

**Special Report of the Board of Directors of 5 February 2024 pursuant to article 7:199 of the Code of companies and associations regarding the authorized capital**

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Pursuant to article 7:199 of the Code of companies and associations, the board of directors has the honor to submit this report on his proposal to request the shareholders to give him a mandate regarding authorized capital for a period of 5 years in light of the extra-ordinary general meeting of 22 March 2024 and, if at this meeting the quorum required to deliberate and decide validly is not met, the extra-ordinary general meeting of 25 April 2024.

**Clarifications of the envisaged purposes**

As a general principle, the general shareholders meeting decides on changes of the capital. Such decision of the general shareholders meeting must meet the attendance and majority requirements applicable to a change of the by-laws. This implies that a decision of the general shareholders meeting to raise the capital of the company can only be adopted provided that at least 50% of the capital of the company is either present or represented at the general shareholders meeting, and that the decision is approved with a majority of at least 75%. If the required attendance of 50% of the capital of the company is not present or represented at the first meeting, a second meeting may be convened by way of a new invitation, and the second shareholders meeting can validly deliberate and decide, regardless of the number of shares that is present or represented.

However, the Code of companies and associations allows that the by-laws enable the board of directors for a limited period to raise the capital within certain limits ('mandate for authorized capital').

The board of directors opines that a mandate for authorized capital is required to meet the needs of the enterprise as a listed company.

Indeed, the board of directors has decided already several times in the past to propose to the shareholders the option of a distribution of the dividend in shares of the company. To maintain this option and to be able in the future to also distribute the dividend in new shares, the board of directors must be able to raise the capital of the company.

Further, the board of directors believes that, in the current economic climate, there may be interesting organic and inorganic growth opportunities requiring a swift response. Therefore, the board of directors aims for a flexible and efficient method to acquire the required financial means for the further expansion of the company's activities. The technique of authorized capital offers the flexibility and speed of execution that may be required to ensure an optimum management and capitalization of the company. The relatively complex and time-consuming procedure of an extra-ordinary shareholders meeting sometimes appears incompatible with the specific circumstances. The technique of authorized capital allows the board of directors to opt for the then financially most favorable way of financing, depending on the interest rate of the capital markets.

Thanks to the technique of authorized capital, the board of directors can make use of an instrument with which additional financial means may be attracted within a relatively short time, which may be required in the context of potential acquisitions, urgent financing needs or opportunities requiring a swift intervention of the company.

Finally, the board of directors desires to have the flexibility to offer, within the frame of a

balanced salary package, which may include both short and long term salary components, warrants (instead of stock options) to employees to improve their long term commitment and motivation in order to secure and to increase the company's success and profitability.

It is hereby clarified that the envisaged authorization is not intended to be used as a defensive mechanism against a public take-over bid.

The capital increases which may be implemented pursuant to this authorization in accordance with the terms to be decided by the board of directors such as, among others, a contribution in cash or in kind within the limits set by the CCA, incorporation of reserves or share premiums, with or without issuance of new shares with or without voting rights, or by issuance of subordinated convertible notes, or by issuance of warrants or of notes to which warrants or other rights may be attached, or other instruments, such as shares in the frame of a share option plan.

The board of directors also proposes to grant him, upon use of the authorized capital within the limits determined below, the authority to suspend or limit the preferential right of existing shareholders, including for the benefit of one or more persons, that may or may not be employees of the company or its subsidiaries.

#### **Clarification of the special circumstances under which the authorized capital can be used**

The board of directors opines that it can be useful to use these powers each time when specific circumstances for the implementation of a capital increase so require, and requests the general meeting to authorize him, pursuant to article 7:198 of the Code of companies and associations, to implement a capital increase within the limits determined below, in the following, non-limitative circumstances:

- if an unforeseen urgent financing need arises and the market conditions are unfavorable for a public capital raise;
- if it appears necessary to quickly address market opportunities, in particular in view of acquisitions, either wholly or partially, of companies, mergers and/or strategic alliances;
- when a prior convening of a shareholders meeting would trigger a premature announcement of a transaction, which might be detrimental to the company;
- when it appears that the costs associated with the convening of a general shareholders meeting are disproportionate to the amount of the envisaged capital increase;
- when, because of a market opportunity, the implementation of a capital increase pursuant to the procedure of authorized capital is appropriate to increase the company's investment capacity;
- when the capital increase occurs for the distribution of an optional dividend, regardless of whether the dividend is paid either directly in shares, or in cash which is subsequently used for the subscription of new shares;
- when the company wants to issue shares, options or other financial instruments for the personnel, directors or advisors of the company or affiliated companies;

and for all transactions related hereto.

The board of directors proposes to distinguish between capital increases with application of the preferential right for the existing shareholders and capital increases with suspension of the preferential right. In the first case, a broader authorization is justified as all existing shareholders have the possibility to exercise or not their preferential right. In the second case, it is appropriate to limit the authorization for the board of directors.

- Therefore, the board of directors proposes to the shareholders to authorize him, in the interest of the company, to increase the capital in one or more steps, with an amount not to exceed fifty percent (50%) of the capital. A maximum of ten percent (10%) of the capital can hereby be used for capital increases with suspension of the preferential right of existing shareholders or for contributions in kind for other purposes than the distribution of an optional dividend.

For the avoidance of doubt, if the proposed resolution is not adopted, the existing authorisation to increase the capital will continue to apply.

**Proposal of resolution:**

Proposal of resolution (1<sup>st</sup> vote):

*"The board of directors is authorized, under the conditions and within the limits of the provisions laid down in the CCA and pursuant to the aforesaid report in accordance with section 7:199 WVV, to increase the capital of the Company in one or more steps with an amount not to exceed fifty percent (50%) of the capital. A maximum of ten percent (10%) of the capital can hereby be used for capital increases with suspension of the preferential right of existing shareholders or for contributions in kind for other purposes than the distribution of an optional dividend.*

*The board of directors can use this authorization for a period of five years from the publication of the change of the by-laws in the Annexes to the Belgian Official Gazette.*

*Accordingly, Article 6 ("Authorized capital") of the Articles of Association is replaced by the following:*

*"The board of directors is authorized to increase the capital of the Company in one or more steps with an amount not to exceed fifty percent (50%) of the capital. A maximum of ten percent (10%) of the capital can hereby be used for capital increases with suspension of the preferential right of existing shareholders or for contributions in kind for other purposes than the distribution of an optional dividend.*

*The board of directors can use this authorization for a period of five years from the publication of the change of the by-laws decided by the extra-ordinary meeting of shareholders of 22 March 2024(\*).*

*The capital increases which may be implemented pursuant to this authorization in accordance within the terms to be decided by the board of directors such as, among others, a contribution in cash or in kind with the limits set by the CCA, incorporation of reserves or share premiums, with or without issuance of new shares with or without voting rights or by issuance of subordinated convertible notes, or by issuance of warrants or of notes to which warrants or other rights may be attached, or other instruments, such as shares in the frame of a share option plan.*

*These authorizations can be renewed in accordance with the applicable regulations.*

*In the interest of the company, the board of directors can, within the limits and in accordance with the conditions prescribed by the CCA, limit or suspend the preferential right of shareholders, when the capital increase occurs within the limits of the capital authorized pursuant to this article. This limit or suspension can also apply to the benefit of one or more persons, which may or may not be employees of the company or its subsidiaries.*

*If, pursuant to a capital increase decided by the board of directors or following the conversion of notes or the exercise of warrants or other similar rights, a share premium is paid, it will not be considered for the calculation of the use of the authorized capital.*

*The mandate authorized capital cannot be used as a defensive mechanism against a public take-over bid.*

*The board of directors has the authority, with the possibility to delegate, after every capital increase realized within the limits of the authorized capital, to update the by-laws with the new status of capital and shares."*

*Consequently, the general meeting decides, as of the publication of this decision in the Annexes to the Belgian Official Gazette, to replace the words "29 April 2021" with the words "22 March 2024"\* in the second paragraph of Article 6 of the by-laws and to delete the last paragraph of the said article.*

*(\*) If at the extra-ordinary general meeting of 22 March 2024, the required quorum to deliberate and decide validly is not met, the date of "22 March 2024" must be read as "25 April 2024".*

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Therefore, the board of directors requests the shareholders to grant him the mandate for authorized capital under the by-laws in accordance with the aforesaid terms.

Kortrijk, 5 February 2024

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Mr. Frank Donck  
Chairman

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Mr. Charles Beauduin  
Director/Co-CEO

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Mrs. An Steegen  
Director

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Adisys Corporation  
met als permanente vertegenwoordiger  
Mr. Ashok Jain  
Director

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Mrs. Hilde Laga  
Director

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Mrs. Lieve Creten  
Director

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Lord James Sassoon  
Director