

Biotalys
Public Limited Liability Company
Buchtenstraat 11, 9051 Ghent
R.P.R Ghent 0508.931.185
(the *Company*)

**Special Report of the Board of Directors of the Company (the *Board of Directors*)
prepared in accordance with article 7:199 of the Belgian Code of Companies and Associations on
the renewal of the authorised capital**

I. THE REPORT

1. This special report (the *Report*) of the Board of Directors has been prepared in accordance with article 7:199 of the Belgian Code of Companies and Associations (*BCCA*). It relates to the proposal to renew the authorisation to the Board of Directors of the Company to increase the capital of the Company within the framework of the authorised capital. This proposal will be submitted to an extraordinary general meeting of shareholders of the Company to be held on 23 April 2024 or – if at such extraordinary shareholders meeting the legally required presence quorum would not be reached – at a next extraordinary shareholders meeting with the same agenda to be held on 21 May 2024 that can decide without the presence quorum requirement (together hereinafter referred to as the *EGM*).

This Report will detail the special circumstances in which the Board of Directors will be able to exercise its powers under the authorised capital, and the purposes for which it will do so.

**II. PROPOSAL TO RENEW THE AUTHORISATION OF THE BOARD OF DIRECTORS UNDER THE
AUTHORISED CAPITAL**

II.1. EXISTING AUTHORISATION

2. At the date of this Report, the Board of Directors already has the authority to increase the Company's capital within the framework of the authorised capital (the *Existing Authorisation*) as described in the current article 6 of the articles of association as follows:

“Article 6. AUTHORISED CAPITAL.

§1. The board of directors may increase the capital of the company in one or several times by a (cumulative) amount of maximum forty-four million five hundred and sixty-four thousand three hundred and twenty euros and two cent (€44,564,320.02)

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This authorisation may be renewed in accordance with the applicable legal provisions. The board of directors can exercise this authorisation for a period of five (5) years, to be calculated as from the date of publication in the Annexes to the Belgian Official State Gazette of the authorisation approved by the extraordinary general meeting of 25 April 2023.

§2. The capital increases to which can be decided according to this authorisation, shall take place in accordance with the modalities to be determined by the board of directors and can be realised by way of contribution in cash or in kind or by way of conversion of reserves into capital, whether or not available for distribution, with or without the issue of new shares. The board of directors may also use this authorisation to issue convertible bonds, warrants or bonds to which warrants or other movable values are attached, or other securities.

When using its authorisation within the framework of the authorised capital, the board of directors may, in the interest of the company and within the limits and in accordance with the conditions prescribed by the Belgian Code of Companies and Associations, restrict or cancel the preferential subscription right of shareholders. Such restriction or cancellation may also be done in favour of employees of the company or its subsidiaries or in favour of one or more specified persons, even if they are not employees of the company or its subsidiaries.

§3. If, on the occasion of a capital increase decided upon within the framework of the authorised capital, an issue premium is paid, this shall be booked in the “Issue premiums” account, which shall constitute a guarantee for third parties to the same extent as the company's capital, and which, subject to the possibility of converting this reserve into capital, may only be disposed of in accordance with the conditions set by the Belgian Code of Companies and Associations for amendments to the articles of association.

§4. The board of directors is hereby expressly authorised to proceed with a capital increase in any form, including but not limited to a capital increase accompanied by a restriction or cancellation of the preferential subscription right, even after receipt by the company of the notification from the Belgian Financial Services and Markets Authority (FSMA) that it has been notified of a public takeover bid on the shares of the company.

This authorisation is valid in relation to public takeover bids of which the company receives the aforementioned notification no more than three years after 25 April 2023. This authorisation may be renewed for an additional period of three years by resolution of the general meeting, which shall deliberate and resolve in accordance with the applicable provisions. The capital increases decided upon within the framework of this authorisation shall be allocated to the remaining part of the authorised capital referred to in the first paragraph.

§5. The board of directors is authorised, with the possibility of substitution, to amend the articles of association after each capital increase which has been effected within the limits of the authorised capital, in order to bring them in line with the new status of the capital and the shares. “

3. At the EGM, the Board proposes to absorb in total € 41,585,512.06 of losses (being the total amount of carry-forward losses as per the non-consolidated statutory accounts of the Company on 31 December 2023) through the reduction of the share capital in accordance with article 7:210 of the BCCA bringing the share capital from € 46,340,517.84 to € 4,755,005.78 without reduction of the number of shares.

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4. The proposal to renew the authorised capital is conditional on the approval by the EGM of the capital decrease referred to in paragraph 3 above. If such capital decrease would not be approved by the EGM, the current proposal to renew the authorised capital is no longer applicable and the Existing Authorisation will remain in place. If the resolution to approve the capital decrease referred to in paragraph 3 above is approved by the EGM and the proposal to renew the authorised capital as described in this Report and as proposed to the EGM would not be approved, the Existing Authorisation will remain valid but will de facto be limited to maximum € 4,755,005.78 based on the proviso of article 7:198 BCCA which limits the maximum amount of the authorized capital for listed companies to the level of the outstanding capital.

5. Furthermore, the Board has made use of the Existing Authorisation on 12 June 2023 in the framework of a private placement as result of which the capital of the Company was increased with € 1,634,135.93.

6. Present proposal to renew the authorised capital has as goal to align the amount of the authorised capital with the level of the capital after and subject to the implementation of the capital decrease referred to in paragraph 3 above and to reset in such case the authorised capital at 100% of the capital of the Company after the implementation of the capital decrease referred to in paragraph 3 above.

7. As of the moment that the renewed authorised capital under this proposal to the EGM to renew the authorised capital can be used by the Board of Directors, the Existing Authorisation shall be cancelled and the present proposal shall replace it.

II.2. PROPOSAL to renew the authorisation of the Board of Directors under the authorised capital

8. The Board of Directors proposes to the EGM, subject to the approval of the capital decrease referred to paragraph 3 above, to grant a special authorisation to the Board of Directors to increase the capital of the Company in one or more transactions, without further prior authorisation of the general meeting of shareholders, for a maximum amount (excluding issue premium, if applicable) equal to € 4,755,005.78 being the amount of the capital of the Company following the capital decrease referred to in paragraph 3 above. In addition, the Board of Directors proposes to the EGM to grant the Board of Directors a special authorisation under the authorised capital in the framework of a public take-over bid on the securities of the Company for a period of three years in accordance with article 7:202 BCCA.

9. If the EGM were to approve the Board of Directors' proposal, article 6 of the Company's amended and restated articles of association would read as follows:

« Article 6. AUTHORISED CAPITAL.

§1. The board of directors may increase the capital of the company in one or several times by a (cumulative) amount of maximum four million seven hundred and fifty-five thousand and five euros and seventy-eight

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cents (€ 4,755,005.78). This authorisation may be renewed in accordance with the applicable legal provisions. The board of directors can exercise this authorisation for a period of five (5) years, to be calculated as from the date of publication in the Annexes to the Belgian Official State Gazette of the authorisation approved by the extraordinary general meeting of [date of the extraordinary general meeting approving the renewal of the authorised capital].

§2. The capital increases to which can be decided according to this authorisation, shall take place in accordance with the modalities to be determined by the board of directors and can be realised by way of contribution in cash or in kind or by way of conversion of reserves into capital, whether or not available for distribution and issue premiums, with or without the issue of new shares and with or without payment of an issue premium.

The board of directors may also use this authorisation to issue convertible bonds, warrants or bonds to which warrants or other movable values are attached, or other securities. When using its authorisation within the framework of the authorised capital, the board of directors may, in the interest of the company and within the limits and in accordance with the conditions prescribed by the Belgian Code of Companies and Associations, restrict or cancel the preferential subscription right of shareholders. Such restriction or cancellation may also be done in favour of employees of the company or its subsidiaries or in favour of one or more specified persons, even if they are not employees of the company or its subsidiaries.

§3. If, on the occasion of a capital increase decided upon within the framework of the authorised capital, an issue premium is paid, this shall be booked in the “Issue premiums” account, which shall constitute a guarantee for third parties to the same extent as the company's capital, and which, subject to the possibility of converting this reserve into capital, may only be disposed of in accordance with the conditions set by the Belgian Code of Companies and Associations for amendments to the articles of association.

§4. The board of directors is hereby expressly authorised to proceed with a capital increase in any form, including but not limited to a capital increase accompanied by a restriction or cancellation of the preferential subscription right, even after receipt by the company of the notification from the Belgian Financial Services and Markets Authority (FSMA) that it has been notified of a public takeover bid on the shares of the company. This authorisation is valid in relation to public takeover bids of which the company receives the aforementioned notification no more than three years after [date of the extraordinary general meeting approving the renewal of the authorised capital]. This authorisation may be renewed for an additional period of three years by resolution of the general meeting, which shall deliberate and resolve in accordance with the applicable provisions. The capital increases decided upon within the framework of this authorisation shall be allocated to the remaining part of the authorised capital referred to in the first paragraph.

§5. The board of directors is authorised, with the possibility of substitution, to amend the articles of association after each capital increase which has been effected within the limits of the authorised capital,

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in order to bring them in line with the new status of the capital and the shares. «

II.3. CIRCUMSTANCES AND PURPOSES OF USE OF AUTHORISED CAPITAL

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

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

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

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

- it appears to be necessary to be able to respond quickly to certain market opportunities;
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders;

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- a prior convening of a general shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the Company;
- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorized capital is necessary in the interests of the Company

14. The Board of Directors would be able to use its powers under the authorized capital to issue shares, share options, subscription rights, convertibles or bonds with subscription rights or other instruments or other securities, with disapplication of the preferential subscription right, in whole or in part of existing shareholders. Such disapplication of the preferential subscription rights can also be done to the benefit of the members of the personnel of the Company or of its subsidiaries, or to the benefit of one or more specified persons other than members of the personnel of the Company or of its subsidiaries.

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

- with a view to strengthening the share capital or net equity of the Company including through investments by one or more persons (whether or not existing shareholders) or cornerstone investors;
- to finance the Company's existing business activities or new business initiatives;
- to finance or realise (in whole or in part) takeovers or acquisitions of companies, businesses or assets, corporate partnerships, in-licensing deals or other types of mergers, partnerships or strategic alliances;
- to create or fulfil share based compensation plans for members of the personnel, consultants and other service providers of the Company and/or its subsidiaries (from time to time) (e.g. through the issuance of subscription rights or the share-units granted to directors of the Company);
- to counter a hostile bid on the financial instruments of the Company; and/or
- for other general working capital purposes.

16. The Board of Directors therefore believes that the proposal to renew the authorisation to the Board of Directors of the Company to increase the Company's capital within the framework of the authorised capital is in the interests of the Company and proposes to the EGM to approve the proposed resolution in this respect.

17. The specific circumstances under which the authorised capital may be used and the objectives described in this Report are not exhaustive and should be interpreted as widely as possible.

[signature page follows]



Board report in accordance with article 7:199 BCCA

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Ghent, 14 March 2024

For the Board of Directors,

]signed]

Simon Moroney
Chairman of the Board

[signed]

Kevin Helash
Director - CEO