SOFINA

Limited liability company (*Société anonyme/Naamloze vennootschap*)
Registered office: rue de l'Industrie, 31, 1040 Brussels
Enterprise number: 0403 219 397 (RLP Brussels)
("**Sofina**" or the "**Company**")

Special report of the Board of Directors prepared pursuant to Article 7:199 of the Code of Companies and Associations

In accordance with Article 7:199 of the Code of Companies and Associations (the "**CCA**"), the Board of Directors hereby presents its special report on the proposal to the Extraordinary General Meeting of the Company, which will be held on May 4, 2023, to grant the authorization to the Board of Directors to increase the share capital in one or several instances within the framework of the authorized capital.

1. Objectives and circumstances of use

As a rule, any capital increase requires convening an Extraordinary General Meeting of the Company. However, the procedures for convening and holding an Extraordinary General Meeting are relatively lengthy, complex and costly. In some cases, complying with such procedures may be irreconcilable with the need for the Company to react swiftly to fluctuations in the capital markets, seize certain opportunities on the market or meet financing needs within a timeframe taking into account the Company's financial calendar. Market conditions may indeed change rapidly and significantly, to the detriment of the Company's interests, during the period of more than one month that is required to convene an Extraordinary General Meeting.

In this context, the authorized capital would increase the financial flexibility available to the Company, by allowing the Board of Directors to increase the capital with the required flexibility and speed to respond to the Company's capital needs. The circumstances in which the authorized capital could be used would include, among others, cases in which the Company would seek to (i) seize strategic opportunities (without prematurely announcing a transaction, as the case may be), including acquiring stakes in third party companies, (ii) respond to financing opportunities on the market on favorable terms, (iii) strengthen its equity or (iv) maintain a loan-to-value ratio in line with the strategy determined by the Board of Directors.

2. Parameters of the requested authorization

2.1. <u>Amount</u>

The requested authorization would allow the Board of Directors to increase the Company's share capital, in one or several instances, by a maximum amount (excluding any issuance premium) of:

(i) 7,973,494 euros for capital increases with cancellation or limitation of the preferential subscription right of shareholders (including in favor of one or more specific persons, other than members of the personnel of the Company or its subsidiaries, as defined in the CCA); and

(ii) 23,920,482 euros for capital increases without cancelation or limitation of the preferential subscription right of shareholders.

The aforementioned amounts correspond, as of the date of this report, to 10% and 30% of the Company's share capital respectively.

In any event, the total amount up to which the Board of Directors could increase the Company's capital through a combination of the authorizations mentioned in points (i) and (ii) above would be limited to 23,920,482 euros (*i.e.*, an amount corresponding, as of the date of this report, to 30% of the Company's share capital).

By way of example, should the Board first decide to increase the share capital by 20 million euros (excluding any issuance premium) without limiting or cancelling the preferential subscription right, it could thereafter only use the authorization to carry out additional capital increases, with or without limiting or cancelling the shareholders' preferential subscription right, for an amount up to 3,920,482 euros (excluding any issuance premium).

2.2. Forms of capital increases

The authorization would allow the Board of Directors to carry out capital increases by contributions in cash or in kind, by incorporation of available or unavailable reserves or of issue premiums, with or without the issuance of new shares, whether preferred or not, with or without voting right, issued below, above or at fractional value, within the limits permitted by the CCA.

In addition to shares, the Board of Directors could issue convertible bonds, subscription rights, bonds with subscription rights or other securities, under the conditions provided for by the CCA.

2.3. Preferential subscription right of shareholders - Possible transactions

In order to achieve the objective of increasing the Company's financial flexibility, the proposed authorization would allow the Board of Directors to carry out various types of transactions in the Company's interest, including:

- capital increases as part of which the legal preferential subscription right of shareholders would be maintained (commonly referred to as "rights issues"); and

- capital increases as part of which the legal preferential subscription right of shareholders would be limited or cancelled, whether or not for the benefit of specific persons (with a lower maximum amount in such case, as mentioned in section 2.1), such as the following transactions:

  (a) a capital increase with a so-called "synthetic" or "extralegal" preferential subscription right, *i.e.*, a preferential subscription right reintroduced by the Company on a voluntary basis, the characteristics of which differ from the legal preferential subscription right in certain respects, including the subscription period, which is typically shorter than the subscription period foreseen by law;

  (b) a capital increase that is reserved, or a tranche of which is reserved, to one or more investors (including an existing shareholder, as the case may be); or

  (c) a placement with institutional investors through a bookbuilding process, possibly accelerated and/or combined with another characteristic such as that mentioned under point (b).

By way of exception, the preferential subscription right of shareholders could not be limited or cancelled for the benefit of employees of the Company or its subsidiaries specifically.

The Board of Directors notes that, in practice, the success of transactions with limitation or cancellation of the preferential subscription right of shareholders may depend on whether or not the Company's reference shareholder intends to subscribe to the capital increase. The reference shareholder could make an undertaking to subscribe to the capital increase conditional on the Company undertaking, in turn, to allocate to said shareholder a number of shares *pro rata* to its shareholding.

2.4. Duration

The authorization would be granted for a period of five (5) years as from the publication in the Annexes to the Belgian Official Gazette of the resolution of the Extraordinary General Meeting. It would expire on such date, even if it was not used.

2.5. Use of the authorized capital

Any decision by the Board of Directors to use the authorized capital would require a majority of 4/5 (rounded down to the nearest unit) of the votes of the directors present or represented who can participate to the vote.

2.6. Takeover bids

For the avoidance of doubt, the Board of Directors does not seek the special authorization referred to in Article 7:202 of the CCA to use the authorized capital in the event of a takeover bid for the Company's shares.

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Brussels, 30 March 2023

THE BOARD OF DIRECTORS