

## **SIPEF**

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Register of Legal Entities 404.491.285 (Antwerp)

### **REPORT OF THE BOARD OF DIRECTORS DRAWN UP IN ACCORDANCE WITH ARTICLE 7:199 OF THE CODE OF COMPANIES AND ASSOCIATIONS**

#### **1. LEGAL FRAMEWORK**

This report has been drawn up by the board of directors in accordance with article 7:199 of the Code of Companies and Associations. It concerns the request of the shareholders at the extraordinary general meeting of 10 June 2020 - or of 29 June 2020 if the quorum required by law is not achieved at the first extraordinary general meeting - to renew the authorisation of the board of directors to increase the share capital.

The purpose of this report is to inform shareholders about the special circumstances in which the board of directors wishes to use this authorisation and to what ends.

#### **2. RENEWAL OF THE AUTHORIZED CAPITAL**

In the past, the general meeting has repeatedly granted this power to the board of directors, most recently on 8 June 2016. On that date, the authorisation concerned an amount of USD 37,851,639.41 for a period of five (5) years, expiring on 26 June 2021, included.

However, given that the extraordinary general meeting of June 2020 is invited to amend the articles of association to bring them into line with the new companies code, the board of directors decided to also present the renewal of this authorisation to the shareholders in June 2020.

The board of directors proposes the renewal of the authorised capital for a period of five (5) years in the amount of USD 44,733,752.04, allowing the issue of up to 10,579,328 new SIPEF shares.

Based on this power, the board of directors shall be permitted to increase the share capital of the Company in the following ways:

- by means of a contribution in kind within the limits permitted by the Code of Companies and Associations;
- by means of a contribution in cash, by issues of convertible bonds or subscription rights, whereby the preferential right of the shareholders is restricted or excluded;
- by means of a contribution in cash, issues of convertible bonds or subscription rights, whereby the preferential right of the shareholders is

restricted or excluded to the benefit of one or more specific persons other than members of staff;

- by converting reserves and share premiums;
- with or without issue of new shares, with or without voting rights;
- by issues of other securities of the company, such as shares as part of a share option plan.

Lastly, if the company receives an announcement from the Financial Services and Markets Authority (FSMA) notifying it of a public bid to acquire the shares of the company, in accordance with article 7:202, second paragraph, 2° of the Code of Companies and Associations, the board will also be able to use its authorisation with regard to the authorised capital if this notification is made no later than three years after the date of the extraordinary general meeting that renewed the authorisation in question.

The authorisation is valid for a period of five years, commencing on the date on which the amendment of the articles of association is published in the annexes to the Belgian Official Gazette (Belgisch Staatsblad).

### **3. SPECIAL CIRCUMSTANCES**

The board of directors will consider using the authorised capital in the following circumstances:

- (i) In the event of a public bid or a threat of a public bid for the securities of the company;
- (ii) In the event of acquisition or a threat of acquisition by a third party of more than 20% of the shares of the company;
- (iii) Within the framework of financing of an investment that is of strategic importance for SIPEF or for companies affiliated to SIPEF;
- (iv) In the event of urgent recovery of the financial situation of SIPEF or a company affiliated to SIPEF;
- (v) Within the framework of the payment of an optional dividend.

### **4. PURPOSES**

If the company finds itself in one of the aforementioned circumstances, the board of directors may use the authorised capital insofar as this is in the interests of the company. In its decision on the use of the authorised capital, the board of directors will, in particular, give due consideration to the continuity of the activities of the company and/or its affiliated companies and the stability in its shareholder structure necessary for that purpose.

With regard to points (i) and (ii) above, in light of the specific circumstances the board of directors will examine whether the possible acquisition of control or participation by a third party serves the interests of the company and its shareholders and, where applicable, whether the use of the authorised capital is an appropriate means of defence or dissuasion.

With regard to points (iii) and (iv), the board of directors will check whether there are sufficient urgent reasons to justify using the authorised capital and whether the authorised capital is an appropriate measure, in light, among other things, of the situation on the financial markets.

11 February 2020,

The Board of Directors