

BALTA GROUP
Limited Liability Company
Wakkensteenweg 2
8710 St-Baafs-Vijve
Company Number: 0671.974.626
RLE Ghent (division Kortrijk)

(the “**Company**”)

SPECIAL REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 7:199 OF THE BELGIAN CODE ON COMPANIES AND
ASSOCIATIONS

1. PRELIMINARY EXPLANATION

The Board of Directors of the Company (the “**Board of Directors**”) has drafted this report (the “**Report**”) in accordance with article 7:199 of the Belgian Code of Companies and Associations (the “**BCCA**”) in the framework of the renewal of the authorisation granted to the Board of Directors to increase the capital of the Company in the framework of the authorised capital. This proposal will be submitted to the extraordinary shareholders’ meeting of the Company that will be held on Tuesday 26 May 2020 at 12 pm at the Company’s registered seat before an associated notary of the notary office of Berquin, having its registered office at Lloyd Georgelaan 1, 1000 Brussels (the “**Extraordinary Shareholders’ Meeting**”).

This Report provides more detail on the special circumstances under which the Board of Directors of the Company can exercise this mandate to increase the capital and the aims that may be pursued in that respect.

2. AUTHORISED CAPITAL

The current authorised capital was granted as from 7 July 2017. The Board of Directors proposes to renew this authorisation early in accordance with the relevant rules under the new BCCA. This proposal is part of a broader amendment of the Company’s articles of associations in order to align them with the new BCCA.

The technique of authorised capital allows the Board of Directors a certain degree of flexibility and allows for the smooth execution that may be necessary to ensure an optimal management of the Company.

In certain circumstances, the relatively complex, costly and time-consuming procedure of convening an extraordinary shareholders’ meeting for a capital increase in a listed company may be incompatible with certain fluctuations on the capital markets or with certain possibilities offered to the Company. The convocation of an extraordinary shareholders’ meeting may result in a delay in the execution of the transaction concerned.

The Board of Directors is therefore of the opinion that, in order to meet the needs of the Company, an authorisation should be granted to the Board of Directors to increase the share capital of the Company on one or more occasions by a (cumulative) maximum amount of 100% of the amount of the share capital.

If the authorisation is granted, the Board of Directors may exercise the authorisation for a period of five (5) years from the date of publication of the authorisation approved by the Extraordinary Shareholders’ Meeting in the Annexes to the Belgian Official Gazette. This authorisation is renewable.

In accordance with article 7:202 BCCA, it is opportune to grant a special authorisation to the Board of Directors to be able to use the technique of the authorised capital within the framework of a takeover bid. Based upon such an authorization, the Board of Directors may also increase the subscribed capital on one or more occasions, as of the date of notification by the FSMA (the "Autoriteit voor Financiële Diensten en Markten" or "Financial Services and Markets Authority") to the Company of a public takeover bid on the securities of the Company, by contribution in cash with cancellation or limitation of the preferential subscription of the existing

shareholders or by contribution in kind in accordance with article 7:202 BCCA. This authorisation will be granted for a period of three (3) years from the date of publication of the authorisation approved by the Extraordinary Shareholders' Meeting in the Annexes to the Belgian Official Gazette. This authorisation is renewable.

The Board of Directors therefore requests that it be granted such authorisation to use the authorised capital in particular but not limited to the circumstances and for the purposes described below.

3. PROPOSED AUTHORISATION TO THE BOARD OF DIRECTORS

3.1 Specific circumstances and purposes for using the authorised capital

The Board of Directors proposes that the Extraordinary Shareholders' Meeting grants the above-mentioned authorisation to the Board of Directors to use the authorised capital, among other things:

- for good management of the Company or if there is need to respond to a suitable commercial opportunity, a strategic alliance, a restructuring, a takeover bid or an acquisition (public or private) of securities or assets in one or more companies that will be financed, in whole or in part, through the issue of shares or financial instruments entitling to shares, and to be able to cope with new developments and challenges;
- to raise funds by issuing new shares to investors through public or private placements;
- in the framework of the remuneration policy, i.e. the introduction of any stock option plan, any share-based plan or any other incentive plan open to personnel of the Company or its subsidiaries, to the extent that new shares are required;
- if the amount of the share capital of the Company is insufficient to meet its legal and regulatory obligation or any other condition that the Company should be comply with;
- if there is an imbalance between the net equity and debt equity of the Company and to aim to increase the creditworthiness of the Company. In particular the Board of Directors will be able to use the authorised capital in circumstances described in articles 7:228 and 7:229 BCCA;
- if the costs related to the convocation of an extraordinary shareholders' meeting are not in proportion to the amount of the intended capital increase; and
- if deemed appropriate, as a defence against possible hostile takeover bids on the securities issued by the Company.

The Board of Directors proposes that the capital increases based upon this authorisation, shall take place in accordance with the modalities decided by the board and can be realized as follows:

- by contribution in cash or in kind or via share premium; or
- by converting reserves, whether or not available for distribution, and share premiums, with or without the issuance of new shares with or without voting rights.

The Board of Directors proposes that if the authorisation were granted, it could also use it to issue convertible bonds, subscription rights or bonds to which subscription rights or other tangible values are connected, or other securities and that the Board of Directors is empowered to issue shares without reference to the nominal value below the par value of the old shares and the issuance of subscription rights in favour of the personnel.

The Board of Directors proposes that the authorisation will allow them, in the interest of the Company, to restrict or cancel the preferential subscription right of the shareholders in accordance with the conditions set forth in article 7:188 BCCA. This limitation or cancellation can also occur to the benefit of the personnel of the Company or its subsidiaries or to the benefit of one or more specific persons even if these are not members of the personnel of the Company or its subsidiaries.

As mentioned, the authorisation grants the Board of Directors to proceed with a capital increase in any and all form, including but not limited to a capital increase accompanied by the limitation or cancellation of the preferential subscription right, even after receipt by the company of a notification by the Financial Services and Markets Authority of a takeover bid of the Company's shares, in accordance with article 7:202 BCCA.

The Board of Directors will have the power to amend the Company's articles of association in accordance with the capital increase which has been decided within the limits of the authorised capital.

3.2 Amendment of the articles of association

If the Extraordinary Shareholders' Meeting approves the abovementioned proposal, article 6 of the Company's articles of association will be amended 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 (cumulated) amount of maximum 100% of the amount of the capital.

This authorisation may be renewed in accordance with the relevant legal provisions. The board of directors can exercise this power for a period of five (5) years as from the date of publication in the Annexes to the Belgian Official State Gazette of the authorisation of the extraordinary shareholders' meeting of 26 May 2020.

§2. Any capital increases which can be decided pursuant to this authorisation will take place in accordance with the modalities to be determined by the board of directors and may be effected (i) by means of a contribution in cash or in kind (where appropriate including indistributable share premium), (ii) through conversion of reserves, whether available or unavailable for distribution, and issuance premiums, with or without issuance of new shares with or without voting rights. The board of directors can also use this authorisation for the issuance of convertible bonds, subscription rights or bonds to which subscription rights or other tangible values are connected, or other securities.

When exercising its authorisation within the framework of the authorised capital, the board of directors can limit or cancel the preferential subscription right of the shareholders in the interest of the company, subject to the limitations and in accordance with the conditions provided for by the Belgian Code on Companies and Associations. This limitation or cancellation can also occur to the benefit of the personnel of the company or its subsidiaries or to the benefit of one or more specific persons even if these are not members of the personnel of the company or its subsidiaries.

§3. If, pursuant to a capital increase that has been decided within the framework of the authorised capital, an issuance premium is paid, this shall be booked on the account "Issuance Premiums", that shall serve as guarantee for third parties in the same manner as the company's share capital and of which, apart from the possibility to convert this reserve into capital, can only be disposed in accordance with the conditions provided for by the Belgian Code on Companies and Associations in respect of amendments to the articles of association.

§4. The board of directors is hereby expressly empowered to proceed with a capital increase in any and all form, including but not limited to a capital increase accompanied by the restriction or withdrawal of the preferential subscription right, even after receipt by the company of a notification by the Financial Services and Markets Authority (FSMA – Autorité des Services et Marchés Financiers/Autoriteit voor Financiële Diensten en Markten) of a takeover bid for the company's shares. Where this is the case, however, the capital increase must comply with the additional terms and conditions laid down in Article 7:202 of the Belgian Code on Companies and Associations. The powers hereby conferred on the board of directors remain in effect for a period of three years from the date of publication in the Annexes to the Belgian Official State Gazette of the authorisation of the extraordinary shareholders' meeting of 26 May 2020. These powers may be renewed for a further period of three years by resolution of the shareholders' meeting, deliberating and deciding in accordance with applicable rules. If the board of directors decides upon an increase of authorised capital pursuant to this authorisation, this increase will be deducted from the remaining part of the authorised capital specified in the first paragraph.

§5. The board of directors is authorised, with power of substitution, to amend the articles of association after each capital increase realised within the framework of the authorised capital, in order to bring them in line with the new situation of the capital and the shares.]



For information purposes only

4. CONCLUSION

In the framework of the above, the Board of Directors proposes to the Extraordinary Shareholders' Meeting of the Company, to renew the authorisation regarding the authorised capital as described above.

In accordance with article 7:199 BCCA this Report will be mentioned as a separate agenda item of the Extraordinary Shareholders' Meeting.

Done on 23 April 2020, at Sint-Baafs-Vijve,

On behalf of the Board of Directors,