price	Subscription rights held (of which vested)	Subscription rights awarded	Subscription rights vested	Subscription rights cancelled/ forfeited	Subscription rights held (of which vested)
SBV BV, repr. by Herman Verrelst	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 - 29/4/2027	EUR 4.18	300,000 (0)	0	0	300,000	0
	2020B Plan	27/4/2021	1/1/2025	N/A	1/1/2025 – 26/4/2028	EUR 4.45	60,000 (0)	0	0	60,000	0
	2023 Plan	24/4/2023	24/2/2026	N/A	24/2/2026 – 23/2/2030	EUR 0.66	0	600,000	0	600,000	0
Marcofin BV, repr. by Jean-Marc Roelandt	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 - 29/4/2027	EUR 4.18	100,000 (0)	0	0	100,000	0
	2020B Plan	27/4/2021	1/1/2025	N/A	1/1/2025 – 26/4/2028	EUR 4.45	30,000 (0)	0	0	30,000	0
Scmiles BV, repr. by Piet Houwen	2018 Plan	9/5/2019	2020-2023	N/A	1/1/2023 – 8/5/2026	EUR 11.93	65,000 (60,937)	0	4,063	0	65,000 (65,000)
	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 – 29/4/2027	EUR 4.18	50,000 (0)	0	0	50,000	0

Yearly changes in remuneration and performance of the Company

The chart below shows the evolution in the performance of the Company over the past five years, expressed by way of key performance indicators which were used in the relevant period for determining the variable remuneration of the executive management.



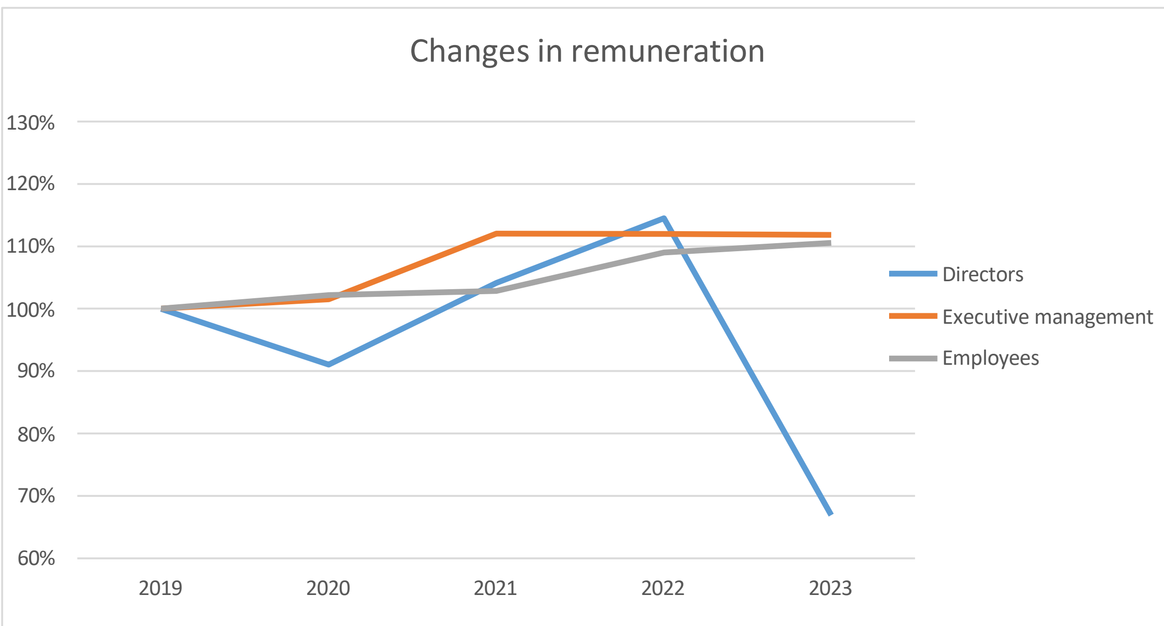
(1) Gross margin is defined as total operating income less cost of sales.

(2) Product related gross margin is defined as product sales and system service income less cost of sales.

(3) Cash burn is defined as operating and investing cash flow.

(4) Trading in the Company's shares has been halted since 25 September 2023.

The chart below shows the changes in the remuneration of the directors and the members of the executive management and the changes in the average remuneration of the employees of the Company over the past five years.



The average remuneration of the employees (for the avoidance of doubt, excluding directors and members of the executive management) is calculated based on the total remuneration as of 31 December of the relevant year for the employees of the Company and its subsidiaries. The total remuneration of the employees includes base remuneration, short term variable remuneration (bonus plan) and benefits (such as pension plan, company car, commuting allowances, disability insurance and health insurance).

It is to be noted that over the past five years the composition of the workforce (e.g., relative weight of the number of manual workers versus cognitive workers, establishment of a US workforce) and the changes in the composition of the executive management had an impact on the average remuneration evolution as shown in the above. Also, this takes into account the effects of the Security Enforcement. Subscription rights are excluded from the calculations. For more detailed information on the remuneration of the directors and the members of the executive management over the past five years, reference is made to the remuneration reports as included in the Company's annual reports over the past five years.

Pay ratio

The ratio between the highest remuneration of the members of executive management and the lowest remuneration (in full-time equivalent) of the Company's employees amounts to 12 to 1. Subscription rights are excluded from the calculations.

Severance payments for departing members of the executive Management

No severance payments have been granted to members of the executive management who left the Company in 2023. No claw-back provisions applied or therefore exercised.

2.6 Share capital and shares

Issue of shares by the company in 2023

On 1 January 2023, the share capital of the Company amounted to EUR 929,896.99, represented by 92,989,699 shares. In the course of 2023, shares were issued at the following occasions:

- On 23 January 2023, 112,338 new shares were issued as a result of a contribution in kind of a receivable towards the company;
- On 20 February 2023, 803 new shares were issued as a result of the conversion of convertible bonds;
- On 21 February 2023, 810 new shares were issued as a result of the conversion of convertible bonds;
- On 2 March 2023, 812 new shares were issued as a result of the conversion of convertible bonds;
- On 18 April 2023, 187,068 new shares were issued as a result of a contribution in kind of a receivable towards the company;
- On 25 April 2023, 178,403 new shares were issued as a result of the conversion of convertible bonds;
- On 8 June 2023, 89,701 new shares were issued as a result of the conversion of convertible bonds;
- On 23 June 2023, 113,342 new shares were issued as a result of the conversion of convertible bonds;
- On 27 June 2023, 242,934 new shares were issued as a result of the conversion of convertible bonds;

Consequently, on 31 December 2023, the share capital of the Company amounted to EUR 939,159.10, represented by 93,915,910 shares.

Number and form of shares of the company

Of the 93,915,910 shares of the Company outstanding at 31 December 2023, 47,931 were registered shares and 93,867,979 were dematerialized shares. All shares belong to the same class and are freely transferable. All shares are issued and fully paid-up.

Rights attached to shares of the company

Each share in the Company (i) entitles its holder to one vote at the general shareholders' meetings, (ii) represents an identical fraction of the Company's share capital and has the same rights and obligations, and shares equally in the profits and losses of, the Company, and (iii) gives its holder a preferential subscription right to subscribe for new shares, convertible bonds or subscription rights in proportion to the part of the share capital represented by the shares already held. The preferential subscription right can be restricted or cancelled by a resolution approved by the general shareholders' meeting, or by the board of directors subject to an authorization of the general shareholders' meeting, in accordance with the provisions of Belgian company law and the Company's articles of association. Pursuant to Article 11 of the articles of association, the exercise of the voting rights of all shares owned by the relevant shareholder are suspended if and as long as the board of directors calls for the payment of shares which are not fully paid-up and such calls have not been performed by such shareholder. However, all shares in the Company are currently fully paid-up. Pursuant to Article 12 of the articles of association, the Company may suspend all rights attached to a security when such security is held by more than one person, until such time as one sole person has been identified to the Company as the holder of the security.

Subject to certain exceptions, no shareholder may cast a greater number of votes at a general shareholders' meeting of the Company than those voting rights that such shareholder has notified to the Company and the Belgian Financial Services and Markets Authority ('FSMA'), in accordance with the applicable rules laid down in the Belgian Law of 2 May 2007 on the disclosure of major shareholdings, at least 20 calendar days prior to the date of the general shareholders' meeting. In general, pursuant to the aforementioned Law of 2 May 2007 and the Company's articles of association, a notification to the Company and the FSMA is required by all natural and legal persons in each case where the percentage of voting rights in the Company held by such persons reaches, exceeds or falls below the threshold of 3%, 5%, 10%, and every subsequent multiple of 5%, of the total number of voting rights in the Company. Furthermore, in certain instances, voting rights can be suspended by a competent court or by the FSMA.

Right of the board of directors to increase the share capital of the Company

On 4 June 2021, the general shareholders' meeting renewed the authorization to the board of directors to increase the share capital of the Company within the framework of the authorized capital. Such authorization was granted with a maximum of 75% of the share capital at the time of the convening of the shareholders' meeting granting such authorization (i.e., EUR 431,592.47).

The general shareholders' meeting further decided that the board of directors, when exercising its powers under the authorized capital, is authorized to restrict or cancel the statutory preferential subscription rights of the shareholders (within the meaning of Belgian company law). This authorization includes the restriction or cancellation of the preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company or its subsidiaries). The authorization is valid for a term of five years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (Belgisch Staatsblad), i.e., until 22 June 2026. The board used its authorization with respect to 1,038,968 shares in 2022, resulting in a remaining authorization for the board to issue 42,120,279 shares. On 23 February 2023, the board of directors resolved to issue eight million three hundred thousand (8,300,000) "Subscription Rights 2023" in the context of the authorized capital, and related capital increase subject to and to the extent of the exercise of the aforementioned subscription rights, whereby each subscription right under the Subscription Rights Plan 2023 will entitle the holder to subscribe to one (1) new share of the company, resulting in a remaining authorization for the board to issue 33,820,279 shares.

Modifications to the articles of association and share capital

Amendments to the articles of association, other than certain specific amendments such as an amendment of the Company's purpose, require the presence or representation of at least 50% of the share capital of the Company at an extraordinary shareholders' meeting to be held before a notary public, and a majority of at least 75% of the votes cast at such meeting. An amendment of the Company's corporate purpose requires the approval of at least 80% of the votes cast at an extraordinary shareholders' meeting to be held before a notary public, which can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event where the required attendance quorum is not present or represented at the first meeting, a second meeting needs to be convened. The second general shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented. The special majority requirements, however, remain applicable.

The above also applies to any changes of the Company's share capital as such changes amount to an amendment of the Company's articles of association. There are no conditions imposed by the Company's articles of association that are more stringent than those required by law. Within the framework of the powers granted to it under the authorized capital, the board of directors may also increase the Company's share capital as specified in the articles of association.

Purchase and sale of treasury shares

The Company may purchase, subject to the provisions of the Belgian company law, its own shares if authorized by a prior decision of an extraordinary shareholders' meeting approved by a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event where the required attendance quorum is not present or represented at the first meeting, a second meeting needs to be convened. The second general shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented. The special majority requirements, however, remain applicable. The aforementioned rules are also applicable to the acquisition of shares of the Company by its subsidiaries. The sale of treasury shares is also subject to the provisions of the Belgian Code of Companies and Associations. The board of directors is currently not authorized by an extraordinary shareholders' meeting to purchase or sell its own shares. On 31 December 2023, neither the Company nor any subsidiary of the Company held any shares in the Company.

Public takeover bids

Public takeover bids for the Company's shares and other securities giving access to voting rights (such as subscription rights and convertible bonds) are subject to supervision by the FSMA. Any public takeover bid must be extended to all of the

Company's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

The Belgian Law on public takeover bids of 1 April 2007 provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are admitted to trading on a regulated market or on a multilateral trading facility designated by the Belgian Royal Decree of 27 April 2007 on public takeover bids. The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the then current market price. The duty to launch a mandatory bid does not apply in certain cases set out in the aforementioned Belgian Royal Decree of 27 April 2007 such as (i) in case of an acquisition if it can be shown that a third-party exercises control over the Company or that such party holds a larger stake than the person holding 30% of the voting securities or (ii) in case of a capital increase with preferential subscription rights decided by the Company's general shareholders' meeting.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose significant shareholdings and merger control, which may apply to the Company and which may create hurdles to an unsolicited tender offer, merger, change in management or other change in control. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

Pursuant to Belgian company law, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the authorized capital) or through share buy-backs (i.e. purchase of own shares). In principle, the authorization of the board of directors to increase the share capital of the Company through contributions in kind or in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid on the securities of the Company. The general shareholders' meeting can, however, under certain conditions, expressly authorize the board of directors to increase the capital of the Company in such case by issuing shares in an amount of not more than 10% of the existing shares of the Company at the time of such public takeover bid. Such authorization has not been granted to the board of directors of the Company.

The Company's articles of association do not provide for any specific protective mechanisms against public takeover bids.

Given the Security Enforcement, the Company is no longer a party to any significant agreements which take effect, alter or terminate upon a change of control over the Company following a takeover bid.

However, the Company's share option plans provide for an accelerated vesting of the subscription rights in case of a change of control event.

2.7 External and internal control

External control

In 2023, the Company's statutory auditor was Deloitte Bedrijfsrevisoren BV, represented by Nico Houthaeve. The statutory auditor performs the external audit of the consolidated and statutory accounts of the Company and of its Belgian subsidiary Biocartis NV (until 31 October 2023, date of the Security Enforcement), and audits specified account balances of Biocartis US Inc. (also until 31 October 2023, date of the Security Enforcement). For 2023, the audit fee amounted to EUR 148,372, and the fees for audit related services performed by the statutory auditor amounted to EUR 172,366 (mainly with respect to the comprehensive recapitalization Security Enforcement of the Company and the Security Enforcement).

Internal control

As indicated in this annual report, the board of directors has set up an audit committee that gives guidance and controls the financial reporting of the Group. It ensures the presence of sufficient internal control mechanisms and, in co-operation with the statutory auditor of the Group, investigates questions in relation to accounting and valuation rules. The audit committee more specifically reviews the financial accounts of the Company, the management reporting and budgets and gives its recommendation with regard to these documents to the board of directors. Given the size and complexity of the Company's business up until the Security Enforcement, as well as the policies and internal processes it has in place, no independent internal audit function has been or will be established.

The Company has set up control policies and risk management systems to ensure that the main business risks are properly identified, managed and disclosed. The objectives of the Company internal control framework are achieving effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations and the safeguarding of assets. To this end, the Company has established a number of instruments that are discussed on a regular basis in the audit committee and are presented to the board of directors:

- Long term financial planning and annual budgets: at least once per year, the management of the Company prepares the annual budget. This is an important instrument to control activities of the Group and combines strategy, risk, business plans and intended results. The budget is also used as a basis to define the most important company goals for the financial year. The performance against the budget and Company goals is monitored monthly by the finance and business team and discussed on a monthly basis in the executive management meetings. Quarterly business reviews are conducted with all relevant stakeholders for more in depth analysis and for forecast updates. It is also presented to the audit committee and the board of directors. In addition, the management and board of directors prepare and update a longer term financial plan to crystalize the longer term strategy of Group.

- Monthly management information reports and financial accounts to monitor (actual) performance versus (budget) objectives: every month management prepares a detailed management information report ('MIR') covering all activities of the Group (commercial, development, production, strategic, IP, HR, etc.). The MIR also maps the Company's ongoing progress against the yearly budget and longer term strategic and R&D development goals.

- Time registration on projects and activities to monitor staff resource allocation as compared to planning.

- Statutory financial and tax reporting per legal entity and IFRS financial accounts on a consolidated level: management prepares and presents to the audit committee and the board of directors these accounts at least every six months.

In order to ensure the quality and reliability of the financial information, the Group has established key standardized information flow processes, consistent throughout the organization. The most important financial processes are designed to ensure data consistency and comparability, as well as to detect potential anomalies. These processes include amongst others expenditure, revenue, inventory, fixed assets, financial closing and treasury processes. Management defines the values as well as the skills and job descriptions needed for all functions and tasks within the organization.

3 Financial report

Responsibility statement

The board of directors of the Company, in name of and on behalf of the Company, hereby declares that to the best of its knowledge:

- The annual accounts, which have been drawn up in accordance with the applicable accounting standards, give a true and fair view of the net equity, financial position and results of the Company and the companies included in the consolidation, and

- The annual report gives a true and fair view of the development and results of the business and the position of the Company and the companies included in the consolidation, as well as a description of the main risks and uncertainties they are confronted with.

Signed by:

Herman Verrelst

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SBV BV

represented by Herman Verrelst

CHAIRMAN OF THE BOARD OF DIRECTORS

DocuSigned by:

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Christian Reinaudo

DIRECTOR

3.1 Consolidated financial statements as of and for the years ended 31 December 2023 and 2022

3.1.1 Consolidated income statement

In EUR 000	Notes	Years ended 31 December, 2023	2022
Collaboration revenue	3.2.4	9,047	11,068
Product sales revenue	3.2.4	36,447	45,036
Service revenue	3.2.4	1,893	1,377
Total revenue		**47,387**	**57,481**
Other operating income			
Grants and other income	3.2.5	303	495
Total operating income		**47,690**	**57,976**
Cost of sales	3.2.6	-20,495	-29,799
Research and development expenses	3.2.7	-32,512	-38,393
Sales and marketing expenses	3.2.8	-20,110	-20,595
General and administrative expenses	3.2.9	-15,866	-16,236
Total operating expenses		**-88,983**	**-105,023**
Operating profit/loss for the year		**-41,293**	**-47,047**
Result of security enforcement transaction	3.2.11	131,694	
Financial expense	3.2.11	-71,806	-21,179
Other financial results	3.2.11	2,317	3,489
Financial result, net		**62,205**	**-17,690**
Share in the result of joint venture		-700	-884
Impairment loss on joint venture		-2,005	
Profit/Loss for the year before taxes		**18,207**	**-65,621**
Income taxes	3.2.28	170	240
Profit/Loss for the year after taxes		**18,377**	**-65,381**
Attributable to owners of the Group		18,377	-65,381
Earnings per share			
Basic and diluted earnings/loss per share	3.2.12	0.20	-1.08

3.1.2 Consolidated statement of comprehensive income

		Years ended 31 December,	
In EUR 000	Notes	2023	2022
Profit/Loss for the year		**18,377**	**-65,381**
Other comprehensive income (loss), not to be reclassified to profit or loss:			
Re-measurement gains and losses on defined benefit plan	3.2.24	-86	-385
Income taxes on items of other comprehensive income		25	114
Other comprehensive income (loss), that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		-6	378
Total comprehensive loss for the year		**18,311**	**-65,274**
Attributable to owners of the Group		18,311	-65,274

3.1.3 Consolidated statement of financial position

		As of 31 December,	
In EUR 000	Notes	2023	2022
Assets			
Non-current assets			
Intangible assets	3.2.13	0	4,770
Property, plant and equipment	3.2.14	0	31,527
Financial assets	3.2.15	0	3,640
Investment in joint ventures	3.2.16	0	2,538
Other non-current assets	3.2.24	0	204
Deferred tax assets and R&D Investment tax credit	3.2.17	0	1,664
		0	44,343
Current assets			
Inventories	3.2.18	0	18,905
Trade receivables	3.2.19	18	16,697
Other receivables	3.2.19	378	2,236
Other current assets	3.2.20	0	5,971
Cash and cash equivalents*	3.2.21	645	26,125
		1,041	69,934
Total assets		**1,041**	**114,277**
Equity and liabilities			
Capital and reserves			
Share capital	3.2.22	-220,293	-220,302
Share premium	3.2.22	639,186	631,722
Share based payment reserve	3.2.22	8,357	7,502
Accumulated deficit	3.2.22	-425,698	-443,363
Other comprehensive income	3.2.22	-831	-5,843
Total equity attributable to owners of the Group		**721**	**-30,284**
Non-current liabilities			
Provisions	3.2.24	5	204
Borrowings and lease liabilities	3.2.25	0	25,824
Convertible debt	3.2.25	0	75,935
Deferred income	3.2.27	0	149
		5	102,112
Current liabilities			
Borrowings and lease liabilities	3.2.25	0	20,597
Trade payables	3.2.26	294	11,747
Deferred income	3.2.27	0	1,195
Other current liabilities	3.2.26	21	8,910
		315	42,449
Total equity and liabilities		**1,041**	**114,277**

*Cash and cash equivalents for 31 December 2022 includes EUR 1.2 million restricted cash related to KBC Lease financing

3.1.4 Consolidated cash flow statement

		Years ended 31 December,	
In EUR 000	Notes	2023	2022
Operating activities			
Profit/(Loss) for the year		18,377	-65,381
Adjustments for			
Depreciation and amortization	3.2.13/3.2.14	10,047	10,481
Impairment losses	3.2.7/3.2.14	2,928	1,178
Income taxes in profit and loss	3.2.29	-170	-240
Non cash movements related to convertible bond & convertible term loan	3.2.25	-2,269	
Result of Security Enforcement due to restructuring***	3.2.11	-131,694	
Financial result, net	3.2.11	69,489	17,690
Unrealized exchange gains/ losses			
Net movement in defined benefit obligation	3.2.24	-145	-143
Share of net profit of associate and joint venture	3.2.16	700	884
Share based payment expense	3.2.23	855	640
Other		-167	-78
Changes in working capital			
Net movement in inventories** ***	3.2.18	-1,945	-5,297
Net movement in trade and other receivables and other current assets***	3.2.19/3.2.17	3,247	1,579
Net movement in trade payables & other current liabilities***	3.2.26	-7,810	652
Net movement in deferred income	3.2.27	-1,051	-791
Cash flow from operating activities before interest and taxes paid		**-39,608**	**-38,826**
Interest paid		-8,233	-6,027
Taxes paid	3.2.29	0	-2
Cash flow used in operating activities		**-47,841**	**-44,855**
Investing activities			
Interest received		456	6
Acquisition/disposal of property, plant & equipment**	3.2.14	178	-1,569
Acquisition of intangible assets	3.2.13	-114	-368
Divestment of subsidiaries – cash conceded upon Security Enforcement***		-7,841	0
Investment in joint venture	3.2.16	0	-1,000
Investment convertible note	3.2.15	0	-2,500
Repayment convertible note	3.2.15	2,500	0
Cash flow used in investing activities		**-4,821**	**-5,431**
Financing activities			
Proceeds from borrowings	3.2.25	53,050	15,000
Refinancing convertible bond and convertible term loan	3.2.25	37,009	10,782
Net proceeds from the issue of common shares, net of transaction costs	3.2.25	0	23,055
Repayment of borrowings	3.2.25	-62,720	-26,301
Bank charges		-53	-73
Cash flow from financing activities		**27,286**	**22,463**
Net decrease in cash and cash equivalents		**-25,376**	**-27,823**
Cash and cash equivalents at the beginning of the period		26,125	53,522
Effects of exchange rate changes on the balance of cash held in foreign currencies		-104	426
Cash and cash equivalents at the end of the period*		**645**	**26,125**

* Including EUR 1.2 million restricted cash related to KBC Lease financing on 31 December 2022

** Including Idylla instruments placed under reagent rental agreements that were held in inventory on 31 December 2022

*** More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”

3.1.5 Consolidated statement of changes in equity

In EUR 000	Notes	Share capital	Share premium	Share based payment reserve	Other comprehensive income	Accumulated deficit	Total equity attributable to the owners of the Group	Total equity
Balance as at 1 January 2022		**-220,657**	**711,874**	**6,862**	**-5,572**	**-526,405**	**-33,897**	**-33,897**
Loss for the period						-65,381	-65,381	-65,381
Re-measurement gains and losses on defined benefit plan	3.2.24				-271		-271	-271
Consolidation translation difference						378	378	378
Total comprehensive income					**-271**	**-65,003**	**-65,274**	**-65,274**
Share-based payment expense	3.2.23			640			640	640
Convertible bond conversion old bond	3.2.21		11				11	11
Convertible bond issue new bond	3.2.21		33,121				33,121	33,121
Capital increase by contribution in kind	3.2.21		-104,071			104,071	0	0
Share issue - contribution in kind 6 September 2022	3.2.21	8	992				1,000	1,000
Capital decrease by incorporation of accumulated losses 14 November 2022	3.2.21		-43,975			43,975	0	0
Share issue - rights offering 2 December 2022	3.2.21	336	24,773				25,108	25,108
Costs related to rights offering	3.2.21		-2,053				-2,053	-2,053
Share issue - conversion convertible term loan	3.2.21	2	240				242	242
Share issue - mandatory conversion convertible bond 16 December 2022	3.2.21	9	10,810				10,819	10,819
Balance as at 31 December 2022		**-220,302**	**631,722**	**7,502**	**-5,843**	**-443,363**	**-30,284**	**-30,284**
Balance as at 1 January 2023		**-220,302**	**631,722**	**7,502**	**-5,843**	**-443,363**	**-30,284**	**-30,284**
Profit/(Loss) for the period						18,377	18,377	18,377
Re-measurement gains and losses on defined benefit plan	3.2.24				-59		-59	-59
Consolidation translation difference						-6	-6	-6
Total comprehensive income					**-59**	**18,370**	**18,311**	**18,311**
Share-based payment expense	3.2.23			855			855	855
Convertible bond - Conversion new bond	3.2.21	6	7,225				7,231	7,231
Convertible term loan - Conversion	3.2.21	3	239				242	242
Result of Security Enforcement due to restructuring	3.2.21				5,071	-705	4,366	4,366
Balance as at 31 December 2023		**-220,293**	**639,186**	**8,357**	**-831**	**-425,698**	**721**	**721**

3.2 Notes to the consolidated financial statements

3.2.1 General information

3.2.1.1 GENERAL

Up until the date of the Security Enforcement[4], Biocartis Group NV, a company incorporated in Belgium with registered address at Generaal de Wittelaan 11 B, 2800 Mechelen, Belgium (the 'Company') controlled operating subsidiaries that commercialized a proprietary molecular diagnostics ('MDx') platform.

The Company had established subsidiaries in Belgium (Biocartis NV), the United States of America (Biocartis Inc.) and Italy (Biocartis SRL) as well as a joint venture in Hong Kong (China) (Wondfo-Cartis Ltd.).

Since the date of the Security Enforcement, Biocartis NV, Biocartis Inc. and Biocartis SRL ceased to be subsidiaries of the Company. For sake of clarity, any reference in this document to the 'Group' shall, as of the date of the Security Enforcement, not be deemed to include Biocartis NV, Biocartis Inc. and Biocartis Italy SRL.

The consolidated financial statements have been authorized for issue on 30 December 2024 by the board of directors of the Company (the 'Board of Directors').

3.2.1.2 THE SECURITY ENFORCEMENT

On 25 September 2023, the Company has been informed of an agreement by and between the holders of the Company's 4.5% Second Ranking Secured Convertible Bonds due 2026 (the "**Bondholders**") and the lenders under the Company's first lien convertible term loan facility (jointly the "**Secured Creditors**") to enforce upon the Company's assets that were pledged to such creditors (the "**Security Enforcement**").

Pursuant to the Security Enforcement that effectively occurred on 31 October 2023, all of the shares in Biocartis NV and Biocartis US Inc., the subsidiaries through which the Company operated its entire European and US operations, along with substantially all cash in the pledged accounts of, as well as pledged receivables owing to, the Company have been transferred to an unlisted company owned by the Bondholders.

As a result of the Security Enforcement, the Company no longer has any operating activities, personnel or significant assets, other than (i) a limited cash on balance and (ii) a 50% participation in WondfoCartis Ltd.

The Company's shareholders have not received any distribution in the context of the Security Enforcement and are expected to receive nothing upon liquidation (as the case may be) of the Company. The principal amount outstanding and accrued interests in respect of the EUR 16 million unsecured 4.00% convertible bonds due 2027 (ISIN BE0002651322) have been automatically written down to zero pursuant to their terms.

Prior to the Security Enforcement, an extensive process was undertaken by the Company's board of directors and management to address the Company's and its former subsidiaries' 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.

The difference between the result of the Security Enforcement in the consolidated income statement and the consolidated cash flow statement relates to cash and cash equivalents. The cash movement from the deconsolidation of the former subsidiaries is included in the net decrease in cash and cash equivalents.

Changes in working capital are also influenced by the Security Enforcement, there is a reclassification from the changes in working capital to the result of the Security Enforcement.

The accounting treatment of the Security Enforcement consists of the derecognition of the assets and liabilities held by the former subsidiaries of the Group and the debt held by Biocartis Group NV, as well as the recycling into P&L of related items booked in accumulated deficit and other comprehensive income. The resulting impact of the Security Enforcement can be summarized as follows:

[4] This capitalized term shall, whenever used in this report, have the meaning as ascribed to such term in chapter 3.2.1.2 "The Security Enforcement".

In EUR 000	
Non-current assets	
Intangible assets	4,332
Property plant and equipment	26,766
Financial assets	1,140
Other non-current assets	269
Deferred tax assets and R&D Investment tax credit	1,934
	34,441
Current assets	
Inventories	18,293
Trade receivables	16,655
Other receivables	1,082
Other current assets	4,149
Cash and cash equivalents	7,841
	48,020
Reserves	
Accumulated deficit and other comprehensive income	4,368
	4,368
Non-current liabilities	
Provisions	-118
Borrowings and lease liabilities	-8,617
Deferred income	-142
	-8,877
Current liabilities	
Borrowings and lease liabilities	-14,635
Trade payables	-8,918
Deferred income - short term	-150
Other current liabilities	-4,399
	-28,102
Net assets enforced with Security Enforcement	**45,482**
Debt liability due upon event of default	**-181,544**
Accumulated deficit and other comprehensive income recycled through P&L	**4,368**
Result of Security Enforcement (gain)/loss	**-131,694**

From the above table, it is also clear that the Security Enforcement and the resulting deconsolidation of subsidiaries has led to changes in working capital items in the balance sheet that are not reflected in the cash flow statement as 'Changes in working capital'.

3.2.2 Summary of significant accounting policies

3.2.2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

3.2.2.2 BASIS OF PREPARATION

In view of the Group no longer having any material operations pursuant to the Security Enforcement and in view of the intention to propose the voluntary dissolution and liquidation of the Company to the Company's general shareholders' meeting, the financials are prepared on a basis other than going concern.

The consolidated financial statements are presented in Euro (EUR) and all values are rounded to the nearest thousand (EUR000), except when otherwise indicated.

The Group has adopted the following new and revised standards and interpretations issued by the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2023:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately – disclosures are required for annual periods beginning on or after 1 January 2023)

The above application of new standards did not have a significant impact on the financial position and the results of the Group. Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2023, are listed in note 3.2.34.5

3.2.2.3 CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company as at 31 December 2023.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

All transactions between Group companies have been eliminated upon consolidation.

3.2.2.4 FOREIGN CURRENCY TRANSLATION

The items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('Functional Currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the consolidated income statement.

3.2.2.5 JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require the unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

Where a Group entity transacts with a joint venture of the Group, gains and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

3.2.2.6 INTANGIBLE ASSETS

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred. Development costs incurred are recognized as intangible assets if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Due to uncertainties inherent to the development and registration with authorities of the Idylla™ platform and its tests (as formerly owned by the Group), the Group considers that the conditions for capitalization are not met until the regulatory procedures required by authorities have been completed. Development costs incurred after the recognition criteria are met are in general not material. As such, development expenditure not satisfying the above criteria and expenditure in the research phase of internal projects are recognized in the consolidated income statement as incurred.

SEPARATELY ACQUIRED INTANGIBLE ASSETS

Separately acquired intangible assets include patents and licenses, and purchased IT and software licenses. These intangible assets are capitalized based on the costs incurred to acquire and bring to use the specific asset.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits derived from each asset. Practically, intangible assets are amortized on a straight-line basis over their estimated useful lives as per the table below:

	Estimated useful life
Patents	Patent life
Licenses	3 to 20 years
ICT, software	3 to 5 years

Intangible assets are carried in the consolidated balance sheet at their initial cost less accumulated amortization and impairment losses, if applicable.

3.2.2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognized in the consolidated balance sheet at their acquisition cost, including the costs directly attributable to the acquisition and the installation of the asset.

Each item of property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment losses, if applicable. A pro rata straight-line depreciation method is used to reflect the pattern in which the asset's future economic benefits are expected to be consumed. Practically the term over which items of property, plant and equipment is depreciated depends on the estimated useful life of each asset category, as per the table below.

	Estimated useful life
ICT, laboratory and manufacturing equipment	3 to 7 years
Fittings and leasehold improvements	The shorter of rent duration and 10 years
Idylla™ systems for internal use and Idylla™ systems for rent	5 years
Other	10 years

The Group records as manufacturing and other equipment under construction all the physical equipment, including custom-designed equipment and generic pieces of equipment, and related costs, such as borrowing costs, certain specific engineering expenses, incurred for their design, build-up and installation and validation costs, until it is ready for its intended use. Manufacturing and other equipment under construction is carried at cost and is not depreciated until it is ready for its intended use.

Normal maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably, such as the replacement of an identified component of an asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

3.2.2.8 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS, OTHER THAN GOODWILL

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's (CGU's) recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset (CGU) does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated income statement.

3.2.2.9 INVENTORY

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on a first in, first out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Idylla™ systems kept as inventory are held for expected commercialization, including systems placed at clients for demo purposes or at customer sites under the Group's Early Adaptor Program. On a regular basis a review of the aging of the systems is performed in order to mitigate the obsolescence risk of the systems and to guarantee that the net realizable value remains higher than the carrying amount.

3.2.2.10 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Group has financial assets classified in the following categories: financial assets at fair value (through OCI or through P&L) and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at the time of initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date, i.e., the date that an asset is delivered by or to an entity.

Financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss.

AT AMORTIZED COST

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at transaction cost and subsequently measured at amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

AT FAIR VALUE

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition of its participation in MyCartis to account for the equity investment at fair value through other comprehensive income (FVOCI).

After initial measurement, the investment in equity instruments is subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income and accumulated in reserves. As the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

DERECOGNITION

A financial asset is primarily derecognized when the contractual rights to receive cash flows from the asset have expired or when the owner of the asset transferred its rights to receive cash flows and substantially all the risk and rewards of ownership of the financial asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement.

FINANCIAL LIABILITIES

All financial liabilities are recognized initially at fair value net of directly attributable transaction costs. Up until the date of the Security Enforcement, the Group's financial liabilities included trade and other payables, borrowings, leases and convertible bonds.

The Group has financial liabilities classified as financial liabilities measured at amortized cost. The Group's (former) outstanding convertible bonds were included on the balance sheet, based on the fair value at issuance.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

DERECOGNITION

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

CONVERTIBLE DEBT

The liability component of the Group's (former) convertible bonds is measured at its fair value (i.e. discounting its contractual cash flows using market benchmark rate and market credit spread for a similar debt) minus transaction costs that are allocated to the host debt component and is accounted for at amortized costs.

EQUITY INSTRUMENTS

Equity instruments (e.g. share capital and employee warrant plans) issued by the Group are recorded at the fair value of the proceeds received, net of transactions costs.

The equity component of the Group's (former) convertible bonds is the embedded share conversion option. This component is initially measured as the difference between the nominal amount of the convertible bond minus the initial fair value of the liability component and the allocated transaction costs, and is not remeasured subsequently.

3.2.2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term bank deposits with a maturity of or less than three months, and which are subject to an insignificant risk of changes in value.

3.2.2.12 INCOME TAXES

Income taxes include all taxes based upon the taxable profits of the Group including withholding taxes payable on transfer of income from group companies and tax adjustments from prior years and deferred income taxes.

CURRENT TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

R&D INVESTMENT TAX CREDITS

Current IFRSs have no specific accounting principles with respect to the treatment of investment tax credits as these are scoped out of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance and IAS 12 Income Taxes. As a result, the Group developed an accounting policy in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, whereby it opted to follow the analogy to IAS 12. In following that analogy, there will be immediate recognition of an income tax credit and deferred tax asset when the Group satisfies the criteria to receive the credits. The recognition of the income tax credit is accounted for in the income statement under the line 'Income taxes'.

Recognized research and development tax credits in Belgium can be effectively repaid if a company has not been able to offset the tax credit against the corporation tax for the last five consecutive tax years.

3.2.2.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits include salaries and social security contributions, social taxes, paid vacation and bonuses. They are recognized as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as other current liabilities.

In light of the Security Enforcement, all employees employed by the Company were transferred to Biocartis NV. At the date of the Security Enforcement, there were no more employees employed by Biocartis Group NV. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

POST-EMPLOYMENT BENEFITS

Due to the fact that the Belgian law prescribes that the employer would guarantee a minimum rate of return on the contributions, such plans are classified as defined benefit plans under IFRS.

The cost of providing benefits is determined using the Projected Unit Credit (PUC) method, with actuarial valuations being carried out at the end of each reporting period.

Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (including interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in OCI (Other Comprehensive Income) is reflected immediately in retained earnings and will not be reclassified to P&L in subsequent periods. Past service costs are recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement gains and losses.

The Group presents the first two components of defined benefit costs in P&L. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated balance sheet represents the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of returns from the plans or reductions in future contributions to the plans.

SHARE-BASED PAYMENT ARRANGEMENTS

The Group operated equity-settled share-based payment plans. The fair value of the employee services received in exchange for the grant of stock options is determined at the grant date using an appropriate valuation model (Black-Scholes Merton model).

The total amount to be expensed over the vesting period, with a corresponding increase in the ‘share-based payment reserve’ within equity, is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market based vesting conditions are included in assumptions about the number of stock options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of stock options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium when the stock options are exercised.

3.2.2.14 PROVISIONS

The Group recognized provisions when it has a present obligation, legal or constructive, as a result of past events, when it is probable, defined as more likely than not, that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount is the present value of expenditures required to settle the obligation. Impacts of changes in discount rates are generally recognized in the financial result.

3.2.2.15 REVENUE RECOGNITION

Up until the date of the Security Enforcement, the Group recognized revenues from the sale of the Idylla™ platform, related cartridges and services as well as revenues generated from collaboration arrangements in accordance with IFRS 15 Revenue from contracts with customers.

IFRS 15 specifies how and when a company should recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single principles-based five-step model to be applied to all contracts with customers as follows:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Transactions with customers and collaboration partners may have included multiple deliverables (performance obligations). The Group evaluated whether the obligations towards its customers or collaboration partners are distinct on a stand-alone basis or in the context of the contract. If the Group determined that multiple performance obligations exist, the transaction price is allocated to each performance obligation based upon the best estimate of the stand-alone selling prices of each obligation.

The Group recognized revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services.

If the services rendered exceed the payment, accrued income is recognized. If the payments exceed the services rendered, deferred income is recognized. The Group decided to keep old terminology; accrued income instead of contract asset and deferred income instead of contract liability.

As of the Security Enforcement, there are no more revenues received by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 “The Security Enforcement”.

COLLABORATION REVENUE

Up until the date of the Security Enforcement, the Group provided multiple products or services to its customers as part of a single collaboration arrangement, such as research, development, manufacturing, commercialization and licensing. Each component of such arrangement is reviewed to assess if the component should be considered as a distinct performance obligation within the context of the contract. If a performance obligation is considered to be distinct, then the revenue related to it was accounted for separately from the other performance obligations; otherwise, it was combined with other performance obligations until the Group identified a bundle of obligations that is distinct.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The transaction price may include upfront (license) payments, milestone payments and/or compensation for research and development services. Variable consideration that is considered in the transaction price typically relates to milestone and royalty payments. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As soon as the uncertainty is resolved, the variable component of the transaction price (mainly milestone payments and success fees) is included in the transaction price based on the appropriated timing of revenue recognition of the related performance obligation. In certain situations, the Group may have received contingent payments after the end of its period of continued involvement. In such circumstances, the Group would have recognized 100% of the contingent revenues when the contingency is resolved and collection was reasonably certain. Royalty-based revenues were recognized when the royalty was earned, or when the underlying goods or services were sold. Payment schedules differed from arrangement to arrangement but no element of financing is deemed present. Therefore the transaction price is not adjusted for the effects of a significant financing component.

Revenue linked to performance obligations relating to development work and e.g. clinical validation were recognized over time as the services are rendered to the customer based on the progress over the activities, i.e. a rato the services performed.

In case of performance obligations relating to licensing intellectual property (IP), the Group assessed if it grants a right to access the IP as it exists throughout the license period or a right to use the IP as it exists at the point in time at which the license is granted. If the performance obligation was to grant a right to access, then the related revenue is recognized over the license period; otherwise, it is recognized at a point in time, i.e. when the license period starts or when the customer starts using the IP. The Group assessed if the license provided can be considered as being distinct in the context of the contract. If not, the license would have to be bundled with the research and development services. All milestone payments were development milestones and were considered to be distinct, hence recognized at a point in time. If one would conclude that the license was not a distinct performance obligation, the receipt of a development milestone would have to be recognized pro rata the completion of the research and development services to be provided under the agreement.

Unless up-front fees were paid in exchange for products delivered or services performed and, therefore, control over the related services has been transferred to the buyer in a separate transaction, such fees were not recognized as revenue at a point in time but rather over time (even if they are non-refundable) pro rata over the expected performance period under each respective arrangement.

The Group made its best estimate of the period over which it expects to fulfil its performance obligations, which may include technology transfer assistance, research and development activities, clinical, medical and regulatory activities, manufacturing and commercialization activities.

Cost reimbursements resulting from collaboration agreements, or a similar type of compensation received for costs incurred under R&D collaborations were recorded as R&D services as the related costs are incurred and upon agreement by the parties involved. The corresponding expenses were generally recorded under research and development expenses. Revenues from R&D Services were in general recognized over the duration of the collaboration agreement, if relevant subject to when the required services were provided or costs were incurred.

License fees included technology access fees to the Idylla™ platform technology. A distinction was made between right to use and right to access fees. Right to use fees are fees paid to use the IP as it exists when the license is granted, which means that the revenue recognition will happen at a point in time. Right to access fees are fees paid to access IP throughout a certain license period, which means that the revenue recognition will happen over time. A contingent consideration received by the Group upon the achievement of a substantive milestone was recognized in its entirety in the period in which the milestone was achieved. A milestone is defined as an event (i) that can only be achieved based in whole or in part either on the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved, and (iii) that would result in additional payments being due to the entity.

A milestone is substantive if the consideration earned from the achievement of the milestone is consistent with the Group's performance required to achieve the milestone or the increase in value to the collaboration resulting from the Group's performance, related solely to the Group's past performance, and is reasonable relative to all of the other deliverables and payments within the overall collaboration arrangement.

As of the date of the Security Enforcement, no more collaboration revenues have been received by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

PRODUCT RELATED REVENUE

PRODUCT SALES

Up until the date of the Security Enforcement, Revenues from the sale of goods were recognized when the Group had transferred control over the goods to a buyer according to the incoterms agreed with such customers, i.e. performance obligation is satisfied at a point in time.

The transaction price (revenue) from the sale of goods is the amount of the consideration to which the Group expects to be entitled in exchange for transferring the goods to the customer. This includes fixed amounts and variable amounts, such as returns and allowances, trade discounts and volume discounts. The variable consideration was only recognized as part of revenue to the extent it was highly probable that a significant reversal of revenue will not occur when the associated uncertainty is subsequently resolved.

As of the Security Enforcement, there have been no further product sales by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

REAGENT RENTAL CONTRACTS

The Group also put its products available to customers under the form of an Idylla™ Reagent Rental Agreement whereby the Group delivered the console and instruments, together the Idylla™ system, and the customer committed to purchase a minimum required volume (consumption) of cartridges over a defined period. The price of the Idylla™ system was included as a mark-up premium in the price of the cartridges and was as such received over the period when the cartridges are purchased. Under these contracts the Group bundled the following elements together: the use of the Idylla™ system, the servicing of the system and the consumption of Idylla™ cartridges. The use of the Idylla™ system was considered to be a lease and therefore the consideration under the reagent rental agreement was allocated between the lease component and the other components (servicing and consumption of Idylla™ cartridges) using a relative fair value approach.

Under these type of customer agreements, there was no binding cartridge volume commitment from the customer that would result in a guaranteed full reimbursement of the Idylla™ systems price over the term of these agreements. However, there was a minimum annual consumption of cartridges indicated by the customer on the basis of which the mark-up premium for the Idylla™ system usage was determined, ensuring a proper compensation for the usage of the Idylla™ system. The minimum annual consumption of cartridges was evaluated at each reporting date. If the minimum indicated consumption was not met, the Group had the right to increase the sales prices and/or the volume commitments for the cartridges. The Group also had the right to terminate the agreement with a notice period if the minimum annual cartridge consumption was not met, without any additional indemnity. The customer had the option to terminate the agreement at any given time before the agreed contractual term with a notice period during which the customer would be required to purchase or pay part of the agreed minimum annual cartridge commitment, in proportion to the notice period. No additional indemnity would be required. Since the minimum purchase requirements were not contractually enforceable, the lease component present in these contracts were generally considered as contingent payments. The price invoiced to customers for an Idylla™ cartridge included a cost for the use of the Idylla™ system by the customer and the servicing thereof by the Group. Customers were invoiced based on received sales orders for Idylla™ cartridges. Revenue allocated to the Idylla™ cartridges was only recognized when the Idylla™ system was delivered to the customer and the customer obtained control over the cartridges.

The significant risks and rewards for the Idylla™ systems were not transferred to the customer at signing of the agreement. The revenue of the cartridges, the Idylla™ systems and servicing thereof were consequently recognized gradually when cartridges were delivered to the customer.

As of the Security Enforcement, there have been no further reagent rental contracts held by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

REGULAR RENTAL CONTRACTS

The Group also rented out Idylla™ systems, whereby the customer paid a regular rental fee for the temporary use of the Idylla™ system since there was no transfer of ownership. Under this type of rental contracts, the Idylla™ system revenue was considered as pure rental income and was recognized linearly over the term of the rental contract. Upon expiry of the rental contract, the rented out Idylla™ systems would return to the Group.

As of the Security Enforcement, there have been no further regular rental contracts held by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

SERVICE REVENUE

Under service revenue, the Group classified the revenue generated by service contracts as well as the revenue generated by one-off repairs. Service revenue was recognized over time, linearly for capital sales and in line with the service contract term, which included regular annual preventive maintenance. For reagent rental contracts the service revenue was also recognized over time but in line with the cartridge consumption which equals the usage of the system.

As of the Security Enforcement, there have been no further service revenues received by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

3.2.2.16 GRANTS

Government grants were not recognized until there is reasonable assurance that the Group would comply with the conditions attaching to them and that the grants would be received. Any outstanding receivables related to these grants were recorded as grants receivable.

R&D GRANTS

On certain specific research and development projects, the costs incurred were partially reimbursed by IWT (Institute for the Promotion of Innovation by Science and Technology in Flanders), the Flemish Agency for Innovation & Entrepreneurship under its Strategic Transformation Support (‘STS’) program, the European Commission or other institutional funds. These grants were recognized in profit or loss on a systematic basis over the periods in which the Group recognized as expenses the related costs which the grants are intended to compensate. They are presented as other operating income.

INVESTMENT GRANTS

Grants from the STS program relating to investments in property, plant and equipment and intangible assets were deducted from the cost of the related asset. The grants were recognized in profit or loss over the life of a depreciable asset as a reduced amortization expense.

3.2.2.17 LEASES

Lease contracts as defined by IFRS 16 Leases, are recorded in the balance sheet, which leads to the recognition of an asset representing a right-of-use of the asset leased during the lease term of the contract and a liability related to the payment obligation.

The Group applied a single recognition and measurement approach for all lease, expect for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases of assets were held through the Company's former operating subsidiaries that were seized as part of the Security Enforcement. Since the date of the Security Enforcement, there are no more leases of assets by the Group. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 “The Security Enforcement”.

RIGHT-OF-USE ASSETS

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the right-of-use asset shall be fully depreciated over the shorter of the lease term and its useful life. The right-of-use assets are also subject to impairment, refer to the accounting policies in note 3.2.2.8.

LEASE LIABILITIES

The corresponding liability to the lessor is included in the consolidated balance sheet as a financial liability. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption for assets that have a value in new of below EUR 5,000. Lease payments on short-term and low-value leases are recognized as expense.

3.2.2.18 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.2.3 Critical accounting estimates, assumptions and judgments

3.2.3.1 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

When preparing the consolidated financial statements, judgments, estimates and assumptions are made that affect the carrying amount of certain assets, liabilities, revenues and expenses. These include the going concern assessment, the valuation of the share-based payment transactions, the valuation of employee benefits and actuarial assumptions underlying such calculations and the revenue recognition for multiple element arrangements, upfront fees and reagent rental contracts. These estimates and assumptions have been reviewed for each year and are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant under the then prevailing economic conditions. Changes in such conditions might accordingly result in different estimates in the Group's future consolidated financial statements.

CRITICAL JUDGMENTS

GOING CONCERN

In view of the Group no longer having any material operations pursuant to the Security Enforcement and in view of the intention to propose the voluntary dissolution and liquidation of the Company to the Company's general shareholders' meeting, the financial statements have been prepared on a basis other than going concern. The financial statements include the result of 10 months of revenues and expenses of the former operating subsidiaries of the Group. No accruals for the anticipated costs of the liquidation are recognized, the cost will be recognized as effectively incurred. For more information regarding the Security Enforcement, we refer to chapter 3.2.1.2 "The Security Enforcement".

REVENUE RECOGNITION RELATING TO COLLABORATION ARRANGEMENTS

Assessing the indicators for revenue recognition under collaboration arrangements requires judgement to determine (i) the nature of the contractual performance obligations and whether they are distinct or should be combined with other performance obligations, and (ii) the pattern of transfer of each promised component identified in the contract, using methods based on key assumptions such as forecasted costs and development timelines of the collaboration arrangements for the assessment of satisfaction of the performance obligation.

For all performance obligations linked to licensing agreements, the Group makes an assessment about whether or not the license is to be considered as a distinct performance obligation or not. The Group determines whether a promise to grant a license of intellectual property is distinct from other promised goods or services in the contract. As such, the Group assesses whether the customer can benefit from a license of intellectual property on its own or together with readily available resources (i.e., whether it is capable of being distinct) and whether the Group's promise to transfer a license of intellectual property is separately identifiable from other promises in the contract (i.e., whether it is distinct in the context of the contract). The assessment of whether a license of intellectual property is distinct is based on the facts and circumstances of each contract, e.g. interdependencies between the license and other services in the contract, the continuing involvement of the Group after the license has been granted.

If the transfer of the license is considered to be a separate performance obligation, revenue relating to the transfer of the license is recognized at a point in time or over time depending on the nature of the license, i.e. granting a right to use the intellectual property or the right to access the IP. Basically, the Group assesses whether the customer has the right to use the intellectual property as it exists at a certain period in time or whether it has access to the intellectual property as it exists at any time during the license period, where the latter requires more on-going activities from the Group.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

There are no major sources of estimation uncertainty as defined under IAS 1.125 in preparing these consolidated accounts.

3.2.3.2 OPERATING SEGMENTS

The segment information is represented in a consistent manner with the internal reporting to the executive management, enabling decision making of allocating resources to the segment and evaluating financial performances of the segment.

Up until the date of the Security Enforcement, all of the Group's activities related to Idylla™ and as such there was only one operating segment. The reporting to the key decision makers happens at the global level for the moment.

In addition, substantially all non-current assets of the Group are located in the country of domicile (Belgium) per 31 December 2023.

3.2.4 Revenue

The Group's revenue recognized under IFRS 15 can be aggregated as follows:

In EUR 000	Years ended 31 December, 2023			
	At a point in time	Over time	2023	2022
Collaboration revenue				
R&D services	0	8,941	8,941	10,505
License revenue	0	106	106	100
Milestones	0	0	0	463
	0	9,047	9,047	11,068
Product related revenue				
Idylla™ System Sales revenue	2,972	0	2,972	4,178
Idylla™ System Rental revenue	3,262	0	3,262	4,994
Cartridge revenue	30,213	0	30,213	35,864
	36,447	0	36,447	45,036
Service revenue				
Idylla™ System Service revenue	1,303	590	1,893	1,377
	1,303	590	1,893	1,377
Total	**37,750**	**9,637**	**47,387**	**57,481**

For details related to the movements in accrued and deferred income related to collaboration agreements, we respectively refer to notes 3.2.20 and 3.2.27.

R&D service revenue is recognized over time as the services are rendered to the customer based on the progress over the activities i.e. a rato the services performed. Over the reporting period, the majority of the collaborations for which revenues were recognized, included a quarterly or monthly payment structure. Consequently, the Group recognized either an accrued income or deferred income on the balance sheet over the course of the reporting period.

In general, customers do not have a right-of return and/or are entitled to refunds in the context of product related sales.

The below table corresponds to the revenue expected to be recognized in the future relating to (partially) unsatisfied performance obligations. This table excludes potential future R&D service revenue of pending collaborations for which the associated services are performed on an hourly invoicing basis (IFRS 15.121). All revenue related to the collaboration agreements were generated by the Company's former operating subsidiaries that have been seized as part of the Security Enforcement. More information can be found under chapter 3.2.1.2 "The Security Enforcement".

In EUR 000	Expected revenue	
	Years ended 31 December,	
	2023	2022
2023	0	2,660
2024	0	1,259
2025	0	227
2026	0	0
After 2026	0	0
Total	0	4,146

The aggregate amount of the transaction price allocated to collaboration arrangements that are partially or fully unsatisfied as at 31 December 2023 is EUR 0m.

3.2.4.1 SUMMARY OF COLLABORATION REVENUES

Below is a description of the main collaboration arrangements from which the Group generated revenue in 2023, for more details on the accounting policy of collaboration revenue we refer to note 3.2.2.15.

BRISTOL-MYERS SQUIBB

Biocartis NV (which as of the date of the Security Enforcement is no longer part of the Group) and Bristol-Meyers Squibb (BMS) have a collaboration under which one or more projects can be initiated in the area of MSI testing. In Q1 2019, a first project agreement under the master collaboration agreement was signed with the objective to register the Idylla™ MSI test as a companion diagnostic with the US FDA. This project agreement was amended twice in the course of 2023, to change the scope of certain work packages and related costs. In Q1 2020, another project agreement under the master collaboration agreement was signed with the objective to register the Idylla™ MSI test in the People's Republic of China. The elements included in these CDx agreements consists of milestone payments and R&D services. In Q4 2022, a third project agreement was signed with the objective to register the Idylla™ IDH2 CDx Assay as a companion diagnostic with the US FDA. This third project was amended in Q3 2023 to account for some additional work to be performed by Biocartis.

Based on the contractual dispositions, we assessed the following:

- The arrangement consists of the following performance obligations: development activities and services and the supply of Idylla™ assays and Idylla™ systems.
- The transaction price is currently composed of a fixed part, being quarterly installments and a variable part being milestone payments. The variable component of the transaction price will only be included as revenue when the related uncertainty is resolved.
- The transaction price has been allocated to the different performance obligations based on the stand-alone selling prices. The performance obligation related to development activities and services are recognized over the estimated service period based on a pattern that reflect the transfer of the development activities. The milestone payment will be treated as a change in transaction price as soon as the revenue constraint assessment is resolved. The milestone payments will be allocated to the performance obligation. Performance obligations relating to the supply of Idylla™ components are satisfied at a point in time, when the control over development components are transferred.

In relation to the collaboration agreement with BMS, the Group recognized R&D service revenues over time a rato to the services performed up to the date of the Security Enforcement.

GENEPRODX

Biocartis NV (which as of the date of the Security Enforcement is no longer part of the Group) and GeneproDx have signed a collaboration in Q4 2020, aimed at the development and commercialization of GeneproDx's novel genomic test ThyroidPrint on Biocartis' rapid and easy to use molecular diagnostics platform Idylla™. Upon commercialization of GeneproDx's novel genomic test ThyroidPrint, GeneproDx will make royalty payments to Biocartis based on net sales. Consequently, the elements included in this agreement consist of upfront license revenue, R&D services and product related revenue.

Product revenue recognized under this agreement is shown under product related revenue as it relates to the placement of Idylla™ systems and cartridges.

Based on the contractual dispositions, we assessed the following:

- The arrangement consists of the following performance obligations: license to use IP, development services and the supply of Idylla™ assays and Idylla™ systems
- The transaction price is currently composed of a fixed part, being the license fee and a variable part being the royalty revenue and product related revenue.
- The transaction price has been allocated to the different performance obligations based on the stand-alone selling prices. The performance obligation relating to granting the right to use the IP is satisfied at a point in time, i.e. at the start of the license period. Performance obligations relating to development activities and services are satisfied over the estimated service period based on a pattern that reflects the transfer of the development activities. The royalty-based revenues are recognized when the royalty is earned, or when the underlying goods are sold. Performance obligations relating to the supply of Idylla™ components are satisfied at a point in time, when the control is transferred.

In 2023, the Group recognized R&D service revenue up to the date of the Security Enforcement. The recognized R&D service revenue relates to the billing of fixed amounts for each hour of service.

ASTRAZENECA

Biocartis NV (which as of the date of the Security Enforcement is no longer part of the Group) and AstraZeneca UK Limited signed a collaboration in Q2 2022, aimed at the development and validation of the Idylla™ EGFR Mutation Test as a Companion Diagnostic (CDx) test for TAGRISSO®, as well as the use of the Idylla™ EGFR Mutation Test for IUO testing in the NeoADAURA trial. The project was entered pursuant to the In Vitro Diagnostics Master Collaboration Agreement, dated November 27, 2019 between the Parties. The elements included in this agreement consist of milestone payments and R&D services. The project agreement was amended in Q1 2023 to change the scope of certain work packages and related costs.

Based on the contractual dispositions, we assessed the following:

- The arrangement consists of the following performance obligations: development activities and services and the supply of Idylla™ assays
- The transaction price is currently composed of a fixed part, being quarterly installments and a variable part being milestone payments. The variable component of the transaction price will only be included as revenue when the related uncertainty is resolved.
- The transaction price has been allocated to the different performance obligations based on the stand-alone selling prices. The performance obligation related to development activities and services are recognized over the estimated service period based on a pattern that reflect the transfer of the development activities. The milestone payment will be treated as a change in transaction price as soon as the revenue constraint assessment is resolved. The milestone payments will be allocated to the performance obligation. Performance obligations relating to the supply of Idylla™ components are satisfied at a point in time, when the control over development components are transferred.

In 2023, the Group recognized R&D service revenue up to the date of the Security Enforcement. The recognized R&D service revenue mainly related to the billing of fixed amounts for each hour of service.

3.2.4.2 REVENUES BY MAJOR COUNTRIES AND CUSTOMERS

In EUR 000	Years ended 31 December, 2023	2022
Country of domicile	**496**	**582**
Belgium	496	582
Total all foreign countries, of which	**46,891**	**56,899**
United States of America	9,880	16,317
China	1,589	1,885
Spain	4,707	4,464
France	3,298	4,794
Great Britain	4,818	5,503
Germany	3,764	4,323
Rest of the world	18,835	19,613
Total	**47,387**	**57,481**

Revenue in the above table is assigned according to the location of the Group or parent company of the customer.

In 2023 there was no customer representing 10% of the total recognized revenue, the 5 largest clients together represent 4% of the revenue. In 2022 there was no customer representing 10% of the total recognized revenue, the 5 largest clients together represented 29% of the revenue.

3.2.5 Other operating income

In EUR 000	Years ended 31 December, 2023	2022
R&D project support (VLAIO & IWT grants)	200	459
Other project grants (EU)	-	-
Other income	103	36
Total	**303**	**495**

Other income of EUR 0.1m related to grants received in connection with the development of the Idylla™ FLEX technology that separates the generic components of an Idylla™ test from the test-specific components. The Idylla™ IDH1-2 Mutation Assay Kit (RUO) was the first test developed using the Idylla™ FLEX technology. The assay was launched among selected customers in Q1 2023 and was made available for partnerships with pharmaceutical companies, clinical research organizations and reference labs conducting research in the course of 2023.

3.2.6 Cost of sales

The cost of goods sold in relation to the product sales is as follows:

In EUR 000	Years ended 31 December, 2023	2022
Employee benefit expenses	-5,067	-8,315
Material, lab consumables & small equipment	-9,372	-13,242
Depreciation and amortization	-2,834	-4,150
Royalty expense	-1,186	-1,375
Facilities, office and other	-2,036	-2,717
Total	**-20,495**	**-29,799**

The cost of goods sold decreased by EUR 9.3m or 31% from EUR 29.8m in 2022 to EUR 20.5m in 2023.

3.2.7 Research & development expenses

In EUR 000	Years ended 31 December, 2023	2022
Employee benefit expenses	-19,721	-24,622
R&D consultancy & subcontracting	-4,306	-5,734
Laboratory and cartridge expenses	-575	-215
Quality, regulatory and intellectual property	-682	-520
Facilities, office & other	-2,171	-3,047
ICT	-345	-576
Travel, training & conferences	-357	-403
Depreciation and amortization	-4,355	-3,277
Total	**-32,512**	**-38,393**

Subcontracting includes expenses in relation to services provided by research and development providers such as services related to the development of assay cartridges, instrument and console of the various diagnostic platforms, manufacturing equipment design and engineering services.

Laboratory and cartridge costs include consumables and prototype costs related to the development of diagnostic platform prototypes and assays.

The remaining expenses relate to quality, regulatory, patenting, building facilities, ICT, office, maintenance of equipment, logistics, travel, training and conferences.

3.2.8 Sales & marketing expenses

In EUR 000	Years ended 31 December, 2023	2022
Employee benefit expenses	-10,853	-13,099
S&M consultancy & subcontracting	-269	-623
Sales and promotional expenses	-768	-854
Business development	-384	-860
Facilities, office & Other	-1,336	-1,248
Travel, training & conferences	-1,649	-2,087
Depreciation and amortization	-1,603	-1,529
Impairment of receivables	-3,248	-294
Total	**-20,111**	**-20,595**

Sales and promotional expenses relate to costs of external market research, advertisement, and promotional activities related to the Group’s products. The impairment of receivables relates to the bad debt provision, on 31 December 2023, a provision of 100% was taken into account for the receivable related to GeneproDx.

3.2.9 General & administrative expenses

	Years ended 31 December,	
In EUR 000	2023	2022
Employee benefit expenses	-8,355	-11,061
External advice	-2,041	-897
Facilities, office & other	-2,832	-1,825
Human resources	-1,221	-1,129
Travel, training & conferences	-319	-179
Depreciation and amortization	-1.097	-1,144
Total	**-15,865**	**-16,236**

External advice expenses include fees, service and consulting expenses related to legal, human resources, investor relations, accounting, audit and tax services. Facilities, office & other include office, insurance and other miscellaneous expenses used in general and administrative activities. The increase in facilities, office and other costs is mainly related to costs incurred with regards to the Security Enforcement.

3.2.10 Employee benefit expenses

	Years ended 31 December,	
In EUR 000	2023	2022
Short term employee benefits	-42,775	-55,807
Post-employee benefit expense	-366	-530
Share-based payments	-855	-760
Total	**-43,996**	**-57,097**

Employee benefit expenses include payroll expenses of fixed employees, interim staff and consultants in a permanent position. The employee benefit expenses amounted to EUR 44.0m in 2023 compared to EUR 57.1m in 2022, a year-over-year decrease of 23% due to the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

The average FTE can be presented as follows:

	Years ended 31 December,	
	2023	2022
Operations staff	119	174
Research and development staff	178	197
Marketing and sales staff	91	94
General and administrative staff	68	81
Average full time equivalents	**455**	**546**

The average FTE equals the sum of the day-to-day FTE divided by the number of days. The average FTE's in the table above is calculated including fixed employees, interim staff and consultants. On 1 October 2023, all employees on the Company's payroll were transferred to Biocartis NV. For 2023, the calculation is based on the FTE's at 31 October 2023. As a result of the Security Enforcement, as of 31 October 2023, Biocartis NV, Biocartis US Inc and Biocartis Srl are no longer part of the Group. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 "The Security Enforcement".

3.2.11 Financial income and expense

In EUR 000	Years ended 31 December, 2023	2022
Result of security enforcement transaction	131,694	
Interest expense	-17,613	-11,187
Other financial expense	-52,554	-61
Total	**61,527**	**-11,248**
Other financial result	678	-6,442
Total	**678**	**-6,442**
Financial result, net	62,205	-17,690

Net financial result increased to EUR 62.2m in 2023 compared to EUR -17.7m in 2022 and included the impact of the Security Enforcement. The exercise of the Security Enforcement has triggered the calculation of redemption fees by the creditors of the convertible term loan and the 2nd lien convertible bond. These redemption fees total to an amount of EUR 20.1m and are included in other financial expenses. The debt was trued-up to represent the payable amount on the date of Security Enforcement, this true-up amounts to EUR 32.0m and is also included in other financial expenses. More information regarding this transaction can be found under chapter 3.2.1.2 “The Security Enforcement”.

Other financial result also consists of non-realized exchange gains and losses.

3.2.12 Earnings/Loss per share

The Group had stock option plans and convertible debt that may be settled in common shares of the Group and which are considered anti-dilutive for 2022, given that the Group’s operations were loss making over the reporting period. As such, the basic and diluted loss per share are equal.

Due to the Security Enforcement, any remaining dilutive instruments are no longer considered since the exercise of these are no longer realistic. More information regarding this transaction can be found under chapter 3.2.1.2 “The Security Enforcement”.

The basis for the basic and diluted earning/loss per share is the net gain/loss for the year attributable to the owners of the Group.

	Years ended 31 December, 2023	**2022**
Profit/loss for the period attributable to the owners of the Group (in EUR 000)	18,377	-65,381
Weighted average number of ordinary shares for basic and diluted earnings/loss per share (in number of shares)	93,586,965	60,546,465
Basic and diluted earnings/loss per share (EUR)	0.20	-1.08

3.2.13 Intangible assets

The Group’s intangible assets comprise acquired patents, licenses and software. The carrying amounts for the periods presented can be summarized as follows:

In EUR 000	Patents and licenses	ICT software	Total
Year ended 31 December 2022			
Opening net carrying value	4,997	70	5,067
Additions	241	128	368
Disposals	0	0	0
Disposal amortizations	0	0	0
Amortization expense	-579	-86	-665
Closing net carrying value	**4,659**	**111**	**4,770**
As at 31 December 2022			
Cost	12,533	1,932	14,465
Accumulated amortization	-7,874	-1,822	-9,696
Closing net carrying value	**4,659**	**111**	**4,770**
Year ended 31 December 2023			
Opening net carrying value	4,659	111	4,770
Additions	114	0	114
Disposals	0	0	0
Disposal amortizations	0	0	0
Amortization expense	-495	-56	-551
Result of Security Enforcement	-4,277	-55	-4,332
Closing net carrying value	**0**	**0**	**0**
As at 31 December 2023			
Cost	12,646	1,933	14,580
Accumulated amortization	-8,369	-1,879	-10,248
Result of Security Enforcement	-4,277	-55	-4,332
Net carrying value	**0**	**0**	**0**

Patents and licenses primarily include a number of technology licenses acquired by the Group from Philips in 2010 relating to the platform Idylla™ platform. The carrying amount per 31 December 2023 is EUR 0 (2022: EUR 3.5m) due to the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 “The Security Enforcement”.

Amortization expense on intangible assets is shown in the income statement under research and development expenses.

3.2.14 Property, plant & equipment

The Group’s property, plant and equipment comprise ICT equipment, laboratory equipment, manufacturing equipment, Idylla™ systems for internal use, furniture and fixtures, leasehold improvements, other property and equipment, equipment under construction, right-of-use assets and Idylla™ systems for rent. The carrying amounts are as follows:

In EUR 000	ICT equipment	Laboratory equipment	Manufacturing equipment	Systems for internal use	Furniture and fixtures	Leasehold improvements	Other property and equipment	Equipment under construction	Assets held under lease	Systems for rent	Right-of-use assets	Total
Opening carrying amount	**251**	**738**	**2,915**	**1,206**	**230**	**266**	**0**	**206**	**0**	**7,006**	**24,374**	**37,192**
Additions	56	135	805	323	17	85	0	5	0	3,163	723	5,313
Disposals	0	-11	0	-32	0	0	0	0	0	-2,476	-7,098	-9,616
Disposal depreciation	0	7	115	15	0	0	0	0	0	1136	7,165	8,438
Depreciation charge of the period	-101	-321	-1,142	-517	-63	-75	0	0	0	-2,290	-5,307	-9,816
Transfer gross carrying amount	0	0	0	0	0	0	0	0	0	0	0	0
Transfers depreciations	0	0	0	0	0	0	0	0	0	0	0	0
Currency translation gross carrying amount	0	0	0	32	1	0	0	0	0	0	7	40
Currency translation depreciations	0	0	0	-17	0	0	0	0	0	0	-7	-24
Closing carrying amount	**206**	**548**	**2,693**	**1,011**	**186**	**275**	**0**	**211**	**0**	**6,540**	**19,857**	**31,527**
As at 31 December 2022												
Cost	2,096	3,426	12,024	6,455	844	3,057	29	211	0	12,724	40,722	81,588
Accumulated depreciation	-1,890	-2,878	-9,330	-5,443	-658	-2,782	-29	0	0	-6,184	-20,866	-50,061
Carrying amount	**206**	**548**	**2,693**	**1,011**	**185**	**275**	**0**	**211**	**0**	**6,540**	**19,856**	**31,527**
Opening carrying amount	**206**	**548**	**2,693**	**1,011**	**185**	**275**	**0**	**211**	**0**	**6,540**	**19,856**	**31,525**
Additions	67	54	118	96	179	6	0	5	0	3,093	2,028	5,646
Disposals	0	-89	-3	-185	0	0	0	0	0	-1,904	0	-2,181
Disposal depreciation	0	77	0	164	0	0	0	0	0	1,016	0	1,258
Depreciation charge of the period	-61	-211	-1,753	-313	-60	-78	0	0	0	-1,929	-5,090	-9,496

In EUR 000	ICT equipment	Laboratory equipment	Manufacturing equipment	Systems for internal use	Furniture and fixtures	Leasehold improvements	Other property and equipment	Equipment under construction	Assets held under lease	Systems for rent	Right-of-use assets	Total
Transfer gross carrying amount	0	0	0	0	0	0	0	0	0	0	0	0
Transfers depreciations	0	0	0	0	0	0	0	0	0	0	0	0
Currency translation gross carrying amount	0	0	0	4	5	0	0	0	0	0	8	17
Currency translation depreciations	0	0	0	-3	0	0	0	0	0	0	-1	-5
Result of Security Enforcement	-212	-378	-1,055	-772	-308	-204	0	-216	0	-6,817	-16,801	-26,764
Closing carrying amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
As at 31 December 2023												
Cost	2,164	3,391	12,139	6,369	1,028	3,063	29	216	0	13,914	42,758	85,067
Accumulated depreciation	-1,952	-3,012	-11,083	-5,596	-719	-2,859	-29	0	0	-7,096	-25,957	-58,304
Result of Security Enforcement	-212	-378	-1,055	-772	-308	-204	0	-216	0	-6,817	-16,801	-26,764
Carrying amount	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

The most significant addition to Property, plant and equipment were predominantly related to manufacturing equipment, right-of-use assets and capitalized Idylla™ systems sold under reagent rental and similar agreements. These assets were held by the Company's former operating subsidiaries that were seized in the framework of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 "The Security Enforcement".

The Right-of-use assets consist out of the following categories:

In EUR 000	As of 31 December, 2023	2022
Non-current assets		
Right-of-use assets - buildings	0	8,434
Right-of-use assets - manufacturing equipment	0	9,596
Right-of-use assets - cars	0	1,769
Right-of-use assets - office furniture	0	5
Right-of-use assets - other	0	52
Total right-of-use assets	**0**	**19,857**

The table below provides a split of the depreciation charges by asset class:

In EUR 000	Years ended 31 December, 2023	2022
Depreciation expense per type right-of-use assets		
Buildings	1,422	1,699
Manufacturing equipment	2,706	2,479
Cars	929	1,082
Office furniture	5	15
Other	27	33
Total depreciation expense	**5,089**	**5,307**

Up to the date of the Security Enforcement, the Group's lease agreements, up to the Enforced Security Transaction, did not include material residual value guarantees and/or material extension and termination options that could have a substantial impact on the conducted lease measurement assessment. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

3.2.15 Financial participation

The Group held a convertible note from GeneproDx, with maturity date of 25 January 2023 (i.e. 2-year duration) and a coupon of 10%. The convertible note from GeneproDx was issued early 2021 and was issued to the Group as payment for the license granted by the Group to GeneproDx at the end of 2020, which was recorded in 2020 as a receivable under "other current assets". The convertible note is held by Biocartis NV, an operating subsidiary that was seized in the context of the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

The Group held a secured convertible loan from SkylineDx, with maturity date 7 June 2024 (i.e. 2-year duration). In 2022, two tranches for a total of EUR 2.5m were drawn. In 2023, the Group received an early repayment of the full EUR 2.5m , including the interest payment of EUR 0.4m.

3.2.16 Investments in joint ventures

The Group holds an investment in one joint venture at the end of the reporting period:

Name of joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2023	2022
Wondfo-Cartis Ltd.	Commercialization	China	50%	50%

Wondfo-Cartis Ltd. was established in January 2019 for the commercialization of the Idylla™ platform. The Group's net investment decreases to EUR 2.0m in 2023. The joint venture is accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in note 3.2.2.5.

Summarized financial information of the joint venture is set out below. The summarized financial information below represents amounts in the joint venture's financial statements. They have been modified to reflect adjustments made by the entity when using the equity method, including fair value adjustments and adjustments for differences in accounting policy, but not adjusted for the Group's share.

Summarized statement of financial position:

In EUR 000	As of 31 December, 2023
Non-current assets	3,518
Current assets	3,938
Total assets	**7,456**
Non-current liabilities	0
Current liabilities	217
Total liabilities	**217**

Summarized statement of comprehensive income:

In EUR 000	**Year ended 31 December, 2023**
Operating income	1,565
Operating expenses	-3,109
Financial result, net	145
Income taxes	0
Result of the year	**-1,400**
Other comprehensive income	0
Total comprehensive income	**-1,400**
Share in total comprehensive income	-700

Based on the above, the carrying amount of the investment in joint ventures presented in the consolidated statement of financial position reconciles as follows:

As per 31 December 2021	**2,344**
Investments of the year	1,000
Share of the result of the year	-884
Share of the other comprehensive income	0
Dividends received	0
Elimination of unrealized gains and losses	78
Foreign exchange differences	0
As per 31 December 2022	**2,538**
Investments of the year	0
Impairment loss of the year	-2,005
Share of the result of the year	-700
Share of the other comprehensive income	0
Dividends received	0
Elimination of unrealized gains and losses	166
Foreign exchange differences	0
As per 31 December 2023	**0**

In Q2 2023, the board of directors of Wondfo-Cartis Ltd. had agreed to initiate a cost reduction plan to reduce the workforce and cash burn of the joint venture, in view of the fact that the original intents of the joint venture have not been realized. This cost reduction plan was completed by year-end 2023 and the workforce has been reduced from approximately 25 to 6 employees. Following the announcement of the Security Enforcement, Wondfo Biotech (HK) Co., Ltd. ("Wondfo"), the other shareholder of Wondfo-Cartis Ltd., notified the Company on 27 October 2023 of its demand to wind-up the joint venture, claiming that such announcement of the Security Enforcement constituted a breach under the shareholder agreement for Wondfo-Cartis Ltd.

In Q1 2024, several lawsuits were started by ten distributors of the joint venture against Wondfo-Cartis Ltd., for alleged breaches by Wondfo-Cartis Ltd of its distribution agreements with such distributors.

Any cash that would remain after potential payments to be made in the framework of the abovementioned lawsuits and the liquidation of the joint venture would be distributed equally between its shareholders. However, due to the abovementioned lawsuits and the expectation that any manufacturing equipment and Idylla inventory will not be able to be monetized, it is unlikely that the liquidation of the joint venture will lead to any distribution of cash to the shareholders of the joint venture. Based on this, an impairment of the full participation was posted for EUR 2.0m.

3.2.17 Deferred tax assets and R&D investment credit

Deferred taxes related to the long-term portion of investment tax credit on research and development and amount to EUR 0m per 31 December 2022 (2022: EUR 1.7m). Recognized research and development tax credits in Belgium can be effectively repaid if a company has not been able to offset the tax credit against the corporation tax for the last five consecutive tax years. The tax credit is included in the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

	As of 31 December,	
In EUR 000	2023	2022
Tax credit research and development	0	1,603
Other	0	62
Total	**0**	**1,664**

3.2.18 Inventories

The inventory can be summarized as follows:

In EUR 000	Per 31 December, 2023	2022
Inventory		
Raw materials	0	5,617
Semi-finished products	0	1,446
Finished products	0	11,842
Total	**0**	**18,905**
Amount recognized as an expense	**-20,495**	**-29,799**

Finished products included cartridges and systems held for expected commercialization, including systems placed under trial at customers under the Group's early adaptor program.

As per 31 December 2022, EUR 2.0 m of the total inventory value was older than 12 months for which EUR 0.6m impairment was recognized. The inventory was held by the Company's former operating subsidiaries that have been seized in the context of the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

3.2.19 Trade and other receivables

Trade and other receivables are broken down as follows:

In EUR 000	As of 31 December, 2023	2022
Trade receivables	0	17,816
Allowance for doubtful receivables	0	-1,119
Total	**0**	**16,697**

	As of 31 December, 2023	2022
VAT receivables	378	1,898
Tax credit research and development	0	318
Other receivables	0	20
Total	**378**	**2,236**

In 2022 an allowance for doubtful receivables was recorded for EUR 1.1m and no trade receivables were impaired. In 2023, trade and other receivables are included in the Security Enforcement. More information regarding this transaction can be found under chapter 3.2.1.2 "The Security Enforcement".

The Group applies the simplified approach of IFRS 9 to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics (e.g. country) and the days past due. The expected loss rates are based on the payment profiles of receivables over a period of 12 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. Based on this, the Group concluded that historical losses are very limited considering the high credit quality of the partners with whom the Company is working.

In 2022, a short-term tax credit of EUR 0.3m on research and development has been recognized in other receivables as this portion of the tax credit is to be received by the Group since it has not been able to offset that portion of the tax credit against the corporation tax for the last five consecutive tax years.

Other receivables included VAT receivables and amongst others amounts recorded for the government capital grant by STS Strategic Transformation Support) related to the investments in the second cartridge manufacturing facilities in Mechelen. In 2023, Biocartis Group NV had a VAT receivable of EUR 0.3m.

3.2.20 Other current assets

Other current assets are broken down as follows:

	As of 31 December,	
In EUR 000	2023	2022
Accrued grant income	0	601
Accrued collaboration income	0	565
Other accrued income	0	29
Deferred charges	0	4,775
Total	0	5,971

Other current assets included accrued income mainly related to Flemish government grants for EUR 0.6 m in 2022. The Group evaluates continuously if it fulfils the specific conditions as per specific grant agreements to justify that none of the grants receivables are to be impaired. The other current assets were held by Biocartis NV, a former operating entity of the Company that was seized in the context of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

For more details on the revenues and collaboration agreements, please see note 3.2.4. Accrued collaboration income includes upfront payments from collaboration partners in relation to amongst others strategic licensing, development and/or commercialization collaborations.

Deferred charges of 2022 also included costs related to the new convertible term loan and the new 4.5% convertible bonds, which were to be capitalized in 2023 in conjunction with the second drawdown of the convertible term loan for EUR 12m and the funding of the newly subscribed 4.5% convertible bonds for a total of EUR 25m.

	Accrued collaboration income
As per 31 December 2021	**75**
Invoiced	-391
Recognized in profit or loss	880
As per 31 December 2022	**565**
Invoiced	-490
Recognized in profit or loss	219
Result of Security Enforcement	-293
As per 31 December 2023	**0**

3.2.21 Cash and cash equivalents

The cash and cash equivalents are as follows:

	Per 31 December,	
In EUR 000	2023	2022
Cash and cash equivalents		
Cash at bank and on hand	645	24,925
Total cash and cash equivalents	**645**	**24,925**
Total restricted cash	0	1,200
Total cash and cash equivalents for cash flow purposes	**645**	**26,125**

The restricted cash related to a deposit on a debt service reserve account as a security for the lease of the Idylla™ cartridge manufacturing lines. Other than EUR 0.645 m held by the Company, cash and cash equivalents held by the Company's former operating subsidiaries transferred as part of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

3.2.22 Share capital

ISSUED SHARE CAPITAL

As of 25 November 2014, the Company became the parent company and reporting entity of the Group. Previous to that date, Biocartis SA was the parent company and reporting entity.

The table below summarizes the share capital and the outstanding shares of the Company as at 31 December 2021, 31 December 2022 and 31 December 2023. The shares are fully paid-up shares.

The number of issued and outstanding shares and the corresponding share capital is as follows:

	Biocartis Group NV			
	Number of common shares issued and outstanding	Legal share capital in EUR000	Historical share capital adjustment EUR000	Total share capital in EUR000
At 31 December 2021	**57,545,663**	**575**	**-**	**-220,657**
Share issue - contribution in kind 6 September 2022	810,734	8	**221,232**	8
Capital increase by contribution in kind	228,234			
Share issue - rights offering 2 December 2022	33,476,932	336		336
Share issue - conversion convertible term loan		2		2
Share issue - mandatory conversion convertible bond 16 December 2022	928,136	9		9
At 31 December 2022	**92,989,699**	**931**	**-221,232**	**-220,302**
Share issue - contribution in kind 23 January 2023	112,338	1		1
Share issue - conversion convertible bond 20 February 2023	803			
Share issue - conversion convertible bond 21 February 2023	810			
Share issue - conversion convertible bond 2 March 2023	812			
Share issue - contribution in kind 18 April 2023	187,068	2		2
Share issue - conversion convertible bond 25 April 2023	178,403	1		1
Share issue - conversion convertible bond 8 June 2023	89,701	1		1
Share issue - conversion convertible bond 23 June 2023	113,342	1		1
Share issue - conversion convertible bond 27 June 2023	242,934	2		2
At 31 December 2023	**93,915,910**	**939**	**-221,232**	**-220,299**

VOTING RIGHTS

Each share gives the holders thereof the right to one vote. The shares are indivisible in respect of the Company and the Company only recognizes one owner per share as regards the exercise of the voting rights.

DIVIDENDS

The Company has not declared or paid any dividends on its shares. In light of the Security Enforcement and the anticipated liquidation of the Company, the board of directors does not expect any earnings, and does not anticipate paying any dividends to the shareholders.

3.2.23 Share based payments

In light of the Security Enforcement and the anticipated liquidation of the Company, it is expected that none of the options issued by the Company in the past can still be executed. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

The table below provides an overview of the movement in stock options since 31 December 2020:

	2013 Plan	2015 Plan	2017 Plan	2018 Plan	2020 Plan	2020B Plan	2023 Plan	Total
Total outstanding at 31 December 2021	**174,000**	**210,052**	**1,151,898**	**531,869**	**682,601**	**860,000**	**0**	**3,610,420**
Options granted from remaining pool of prior year	0	0	0	0	222,000	0		222,000
Options exercised	0	0	0	0	0	0		0
Options forfeited	-23,104	-69,988	-1,151,898	-61,758	-56,502	0		-1,363,250
Options cancelled	0	0	0	0	0	0		0
Total outstanding at 31 December 2022	**150,896**	**140,064**	**0**	**470,111**	**626,099**	**860,000**	**0**	**2,247,170**
Options granted and accepted							3,786,215	3,786,215
Remaining pool							4,513,785	4,513,785
Options exercised								
Options forfeited		-10,000		-170,875	-433,435	-540,000	-3,786,215	-2,173,218
Options cancelled	-12,160	-434			-102,676	-320,000		-115270
End of contract	-138,736							-138,736
Total outstanding at 31 December 2023	**0**	**129,630**	**0**	**299,236**	**89,988**	**0**	4,513,785	**5,032,639**

*Remaining pool are share options created under the plan which have not (yet) been granted and accepted by any beneficiary, and which have not been cancelled for any reason

2013 PLAN

The 2013 Plan is a dilutive option plan, implying that new shares are issued upon the exercise of the respective stock options. A maximum of 1,000,000 shares can be issued to employees, consultants and management of the Group, of which 987,840 options were granted per 31 December 2023. In 2023, 12,160 options (that were not yet granted and were part of the remaining pool) were cancelled. The remaining options reached the end of the contractual period and are therefore no longer outstanding per 31 December 2023.

The weighted average remaining contractual life is 2.01 years. The key terms of the 2013 Plan were:

- Options have the form of warrants of the Company
- Options are granted for free
- Exercise price: the board of directors determines the exercise price when the stock options are granted to a selected participant.
- Granted stock options only become exercisable after vesting and can only be exercised during the full remaining lifetime of the stock options and then only during the following periods:
  - As of 16 March until 31 March
  - As of 16 September until 30 September
  - And as of 1 December until 15 December
- Option term: 10 years after the creation of the plan (expiry is in 2023) but upon grant of the option contractually reduced to 7 years.
- Vesting: time based vesting over 4 years (on a monthly basis; that is 1/48 per month), subject to acceleration in case of a change of control event. There are no unvested warrants left under the 2013 plan.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	Grants 2013	Grants July 2014	Grants November 2014	Grants August 2015	Grants July 2017	Grants December 2017
Number of warrants granted	680,340	20,000	20,000	30,000	50,000	187,500
Number of warrants not vested at 31/12/2023	0	0	0	0	0	0
Exercise price	EUR 9.35	EUR 9.35	EUR 8.13	EUR 13.28	EUR 10.44	EUR 12.14
Expected dividend yield	0	0	0	0	0	0
Expected stock price volatility	25%	30%	30%	31%	36%	35%
Risk-free interest rate	0.7%	0.2%	0.1%	0.1%	0.3%	0.2%
Expected duration	3.5 years	2.8 years	2.6 years	2.3 years	3.5 years	3.5 years
Forfeiture rate	0%	0%	0%	0%	0%	0%
Fair value	EUR 1.78	EUR 1.87	EUR 1.56	EUR 2.70	EUR 2.53	EUR 2.80

The weighted average risk-free interest rates used are based on government bond rates at the date of grant with a term equal to the expected life of the options. The stock price volatility is determined by reference to the Nasdaq Biotech Index (NBI).

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

2015 PLAN

On 15 January 2015, an option plan was established, pursuant to which 217,934 options were issued. This plan was cancelled by the general shareholders' meeting of the Company on 13 April 2015 and replaced on the same date by a new stock option plan (the '2015 Plan'), enabling the Company to grant a maximum of 262,934 stock options (each stock option having the form of a warrant) to selected staff members (consisting of employees, consultants and members of the management) and directors. The 2015 Plan is a dilutive option plan, implying that new shares are issued upon the exercise of the respective stock options. In 2023, no options were granted, no options were exercised, 10,000 options were forfeited and 434 options (that were not yet granted and were part of the remaining pool) were cancelled. A total of 129,630 options are still outstanding per 31 December 2023 and the weighted average remaining contractual life is 1.3 years. The key features of the stock options under the 2015 Plan are as follows:

- Options have the form of warrants of the Company
- Options are granted for free.
- Exercise price: The board of directors shall determine the exercise price at the time of the grant of the stock options, based upon the stock exchange price of the underlying shares at the time of the grant or an average price calculated over a previous period.
- Option term: the stock options have a term of 10 years when they were created, but this term will be contractually reduced to seven years.
- Vesting: time based vesting over 4 years (on a monthly basis; that is 1/48 per month), subject to acceleration in case of a change of control event. There are no unvested warrants left under the 2015 plan.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	Grants 2015	Grants January 2016	Grants March 2016	Grants May 2016	Grants August 2016	Grants November 2016	Grants May 2017	Grants May 2018
Number of warrants granted	72,500	10,000	62,500	15,000	10,000	62,500	15,000	15,000
Number of warrants not vested at 31/12/2023	0	0	0	0	0	0	0	0
Exercise price	**EUR 13.28**	**EUR 12.77**	**EUR 11.52**	**EUR 9.72**	**EUR 7.25**	**EUR 8.50**	**EUR 10.27**	**EUR 12.73**
Expected dividend yield	0	0	0	0	0	0	0	0
Expected stock price volatility	31%	34%	36%	36%	38%	38%	37%	35%
Risk-free interest rate	0.5%	0.8%	0.4%	0.4%	0.7%	0.9%	0.5%	-0.4%
Expected duration	3.4 years	4.6 years	4.6 years	4.5 years	4.4 years	4.2 years	3.9 years	4 years
Forfeiture rate	0%	0%	0%	0%	0%	0%	0%	0%
Fair value	**EUR 3.29**	**EUR 3.85**	**EUR 4.13**	**EUR 2.08**	**EUR 2.52**	**EUR 2.74**	**EUR 3.19**	**EUR 3.37**

The weighted average risk-free interest rates used are based on government bond rates at the date of grant with a term equal to the expected life of the options. The stock price volatility is determined by reference to the Nasdaq Biotech Index (NBI).

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

2017 PLAN

On 11 September 2017, a warrant plan was established pursuant to which 1,340,000 warrants were issued and granted to Herman Verrelst, who was then chief executive officer of the Company. The 2017 Plan is a dilutive option plan, implying that new shares are issued upon the exercise of the respective warrants. There are no outstanding warrants left in the 2017 plan. The key features of the warrants under the Warrant plan 2017 were as follows:

- Warrants are granted for free.
- Exercise price: EUR 9.92.
- Warrant term: determined at the time of the grant of the warrants.
- Vesting: 50% of the warrants will vest over a period of four years (12.5% of the warrants will vest on each of the first four anniversary dates of the date of grant), while the other 50% of the warrants will vest if and to the extent of the CEO achieving certain objective and verifiable key performance indicators. There are no unvested warrants left under the 2017 Plan.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumption

	Grants December 2017
Number of warrants granted	1,340,000
Number of warrants not vested at 31/12/2023	0
Exercise price	EUR 9.92
Expected dividend yield	0
Expected stock price volatility	32%
Risk-free interest rate	-0.3%
Expected duration	2.5 years
Forfeiture rate	0%
Fair value	EUR 2.14

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

2018 PLAN

On 10 September 2018, a warrant plan was established by the board of directors pursuant to which 1,335,426 warrants were issued, enabling the Company to grant a maximum of 1,335,426 warrants to selected staff members (consisting of employees, consultants and members of the management) and directors. In 2023, no warrants were granted, no warrants were exercised and 170,875 warrants are forfeited. The key features of the warrants under the Warrant plan 2018 are as follows:

- Each warrant can be exercised for one share.
- Warrants are granted for free.
- The warrants have a term of ten years when they were created, but this term is contractually reduced to seven years.
- The exercise price of the warrant is determined at the time of the grant of the warrants.
- Vesting is time-based between 1 and 3.5 years. There are no unvested warrants left under the 2018 Plan.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	Grants 2018	Grants May 2019	Grants October 2019	Grants December 2019
Number of warrants granted	273,900	97,500	116,050	65,000
Number of warrants not vested at 31/12/2023	0	0	0	0
Exercise price	EUR 1.95	EUR 11.93	EUR 6.48	EUR 6.05
Expected dividend yield	0	0	0	0
Expected stock price volatility	34%	35%	39%	40%
Risk-free interest rate	-0.3%	-0.6%	-0.7%	-0.6%
Expected duration	3.5 years	3.2 years	3.5 years	3.5 years
Forfeiture rate	0%	0%	0%	0%
Fair value	EUR 3.11	EUR 2.34	EUR 1.46	EUR 1.24

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

2020 PLAN AND 2020B PLAN

In April 2020, two new warrant plans were established by the board of directors, pursuant to which a total of 1,556,976 warrants were issued, enabling the Company to grant these warrants to selected staff members and directors. In 2023 no warrants were granted for the 2020 and 2020B plan. For the 2020 plan, 406,959 options were forfeited and 102,676 options were forfeited, 116,464 options are still outstanding per 31 December 2023. For the 2020B plan, 860,000 options were forfeited, there are no more remaining options outstanding.

The main characteristics of the share options are as follows:

- Each warrant can be exercised for one share.
- Warrants are granted for free.
- 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.
- 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. In accordance with the terms and conditions of the 2020 Plan and 2020B Plan, all warrants that were not vested on or prior to the date of the Security Enforcement have become null and void.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	2020B Plan Grant April 2020	2020B Plan Grant April 2021	2020 Plan Grant May 2020	2020 Plan Grant September 2020	2020 Plan Grant November 2020	2020 Plan Grant April 2021	2020 Plan Grant March 2022
Number of warrants granted	450,000	90,000	50,000	110,800	65,000	145,000	222,000
Number of warrants not vested at 31/12/2023	00	0	0	677	938	4,688	14,688
Exercise price	EUR 4.18	EUR 4.45	EUR 4.81	EUR 4.81	EUR 4.53	EUR 4.45	EUR 2.75
Expected dividend yield	0	0	0	0	0	0	0
Expected stock price volatility	43%	43%	43%	43%	44%	44%	42%
Risk-free interest rate	-0.5%	-0.6%	-0.5%	-0.7%	-0.7%	-0.6%	0.4%
Expected duration	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years	3.5 years
Forfeiture rate	0%	0%	0%	0%	0%	0%	0%
Fair value	EUR 1.74	EUR 1.39	EUR 1.49	EUR 1.46	EUR 1.51	EUR 1.39	EUR 0.53

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

2023 PLAN

On 24 February 2023, a warrant plan was established by the board of directors pursuant to which 8,300,000 warrants were issued, enabling the Company to grant a maximum of 8,300,000 warrants to selected staff members (consisting of employees, consultants and members of the management) and directors. In 2023, 3,786,215 warrants were granted and 1,018,908 were forfeited.

The key features of the warrants under the Warrant plan 2023 are as follows:

- Each warrant can be exercised for one share.
- Warrants are granted for free.
- 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.

- The share options under the Share Option Plan 2023 have a term of ten years (unless contractually reduced in the offer to a beneficiary), are generally not transferable and can in principle not be exercised prior to the first day of the fourth calendar year following the calendar year in which the offer of share options is made to a beneficiary. The share options of the members of the executive management will vest on the third anniversary of the date of offer, while the share options of the personnel members will in principle vest gradually over a period over approximately four years unless decided otherwise. In accordance with the terms and conditions of the 2023 Plan, all warrants that were not vested on or prior to the date of the Security Enforcement have become null and void.

	Grants February 2023	Grants April 2023
Number of warrants granted	3,586,215	200,000
Number of warrants not vested at 31/12/2023	2,567,307	200,000
Exercise price	EUR 0.66	EUR 0.65
Expected dividend yield	0	0
Expected stock price volatility	47%	47%
Risk-free interest rate	2.9%	2.8%
Expected duration	3.5 years	3.5 years
Forfeiture rate	0%	0%
Fair value	EUR 0.23	EUR 0.23

In light of the Security Enforcement, the anticipated liquidation of the Company, and the suspension of the trade in shares of Biocartis on Euronext Brussels, it is expected that none of the vested options issued by the Company in the past will still be executed.

ACCOUNTING FOR SHARE-BASED PAYMENT

The shared-based compensation expense recognized in the income statement as such is given below:

	Years ended 31 December,	
In EUR 000	2023	2022
Share based compensation	855	640
Total	855	640

3.2.24 Defined benefit plans

The Defined Benefit plans were calculated via the application of the Projected Unit Credit (PUC) method as from 2016. No change in calculation method in the present year.

Per 31 December 2023, the Defined Benefit plans reflected a net liability and are therefore reported under ‘Provisions’ in the consolidated statement of financial position. Defined benefit plans held by the Company's former operating subsidiaries were transferred as part of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

	Years ended 31 December,	
In EUR 000	2023	2022
Defined benefit obligation	6,791	6,306
Plan assets	-6,673	-6,102
Result of Security Enforcement	-118	
Provision for taxations	5	
Total	5	204

The Group has used an independent actuary to calculate the defined benefit liability and they provided the following disclosures.

The analysis of the change in the net liability is as follows:

	Net defined benefit liability
As per 31 December 2021	75
Service cost	530
Pension expense/income	-1
Company contributions	-786
Actuarial gains/losses	385
As per 31 December 2022	204
Service cost	366
Pension expense/income	4
Company contributions	-539
Actuarial gains/losses	84
Result of Security Enforcement	-118
As per 31 December 2023	0

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	Years ended 31 December,	
In EUR 000	2023	2022
Discount rate	3.48%	3.42%
Minimum guaranteed interest rate	1.75%	1.75%

The Group has performed a sensitivity analysis taking into account a possible change in the discount rate by 0.5%. The impact of the sensitivity analysis on the net liability is as follows:

	2023	2022
Discount rate +0,5%	-5	-10
Discount rate -0,5%	0	11

The plans assets are fully invested in assurance contracts with a guaranteed return, in terms of risk category these can be best described as bonds.

3.2.25 Financial liabilities

The financial liabilities are summarized as follows:

	Years ended 31 December,	
In EUR 000	2023	2022
Lease liability	0	9,051
Bank borrowings	0	0
Convertible debt	0	9,293
Convertible term loan	0	15,838
2nd lien secured convertible debt	0	66,642
Convertible term loan embedded derivative	0	934
Total non-current	**0**	**101,759**
Lease liability	0	5,597
Bank borrowings	0	15,000
Total current	0	**20,597**
Total Financial liabilities	**0**	**122,355**

In 2013, Biocartis NV refinanced about 50% of its Idylla™ semi-automated cartridge manufacturing line in Mechelen (Belgium) via a sale and lease back operation. This lease has a current lease term till 1 June 2021, carries a 3.35% interest rate and includes a purchase option of EUR 0.1m. Per 31 December 2022 the lease has been fully paid.

In 2015, Biocartis NV obtained two new financing facilities for the modifications to the current cartridge production line. The first new facility entails an investment credit for an amount of EUR 0.6m, with a payment term of 5 years and an interest rate of 1.93%. The second one entails a leasing facility for EUR 4.4m that carries a 1.77% interest, includes a purchase option of 1% of the financed amount and has a duration of 54 months. Per 31 December 2022 the lease has been fully paid. EUR 0.1m is outstanding under these two facilities.

In 2016, Biocartis NV obtained a lease financing facility for the development of a second cartridge production line in Mechelen, for EUR 15m. This facility was increased in 2018 with EUR 2.3m. The interest applicable for this facility equals 1.87% and includes a purchase option of 1% of the financed amount. Per 31 December 2022 EUR 4.3m is outstanding under this facility. As a security, a debt service reserve account is to be maintained for the above financing facilities of 2013, 2015 and 2016, the current debt service account amounts to EUR 1.2m.

In 2018, Biocartis NV obtained an investment credit of EUR 1m from a bank to finance mold investments related to its first cartridge manufacturing facility. The investment credit has a payment term of 5 years and an interest rate of 2.53%. In total EUR 0.8m has been withdrawn on this credit facility. Per 31 December 2022 EUR 0.3m is outstanding under this facility.

On 9 May 2019, the Group issued a convertible bond of EUR 150m, with a maturity date of 9 May 2024 (i.e. 5-year duration) and a coupon of 4%. The bond could be converted into new/existing ordinary shares of the Group upon the discretion of the bondholder. Under IAS 32- Financial instruments: Presentation the convertible bond is a compound financial instrument and contains, from the issue's perspective, both a liability (i.e. host debt instrument) and an equity component (i.e. an embedded share conversion option).

On 1 September 2022, Biocartis launched a comprehensive recapitalization, which included the restructuring of the existing convertible debt and the provision of new convertible debt, summarized as follows:

- the amendment of the existing 4% convertible bonds of EUR 135m, including a.o. the mandatory conversion of 10% of these convertible bonds into common shares at the conversion rate of EUR 12.89 and the extension of the maturity date until 9 November 2027
- a new first lien secured convertible term loan of EUR 30.1m, partly used for the buy-back of EUR 16.3m of existing 4% convertible bonds for EUR 13.7m in cash
- an exchange of the amended existing convertible bonds for new 4.5% second lien secured convertible bonds, subject to the subscription of EUR 25m of additional newly issued 4.5% convertible bonds

Following the amendment, the exchange for new convertible bonds and the partial buy-back, the liability associated with the 4% convertible bonds amounts to EUR 9.3m per 31 December 2022.

In 2022, EUR 17.5m was drawn under the new convertible term loan, net of fees. This amount was partly used for the buy-back of EUR 13.7m of the existing 4% convertible bond. This convertible term loan only consists of a liability component and an embedded derivative component. The liability component is measured at amortized cost and the derivative component is measured at fair value through profit and loss. Per 31 December 2022, the liability amounts to EUR 15.8m and the embedded derivative amounts to EUR 0.9m.

On 2 September 2022, an offer to exchange the amended existing convertible bonds was made for new 4.5% second lien secured convertible bonds, subject to the subscription of EUR 25.0m of additional newly issued 4.5% convertible bonds and rights offering with extra-legal preferential rights for the existing shareholders of the Company of EUR 25.1m. EUR 92.1m of the existing 4% convertible bonds were exchanged for the new 4.5% convertible bonds. In accordance with IFRS 9, the exchange has been accounted for as an extinguishment of the original liability and the recognition of a new financial liability, amounting to EUR 66.6m per 31 December 2022. The original equity component associated with the existing convertible bonds was not derecognized.

Following the above mentioned recapitalization transactions, the financial indebtedness at 31 December 2022 amounted to EUR 122.4m.

The credit facility and guarantees from BNP Paribas Fortis have been cancelled in 2021 and replaced by a revised credit facility of KBC. This facility consists of a EUR 7.5m straight loan and a EUR 7.5m rollover credit line, both of which were fully drawn on 31 December 2022.

Biocartis was the object of the Security Enforcement that was completed on 31 October 2023. More specifically,

- the new 4.5% second lien secured convertible bonds referred to above were exchanged by the holders of such bonds for equity in a US entity which received the assets secured by Biocartis' secured debt by way of appropriation (it being understood that the value of such assets was lower than the amount due under the second lien secured convertible bonds) ("**New Biocartis**");
- the new convertible term loan referred to above was novated to New Biocartis;
- any and all outstanding amounts under the amended existing convertible bonds referred to above have been written down to zero in accordance with the terms and conditions of the amended existing convertible bonds;
- Biocartis Group NV's former subsidiaries were transferred to New Biocartis in the context of the Security Enforcement, and the financial liabilities held by such subsidiaries have hence transferred accordingly.

The reconciliation between the total of future minimum lease payments of the finance leases at the end of the reporting period and their present value is described in the table below:

In EUR 000	As of 31 December, 2023		2022	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Lease				
< 1 year	0	0	5,736	5,597
> 1 and < 5 years	0	0	7,092	6,997
> 5 years	0	0	2,054	2,054
Total	**0**	**0**	**14,882**	**14,648**
Less interests	0	0	234	0
Present value	**0**	**0**	**15,116**	**14,648**

The changes in liabilities from financing activities are summarized in the table below:

In EUR 000	Lease liabilities	Convertible debt	Convertible term loan	2nd lien secured convertible debt	Bank
As per 31 December 2021	**20,012**	**128,151**			**6,000**
Changes from financial cash flows	-6,609	-19,413	16,504		9,000
Exchange for new convertible bond		-102,818		65,124	
Capitalized interest		3,373	269	1,518	
Additions	1,246				
As per 31 December 2022	**14,648**	**9,293**	**16,773**	**66,642**	**15,000**
Changes from financial cash flows	-3,449		12,008	25,000	-6,220
Changes due to the effect of changes in FX rates	7				
Accrued interest		1,140	773	7,176	
Additions	3,266				
Redemption fees upon Security enformecent			6,207	13,928	
Non-cash transactions during the year		5,209	146	17,248	
Result of Security Enforcement	-14,472	-15,643	-35,907	-129,994	-8,779
As per 31 December 2023	**0**	**0**	**0**	**0**	**0**

Some more details related to the lease liabilities such as interest expenses, expenses related to short term and low values lease and variable lease payments can be found in the table below. The Group's lease agreements do not include material restrictions or financial covenants.

In EUR 000	Years ended 31 December, 2022	2022
Depreciation expense of right-of-use assets	-5,052	-5,294
Interest expense on lease liabilities	-371	-513
Rent expense - short-term & low value leases	-40	-102
Rent expense - variable lease payments	0	0
Total amounts recognized in profit or loss	-5,463	-5,909

3.2.26 Trade payables and other current liabilities

In EUR 000	As of 31 December, 2023	2022
Trade payables	294	11,747
Total trade payables	**294**	**11,747**

In EUR 000	As of 31 December, 2023	2022
Provision vacation pay and end-of-year premium & other social debt	0	8,675
VAT payable	0	191
Other	21	44
Other current liabilities	**21**	**8,910**

The trade payables and other current liabilities held by the former subsidiaries of the Group were transferred indirectly pursuant to the transfer of those subsidiaries in the context of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

3.2.27 Deferred income

In EUR 000	Years ended 31 December, 2023	2022
Grants	-	-
Partner income	1,079	1,344
Other income	0	
Result of Security Enforcement	-1,079	
Total	**0**	**1,344**
Current	0	1,195
Non-current	0	149

For more details on the contract liabilities, we refer to note 3.2.4. Deferred partner income includes upfront payments from collaboration partners in relation to the strategic licensing, development and commercialization collaborations. The deferred income of the Company's former operating subsidiaries were transferred as part of the Security Enforcement. More information regarding the Security Enforcement can be found under chapter 3.2.1.2 “The Security Enforcement”.

	Deferred partner income
As per 31 December 2021	2,135
Invoiced	258
Recognized in profit or loss	-1,049
As per 31 December 2022	1,344
Invoiced	2,399
Recognized in profit or loss	-2,665
Result of Security Enforcement	-1,079
As per 31 December 2023	0

3.2.28 Income taxes

3.2.28.1 COMPOSITION OF TAX EXPENSE

In EUR 000	Years ended 31 December, 2023	2022
Current income tax	-170	-316
Deferred income tax	0	76
Total	-170	-240

3.2.28.2 TAX RECONCILIATION

Tax expenses for the year can be reconciled to the accounting loss as follows:

In EUR 000	Years ended 31 December, 2023	2022
Profit/(Loss) before taxes	18,207	-65,621
Income tax credit calculated at 25%	4,697	-16,930
Effect of different tax rates	0	0
Effect of income that is exempt from taxation	-86,060	-45,016
Effect of expenses that are non-deductible in determining tax profit	65,566	43,386
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	-15,797	18,560
Effect of tax credit for research and development	-258	-317
Effect of provisional income tax in Biocartis Group NV	5	
Other	83	77
	-170	-240
Adjustments recognized in the current year in relation to the current tax of prior years	0	0
Income tax expense (profit) recognized in loss for the period	**-170**	**-240**

The increase of the effect of income/expenses that is exempt from taxation mainly relates to the seizure of Biocartis Group NV's operating activities, the IFRS adjustments on the impairment of financial fixed assets and the result of the Security Enforcement. The IFRS adjustments are non-cash items and are not recognized for tax purposes.

3.2.28.3 UNRECOGNIZED DEFERRED TAX ASSETS

Due to the uncertainty surrounding the Group's ability to realize taxable profits in the near future, the Group has not recognized any deferred tax assets on tax loss carry forwards and temporary differences.

3.2.29 Financial risk management

3.2.29.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks such as market risk, credit risk, and liquidity risk. Up to the date of the Security Enforcement, the Group's finance department identified and evaluated the financial risks in close co-operation with the operating units.

Prior to the Security Enforcement, the Convertible Term Loan and the 4.5% Convertible Bonds were subject to a minimum liquidity covenant requiring Biocartis Group NV and the guarantors to maintain liquidity on each month-end of at least EUR 10 million and EUR 8 million, respectively.

3.2.29.2 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's activities expose it primarily to changes in foreign currency exchange rates and interest rates.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risks primarily through its operating activities. Certain purchase transactions and certain sales transactions of the Group are undertaken in British Pound ("GBP") and US Dollar ('USD'). The Group did not enter into any currency hedging arrangements in order to cover its exposure. The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows. Therefore the sensitivity to certain potential changes in, especially the GBP and USD is limited. Exchange rate exposure towards the foreign currencies can furthermore be managed through the use of forward exchange contracts, based upon management's judgment. The Group has not applied hedge accounting in 2023 and 2022.

Financial assets included current bank accounts and petty cash. Financial liabilities included trade payables and accruals in foreign currency.

	Years ended 31 December,	
In EUR 000	2023	2022
Liabilities		
USD - United States	2,894	1,339
GBP - Great Britain	16	12
Assets		
USD - United States	7,239	4,446
GBP - Great Britain	982	943

The Group performed a sensitivity analysis for the two most significant currencies (USD, GBP). The impact of an increase or decrease in value by 10% of GBP and USD is not material.

OTHER MARKET RISK

The Group is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investments.

LIQUIDITY RISK

Considering that since the date of the Security Enforcement, the Group no longer has any material activities, the Group is restricted in its sources of cash inflows. Possible sources of cash inflows are capital increases and loans (to the extent available at all). Cash is invested in low risk investments such as short-term bank deposits. Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Analysis of contractual (undiscounted) maturities of financial liabilities at 31 December 2023 is as follows (amounts in EUR 000):

	As of 31 December,					
		2023			2022	
In EUR 000	Trade payables	Financial liabilities	Other current liabilities and accrued expense	Trade payables	Financial liabilities	Other current liabilities and accrued expense
Less than 1 year	294	0	21	11,747	20,547	8,910
1-3 years		0			5,123	
3-5 years		0			18,270	
5+ years		0			112,517	
Total	**294**	**0**	**21**	**11,747**	**156,457**	**8,910**

3.2.30 Fair value

The fair value of the financial assets has been determined on the basis of the following methods and assumptions:

- The carrying amount of the cash and cash equivalents and the current receivables approximate their value due to their short term character;
- Other current financial assets such as current other receivables are being evaluated on the basis of their credit risk and interest rate. Their fair value is not significantly different than its carrying amount on 31 December 2023 and 2022.
- The fair value of the financial liabilities has been determined on the basis of the following methods and assumptions:
  - The carrying amount of current liabilities approximates their fair value due to the short-term character of these instruments;
  - Loans and borrowings are measured based on their interest rates and maturity date. Most interest bearing debts have fixed interest rates and their fair value is subject to changes in interest rates and individual creditworthiness. The fair value measurement is classified as level 2.

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The Group has one financial instrument (MyCartis) carried at fair value in the consolidated balance sheet on 31 December 2023 and 2022.

Except for the borrowings (financial liabilities, see note 3.2.25), the carrying amount of the financial assets and liabilities approximate their fair values.

3.2.31 Contingencies

LEGAL CLAIMS

By writ of summons of 12 October 2023, the Company was summoned by Orbimed Royalty & Credit Opportunities III, LP ("Orbimed") before the Dutch-speaking Brussels Commercial Court. Orbimed claims payment from the Company of a principal amount of EUR 8,983,700.64 (plus interests and costs) pursuant to the unsecured convertible bonds that had been issued by the Company which Orbimed claims have become payable in an accelerated manner following a press statement by the Company on 26 September 2023 regarding the possible execution of pledges accorded to certain secured debtors. The execution of these pledges took place on 31 October 2023. The Company and Orbimed are in dispute over the consequences of that execution for Orbimed's convertible bonds. Orbimed's convertible bonds have automatically been reduced to zero in accordance with the terms and conditions of those bonds. Orbimed disputes that position and argues that the conditions for the reduction to zero have not been met. On 29 October 2024 the Dutch-speaking Brussels Commercial Court has issued an interim decision in which it orders the Company to provide additional documents within two months following the official service (if any) of the interim decision by a bailiff. For all other aspects, the proceedings were suspended to be reinstated by the parties thereto. On the date of this report no official service of the interim decision by a bailiff has taken place.

Discussions have been initiated with Wondfo Biotech (HK) Co., Ltd. with respect to the possible liquidation of WondfoCartis Ltd. WondfoCartis Ltd. is a Hong Kong joint venture company that was established together with Wondfo Biotech (HK) Co., Ltd. in 2018 and in which the Company holds a 50% stake.

In Q1 2024, several lawsuits were started by ten distributors of the joint venture against Wondfo-Cartis Ltd., for alleged breaches by Wondfo-Cartis Ltd. of its distribution agreements with such distributors. The Company's position is that no such breaches of the distribution agreements were made by Wondfo-Cartis Ltd. The claims are currently being heard by judges in China. The Company has no contractual obligation to further fund the joint venture. Any cash that would remain after potential payments to be made in the framework of the abovementioned lawsuits and the liquidation of the joint venture would be 50:50 distributed between its shareholders. However, due to the abovementioned lawsuits and the expectation that any manufacturing equipment and Idylla inventory will not be able to be monetized, it is unlikely that the liquidation of the joint venture will lead to any distribution of cash to the shareholders of the joint venture. Accordingly, the Company does not expect to receive any distributions in the context of the possible liquidation of WondfoCartis Ltd.

The Company received a notice of default from Biocartis NV on May 7, 2024 in which Biocartis NV requests the Company to transfer to Biocartis NV a VAT credit received by the Company on February 29, 2024 in the amount of EUR 359,241.92. The Company disputes Biocartis NV's position ("**VAT Dispute**").

The Group is currently not facing any other outstanding litigation that might have a significant adverse impact on the Group's financial position.

3.2.32 Commitments

3.2.32.1 CAPITAL COMMITMENTS

Due to the Security Enforcement, the Group has no material capital commitments. More information on the Security Enforcement can be found under Chapter 3.2.1.2 "The Security Enforcement".

3.2.32.2 OPERATING COMMITMENTS

The Group has no operating commitments towards different suppliers for Idylla™ systems and cartridge parts.

3.2.32.3 RELATED-PARTY TRANSACTIONS

Transactions between the Company and its former subsidiaries have been eliminated on consolidation and are not disclosed in the notes. The remuneration of key management, transactions with the joint venture and a list of the subsidiaries are disclosed below. There were no other transactions with related parties.

3.2.32.3.1 REMUNERATION OF DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT

Introduction

This section provides an overview of the key aspects of the remuneration of the Company's directors and members of the executive management in 2023, it being understood that the executive management has transferred to and was remunerated by the new Biocartis group following the Security Enforcement. As from 23 December 2023 – i.e. the date on which all remaining corporate mandates of the executive management have been formally terminated by the Company's board of directors – the Company no longer has any executive management in place. Following a clear positive vote by the Company's shareholders on the remuneration report of 2022 and the Company's remuneration policy, the changes to the remuneration of the directors and members of the executive management in 2023 as compared to 2022 have been kept to a minimum, it being understood however that, in view of the Security Enforcement, directors have waived their remuneration as of Q4 2023. This remuneration report must be read together with the Company's remuneration policy which can be found on its website, as well as with the performance of the Company in 2023 as set out in detail in this annual report.

Remuneration of the directors

Principles

The remuneration of the non-executive directors is composed of a fixed fee and an attendance fee. The amount of such fees was set by the annual shareholders' meeting.

Annual fixed fees:

- Chairperson of the board: EUR 36,000
- Chairperson of the audit committee: EUR 18,000
- Chairperson of the remuneration and nomination committee: EUR 14,000
- Other non-executive directors: EUR 12,000

Attendance fees: In addition to the annual fixed fees mentioned above, each non-executive director receives an attendance fee of EUR 3,000 per regular meeting of the board of directors or EUR 1,500 per ad hoc board meeting with a more limited agenda (to be increased, as the case may be, with a fee for travel time of EUR 1,500 for Ann-Christine Sundell and EUR 2,500 for Christine Kuslich and Bryan Dechairo per meeting of the board attended in person), EUR 1,000 per meeting of the audit committee attended by the director who is a member of such committee, and EUR 500 per meeting of the remuneration and nomination committee attended by the director who is a member of such committee.

No share-based awards: As from 1 January 2020, the Company no longer grants share options to non-executive directors. However, certain directors do hold subscription rights granted to them under the 2018 Plan (see below).

The board of directors, upon recommendation of the remuneration and nomination committee, decided to deviate from provision 7.6 of the Belgian Code on Corporate Governance 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.

The Company also reimburses the directors for reasonable out of pocket expenses (including travel expenses) incurred while performing their mandate.

Remuneration of the members of the board of directors in 2023

Based on what is set out above, the remuneration of the directors for the performance of their director mandate in 2023 is as follows(1):

Name of Director	Fixed remuneration			Variable remuneration		Extra-ordinary items	Total remune-ration	Proportion of fixed and variable remuneration
	Fixed fees (2)	Attendance fees (3)	Fringe benefits	One-year variable	Multi-year variable			
SBV BV, repr. by Herman Verrelst	9,000	9,000	0	0	0	0	18,000	Fixed: 100% Variable: 0%
Christian Reinaudo	21,775	23,500	0	0	0	0	45,275	Fixed: 100% Variable: 0%
Luc Gijsens BV, repr. by Luc Gijsens	13,500	21,500	0	0	0	0	35,000	Fixed: 100% Variable: 0%
Ann-Christine Sundell	9,000	21,500	0	0	0	0	30,500	Fixed: 100% Variable: 0%
Christine Kuslich	9,000	22,500	0	0	0	0	31,500	Fixed: 100% Variable: 0%
Bryan Dechairo	7,282	22,500	0	0	0	0	29,782	Fixed: 100% Variable: 0%
Roald Borré(4)	0	0	0	0	0	0	0	Fixed: 100% Variable: 0%

(1) Amounts mentioned are gross amounts in Euro.

(2) Amounts mentioned in this column relate to the directors' annual fixed fees.

(3) Amounts mentioned in this column relate to the attendance fees of the members of the board and its committees.

(4) Mr. Borré renounced his remuneration as director and member of the audit committee of the Company. Mr. Borré resigned from the board with effect as of 21 February 2023, and was replaced by Mr. Dechairo with effect as of the same date.

As mentioned above, the Directors waived their remuneration as of the fourth quarter of 2023 in view of the Security Enforcement, resulting in a decrease of their total 2023 remuneration in comparison to 2022. This decrease is also reflected in the chart showing the changes in the remuneration of the directors and the members of the executive management and the changes in the average remuneration of the employees of the Company over the past five years.

The table below provides an overview of the number of subscription rights of the directors on 31 December 2023:

Name of Director	The main conditions of subscription rights plans						Information regarding the reported financial year			
							Opening balance	During the year (2)		Closing balance
	Specification of plan	Award date	Vesting date (1)	End of holding period	Exercise period	Strike price	Subscription rights held (of which vested)	Subscription rights awarded	Subscription rights vested	subscription rights held (of which vested)
Christian Reinaudo	2018 Plan	10/09/2018	1/3rd in each of 2019, 2020 and 2021	N/A	1/1/2022 – 9/9/2025	EUR 11.93	15,000 (15,000)	0	0	15,000 (15,000)
Luc Gijsens BV, repr. by Luc Gijsens	2018 Plan	10/09/2018	1/2nd in each of 2019 and 2020	N/A	1/1/2022 - 9/9/2025	EUR 11.93	10,000 (10,000)	0	0	10,000 (10,000)
Ann-Christine Sundell	2018 Plan	10/09/2018	1/2nd in each of 2019 and 2020	N/A	1/1/2022 - 9/9/2025	EUR 11.93	10,000 (10,000)	0	0	10,000 (10,000)
Christine Kuslich	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
Roald Borré	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0

(1) Pursuant to the 2018 Plan, the subscription rights of the directors vest in X equal instalments on each anniversary date of the date of his or her appointment as director of the Company, whereby X shall be equal to the duration of his or her director's mandate expressed in years.

(2) During 2022, no subscription rights were exercised or became null and void for any reason.

Remuneration of the members of the executive management

Principles

The remuneration of the members of the executive management consists of the following remuneration components:

- Annual fixed cash remuneration
- Non-deferred short-term variable remuneration (cash bonus)
- Deferred short-term variable remuneration (since 2020 in the form of phantom stock)
- Long-term variable remuneration (subscription rights)
- Certain other components

Remuneration of the members of the executive management in 2023

Total Remuneration: The total remuneration of the members of the executive management in 2023 is as follows:

Name of Executive	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Fees	Fringe benefits	One-year variable(1)	Multi-year variable (2)				
SBV BV, repr. By Herman Verrelst(3)	EUR 187,500	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 187,500	Fixed: 100% Variable: 0%
John Roger Moody Jr.(4)	USD 234,017	USD 0	USD 135,817 (8)	USD 0	USD 0	USD 0	USD 0	USD 369.834	Fixed: 100% Variable: 0%
Marcofin BV, repr. By Jean-Marc Roelandt(5)	EUR 140,332	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 140,332	Fixed: 100% Variable: 0%
George Cardoza(6)	USD 82,963	USD 0	USD 0	USD 0	USD 0	USD 0	USD 0	USD 82,963	Fixed: 100% Variable: 0%
Scmiles BV, repr. by Piet Houwen(7)	EUR 217,653	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 0	EUR 217,653	Fixed: 100% Variable: 0%

(1) Amounts mentioned in this column relate to the non-deferred short-term variable remuneration (cash bonus).

(2) Amounts mentioned in this column relate to the deferred short-term variable remuneration. The deferred variable remuneration of the executive management is structured by way of phantom stock under the phantom stock plan which was created in 2020. In view of the Security Enforcement, the value of any subscription rights vested in 2023 have not been taken into account. See the table below for more information on the subscription rights of the executive management as per 31 December 2023.

(3) CEO until 24 April 2023; chair since 24 April 2023 but only as non-executive since 1 July 2023 (before that date: SBV BV was paid fee under consultancy agreement).

(4) CEO from 24 April 2023 until 31 October 2023, the date of the Security Transaction. No remuneration was received after 31 October 2023. His mandate was officially terminated on December 23, 2023.

(5) CFO until 4 August 2023;

(6) CFO and Head of Service Delivery from 7 August 2023 until 31 October 2023, the date of the Security Transaction. No remuneration was received after 31 October 2023. His mandate was officially terminated on December 23, 2023.

(7) COO until 1 September 2023.

(8) Sign-on bonus, hardship compensation, car allowance and telecom allowance.

None of the executive management received or will receive a variable remuneration relating to the fiscal year 2023, as the qualifying objective thereto, i.e. the materialization of a funding event, whereby financing would be secured that extends the cash runway of the Company until at least 31 December 2024, was not realized.

No severance payments have been granted to members of the executive management who left the Company in 2023.

The aforementioned remuneration of the members of the executive management was in line with the Company's remuneration policy. By creating a balanced mix between fixed and variable remuneration, as well as between short-term and long-term remuneration, the Company strived to create a focus not only on short-term operational performance but also on the long-term objective of creating sustainable value. The goals and objectives of the members of the executive management determined to evaluate their variable remuneration were established in order to support the Company's long-term performance as they focused on the key metrics to achieve such long-term performance.

<u>Non-Deferred and Deferred Short-Term Variable Remuneration</u>

In the past, short-term variable remuneration for the CEO could 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 could be maximum 30% of their respective annual fixed remuneration of the year for which the variable remuneration is awarded.

In accordance with applicable law, 50% of the short-term variable remuneration of the members of the executive management is linked to performance criteria measured over one performance year. Such non-deferred short-term variable remuneration is settled in cash. For the remaining 50% of the short-term variable remuneration, 25% is linked to performance criteria measured over two performance years and another 25% is linked to performance criteria measured over three performance years. It is to be noted that in the course of 2020, the Company decided to structure the deferred short-term variable remuneration for the members of the executive management by way of a grant of phantom stock. For more information on the phantom stock mechanism, please see the Company's remuneration policy.

However, in view of the Security Enforcement, none of the executive management received a variable remuneration.

<u>Long-Term Variable Remuneration (subscription rights)</u>

The table below provides an overview of the number of subscription rights of the members of the executive management on 31 December 2023:

Name of Executive	The main conditions of subscription rights plans						Information regarding the reported financial year				
							Opening balance	During the year			Closing balance
	Specification of plan	Award date	Vesting date	End of holding period	Exercise period	Strike price	Subscription rights held (of which vested)	Subscription rights awarded	Subscription rights vested	Subscription rights cancelled/ forfeited	Subscription rights held (of which vested)
SBV BV, repr. by Herman Verrelst	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 - 29/4/2027	EUR 4.18	300,000 (0)	0	0	300,000	0
	2020B Plan	27/4/2021	1/1/2025	N/A	1/1/2025 – 26/4/2028	EUR 4.45	60,000 (0)	0	0	60,000	0
	2023 Plan	24/4/2023	24/2/2026	N/A	24/2/2026 – 23/2/2030	EUR 0.66	0	600,000	0	600,000	0
Marcofin BV, repr. by Jean-Marc Roelandt	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 - 29/4/2027	EUR 4.18	100,000 (0)	0	0	100,000	0
	2020B Plan	27/4/2021	1/1/2025	N/A	1/1/2025 – 26/4/2028	EUR 4.45	30,000 (0)	0	0	30,000	0
Scmiles BV, repr. by Piet Houwen	2018 Plan	9/5/2019	2020-2023	N/A	1/1/2023 – 8/5/2026	EUR 11.93	65,000 (60,937)	0	4,063	0	65,000 (65,000)
	2020B Plan	30/4/2020	1/1/2024	N/A	1/1/2024 – 29/4/2027	EUR 4.18	50,000 (0)	0	0	50,000	0

3.2.32.3.2 JOINT VENTURES

Transactions with related parties are made at arm's length. The main transactions relate to product sales towards the Group's joint venture.

3.2.32.3.3 SUBSIDIARIES

Details of the Company's subsidiaries until 31 December 2023 were as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2023	2022
Biocartis NV	Develop and market diagnostic platforms	Generaal de Wittelaan 11 B - 2800 Mechelen (België)	0%	100%
Biocartis US Inc.	Market diagnostic platforms	30 Montgomery Street, 9th Floor, Suite 970 Jersey City, NJ 07302 USA	0%	100%
Biocartis S.r.l.	Market diagnostic platforms	Milano (MI) Corso Vercelli 40 CAP 20145 Italy	0%	100%

Due to the Security Enforcement, Biocartis NV, Biocartis US Inc. and Biocartis S.r.l. are no longer subsidiaries of the Company as of 31 October 2023. More information on the Security Enforcement can be found under chapter 3.2.1.2 "The Security Enforcement".

3.2.33 Events after the balance sheet date

The below important events occurred after the reporting date:

- Discussions have been initiated with Wondfo Biotech (HK) Co., Ltd. with respect to the possible liquidation of WondfoCartis Ltd. WondfoCartis Ltd. is a Hong Kong joint venture company that was established together with Wondfo Biotech (HK) Co., Ltd. in 2018 and in which the Company holds a 50% stake.

  In Q1 2024, several lawsuits were started by ten distributors of the joint venture against Wondfo-Cartis Ltd., for alleged breaches by Wondfo-Cartis Ltd. of its distribution agreements with such distributors. The Company's position is that no such breaches of the distribution agreements were made by Wondfo-Cartis Ltd. The claims are currently being heard by judges in China. The Company has no contractual obligation to further fund the joint venture. Any cash that would remain after potential payments to be made in the framework of the abovementioned lawsuits and the liquidation of the joint venture would be 50:50 distributed between its shareholders. However, due to the abovementioned lawsuits and the expectation that any manufacturing equipment and Idylla inventory will not be able to be monetized, it is unlikely that the liquidation of the joint venture will lead to any distribution of cash to the shareholders of the joint venture. Accordingly, the Company does not expect to receive any distributions in the context of the possible liquidation of WondfoCartis Ltd.

- The Company received a notice of default from Biocartis NV on May 7, 2024 in which Biocartis NV requests the Company to transfer to Biocartis NV a VAT credit received by the Company on February 29, 2024 in the amount of EUR 359,241.92. The Company disputes Biocartis NV's position ("**VAT Dispute**").

There were no further important events between 31 December 2023 and the approval date of this annual report.

3.2.34 Relevant standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2023

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025, but not yet endorsed in the EU)