



## SGM

**7 February 2024**

### WRITTEN Q&A

This document is the written record of the answers which Euronav NV (the "**Company**") provided on the written questions that it has received from shareholders prior the special general meeting of 7 February 2024 (the "**Q&A**").

The Q&A indicates what Euronav has answered to the written questions. The questions and answers are presented in the language as asked.

#### **1 Questions received from shareholder 1**

1. *In its Advice dd. 22 December 2023, the Committee of independent members of the supervisory board assesses the transaction in the light of "the Company's renewed strategy", which it summarily describes (in three paragraphs) as the diversification, decarbonization and optimization of the fleet, and which is mentioned to have been "adopted" on the 5th of December 2023, presumably by the supervisory board itself. However, this "renewed strategy" has never been presented to the shareholders, even at the occasion of the previous special general meeting dd. 21 November 2023. The presentation published dd. 8 January 2023 in the foresight of the SGM does not describe such strategy in any detail. A presentation has only been provided at the occasion of the Investors day dd. 12 January 2024, two weeks ago. Why was such information, tremendously important not only for the assessment of the ongoing acquisition of CMB.Tech, but also for the assessment of the framework agreement dated 9 October 2023 and the settlement agreement dated 9 October 2023, not presented at the occasion of the previous SGM dd. 21 November 2023 (i)? Wasn't it available at the time (ii)? If this is because the "renewed strategy" was only adopted on 5 December 2023, how come that – according to the SPA – the negotiations started on the 1st of December 2023, before even the "renewed strategy" was adopted (iii)? Don't you think that this shows that the new supervisory board of Euronav did not in effect exercise its competences, but was as a matter of fact bypassed by CMB, negotiating with itself the sale of its own assets to Euronav (iv)?*

**Euronav:** (i) In its position as the Company's largest shareholder, CMB has publicly given its view on what the strategy of the Company should be on multiple occasions, including in its press releases of 7 April 2022, 12 July 2022 and 9 February 2023. On 15 February 2023, CMB held a video conference call to further explain its view

on the Company's strategy. On 9 October 2023, when the agreement on the solution for the deadlock at the Company was announced, CMB reiterated its strategy for the Company, now in its future role as controlling shareholder, as being based on three axes: (i) diversification, (ii) decarbonization and (iii) optimization.

At the occasion of the previous special general meeting of shareholders in November 2023, all this information was publicly available. Even though a decision on the business strategy of the Company is ultimately a matter for the supervisory board rather than the general meeting, the supervisory board as well as representatives of CMB addressed your questions on the future strategy at length. Following that thorough discussion, the special general meeting of shareholders decided with a majority of 97,39% to approve the transaction.

Following completion of the transaction with Frontline and Famatown, CMB became the Company's controlling shareholder and changes to the Company's management took place. The new supervisory board subsequently adopted the new strategy and the management board started working on the implementation of such strategy. This resulted amongst others in discussions with CMB on the CMB.TECH transaction. At the time of the special general meeting of shareholders in November 2023, such transaction was merely a suggestion made by CMB, both in its press release of 9 October 2023 and as explained by its representatives at the special general meeting of shareholders. It was only once a deal was struck and approved by the independent members of the supervisory board of the Company that more information on the CMB.TECH transaction became available. The Company has been very forthcoming on the details of this transaction and its new strategy; it has published the transaction documents, the advice by the independent directors and the advice by the independent expert on its website, as well as slides including further details on the CMB.TECH transaction, and has organized a Capital Markets Day on 12 January where all participants had the chance to ask questions.

(ii) The pre-existing strategic deadlock within the Company was due to a fundamental difference between Frontline and CMB on the medium- to long-term strategy for the Company. Following the resolution of that deadlock on 22 November 2023, the supervisory board underwent changes. While CMB's strategy for the Company was communicated to, and known by, the market, the Company's supervisory board in its new composition had to deliberate on and articulate the renewed strategy. That new strategy was adopted by the supervisory board on 5 December 2023.

(iii) On 1 December 2023 a confidentiality agreement in respect of the CMB.TECH transaction was entered into. That is by its very nature a mere preparatory document, allowing the parties to exchange confidential information. The due diligence review of CMB.TECH started as from 5 December 2023, after adoption of the new strategy by the Company. The actual negotiations and entering into binding purchase documentation occurred thereafter.

(iv) No, it is the supervisory board, in line with its legal duties, which sets – and has set – the Company's strategy and approves – and has approved – actions in line with its strategy. The CMB.TECH transaction was approved with the safeguards of the related party transaction procedure. Its terms and conditions have been

analysed and approved by the committee of independent directors, which were advised by independent legal and financial experts. Representatives of CMB at the level of the supervisory board abstained from all decision-making in relation to the transaction.

2. *The Advice dd. 22 December 2023 of the Committee of independent members of the supervisory board does not address the question of the advantages or disadvantages of the timing of the acquisition of CMB.Tech. While it is obvious for controlling shareholder CMB, which needs to finance its mandatory takeover bid, why was it so urgent to spent the cash of Euronav (i)? Have other opportunities even been considered (ii)? In which manner and at which meeting of the supervisory board (iii)? Has the Committee of independent members of the supervisory board been made aware of such other opportunities in the framework of his assessment (iii)? Was the three-part bilateral agreement with Frontline essentially a way to fund an acquisition of CMB.Tech (iv)?*

**Euronav:** The Company has updated its strategy on 5 December 2023 with a focus on diversification, decarbonisation and optimization. The supervisory board is constantly looking at opportunities in line with that strategy. The CMB.TECH transaction was an opportunity that fits perfectly in the revised strategy. Other opportunities are discussed within the supervisory board as well on a regular basis. The purchase of 4 VLCC's and 2 Suezmax newbuilds is a good example of other opportunities that are pursued by the supervisory board. The three-part bilateral agreement was a way to solve the structural deadlock.

3. *Could you please list and describe in detail (with dates of meetings and reports) which conflict of interest procedures pursuant to the Belgian Code of Companies and Associations, if any, have been followed in the framework of the acquisition of CMB.Tech?*

**Euronav:** In the framework of the CMB.TECH transaction, the supervisory board of the Company applied the related party transactions procedure in accordance with Article 7:116 of the Belgian Code of Companies and Associations. Taking into account this procedure, a committee of independent directors convened on several occasions to evaluate the transaction. Afterwards, they issued a written reasoned advice to the supervisory board. The committee of independent experts was assisted by a financial advisor (Degroof Petercam, who issued a fairness opinion on the valuation), as well as a legal advisor (Linklaters LLP).

The committee of independent directors met on several dates, more specifically on:

- 8 December 2023;
- 12 December 2023;
- 14 December 2023;
- 18 December 2023;
- 19 December 2023;
- 20 December 2023;

- 21 December 2023; and
- 22 December 2023.

During the last meeting on 22 December 2023, the committee of independent experts finalized and approved its advice. This advice, with details regarding the conditions of the transaction and the assessment of the transaction, is publicly available on the Company's website.

During its meeting of 22 December 2023, the supervisory board of the Company approved the CMB.TECH transaction. During this meeting, the members of the supervisory board who were involved in the transaction within the meaning of Article 7:116, §4, par. 2 of the Belgian Code of Companies and Associations did not participate to the deliberation and did not vote on the matter. More specifically, the chairman, Mr. Marc Saverys, as well as Mr. Patrick De Brabandere and Mr. Bjarte Boe did not participate in the deliberation and did not vote.

4. *Has the Auditor of the Company been consulted or otherwise involved in the process before the Committee of independent members of the supervisory board (e.g. by vetting preparatory documents or information)?*

**Euronav:** The auditor of the Company was involved as of the moment the committee of independent directors was formed. The auditor got regular updates on (i) the fairness opinion of Degroof Petercam, (ii) the due diligence findings and advice of legal counsels and (iii) the draft advice of the independent committee.

5. *The equity of CMB.Tech results mainly from three in kind contributions made by the shareholder. The Company was created the 9/4/2021 with an in kind contribution of 25.401.884 €. Were added to that, respectively 226.817.000 € on 14/12/2022 and 137.915.000 € on 20/12/2023. The value of these contributions was confirmed by the auditor at the time pursuant to Belgian law. At the end of 2022, the total debt of CMB.tech was 43.625.425 €. How does one explain that in 2 years CMB.Tech is now valued at the triple of the NAV for the acquisition purposes, at 1,150 Bn \$ (i)? How come the Committee of independent members of the supervisory board does not address this obvious question (ii), has it been confronted with the auditor's reports of these contributions in kind (iii)? Question to the auditor of the Company: can he explain this contradiction, and how will he address the matter in his assessment of the yearly consolidated accounts of the Company (iv)?*

**Euronav:** (i) A company is not usually valued merely by reference to the book value of its net assets. CMB.TECH has been valued at market value by using a sum of the parts approach in relation to each of its divisions. These were valued either on the basis of fair market value of the assets based on valuations of independent brokers for the marine division or on the basis of the discounted cash flow method for H2 Infra and Industry. The valuation was verified by Degroof Petercam, who indicated that the price is fair to the Company's shareholders. Further information on the valuation of CMB.TECH and the opinion of the independent expert, as well as on the increase in value of CMB.TECH over the years, is included in the materials published in relation to the special general meeting of shareholders.

(ii) The question of the valuation of CMB.TECH was addressed by the committee of independent directors, with the assistance of Degroof Petercam as independent expert.

(iii) The three equity contributions in kind were reviewed as part of the due diligence review. The due diligence findings have been reported to the committee of independent directors. The contributions were capital increases by converting shareholder advances into capital. The valuation of a receivable is quite straightforward; each of the contributions was valued at nominal value of the receivable (i.e. a dollar for a dollar).

(iv) This is not a contradiction. The valuation of a company is one thing and the book value of a company's equity is quite another.

6. *Are you aware that CMB would have previously marketed CMB.Tech for IPO and had introductory meetings also with private equity investors (i)? If yes, at which price (ii)? If there has not been sufficient interest in CMB.Tech, what were the main reasons (iii) and why has this now changed in your opinion in the context of Euronav's purchase (iv)?*

**Euronav:** We have been informed that CMB has tested the market about a possible IPO of CMB.TECH in 2021. The valuation discussed at that time was never agreed, but ranged between €700 million and €1 billion. The Company was fundamentally different to what CMB.TECH is today, as highlighted in the materials published in relation to the special general meeting of shareholders.

7. *All the business plans and assumptions are redacted in the documents provided for this SGM. How are shareholders supposed to evaluate the fairness of the price, when specific numbers are not provided?*

**Euronav:** The publicly available business plan is redacted given the sensible and confidential nature of this information. Degroof Petercam's conclusion on the fairness of the acquisition price ([page 56](#)) is based both on the DCF analysis and the NAV as valuation method. The equity value midpoint of both valuation methods (US\$ 1,302m and US\$ 1,327m respectively) is considerably above the acquisition price. We also refer to the Company's presentation of 12 January 2024 during the Capital Markets Day which contains additional business plan data.

8. *How long does Degroof Petercam model the DCF explicitly before assuming maturity?*

**Euronav:** As detailed on page 32 of the report, a terminal value is only calculated for the industry (non-marine) segment (after 20 years). The total industry segment represents US\$ 215 million of the total EV of US\$ 1,933 million under the DCF-based approach (see page 41). For the marine segment, no terminal value is calculated given vessels are assumed to be sold at the end of their holding period (assumed to be 20 years), at their projected market value determined according to the following formula:

*Projected Market Value*

$$= \text{Fair Market Value at delivery date} \\ - \left[ \frac{\text{Fair Market Value at delivery date} - \text{Scrap value}}{\text{Economic life}} \right] \times \text{Holding period}$$

Where:

- FMV at delivery date = broker's FMV as of 28 November 2023; and
- Holding period = economic life assumed at 20 years for all vessels.

For the H2 Infra project (non-marine), no terminal value is calculated as the business plan is prolonged until the end of the project lifetime (40 years).

9. *Regarding the DCF, only the WACC calculations are provided – the DCF itself is redacted: how can this be considered sufficient to assess the transaction, and the value? How is it appropriate to use a tax free rate in this situation? (one doesn't have access to the business plan to check)? How appropriate are the tax levels? What is the impact of a possible mistake on the actualization of the terminal value?"*

**Euronav:** Reference is made to the answer to question 8. Note that there is indeed no tax rate applicable for the marine WACC, as there is no corporate profit tax applicable in the shipping sector (see page 33). Ships are taxed on their tonnage (tonnage tax). For the industry part, the Belgian tax rate has been used. For H2 Infra segment, the tax rate of Namibia was used (see page 33).

This impact of a possible mistake on the actualisation of the terminal value is limited as a terminal value has only been used for the industry segment. Additionally, Degroof Petercam does show a general sensitivity on WACC (see page 55), which also comprises the WACC impact on the terminal value component of industry.

10. *Which are CMB.Tech cash flow projections, and how much will that impact Euronav's dividend payout potential?*

**Euronav:** We refer to the Capital Market Day presentation where one can find the open days for the marine side and the DCF for the industry and H2 Infra division.

11. *Would it be possible for Euronav to provide a historical pro forma balance sheet and income statements for CMB.Tech? (they only offer an "illustrative" non-audited forwardlooking balance sheet for Euronav with CMB.TECH integrated in one of the presentations)?*

**Euronav:** This would be a very theoretical exercise. The forward looking balance sheet is a much better approximation and the best type of information that can be shown at this time. Any historical presentation would be a slight variation of the illustrative balance sheet.

12. *Which are the projects for which CMB.Tech requires public funds, directly or through partnerships (i)? For which amounts (ii)? Which is the percentage of own fund required for those projects (iii)? Which is the value of the WACC before and after subvention used in the requests for grants, for example for the Transition Fund (iv)?*

**Euronav:** CMB.TECH does not require public funds. The only grant that has been received is €10.2 million from the German Federal Government in Cleanergy Solutions (49% owned by CMB.TECH).

13. *How much will CMB.TECH'S debt burden eat away from Euronav's dividend potential?*

**Euronav:** This will not be the case. The debt of CMB.TECH will be paid by the earnings of the CMB.TECH vessels.

14. *The former management has stated that the CMB.Tech technology is too long term and in some respect a gamble with respect to feasibility of technology, do you differ in this, and why?*

**Euronav:** Current management has a different view as demonstrated over the past two years and believes the former management was wrong. The Company's actual view on the value of CMB.TECH and the technology on which it is focused has been explained in the Capital Markets Day materials.

15. *Can you outline the experience and credentials of Degroof to provide a fairness opinion in the field of CMB.Tech ?*

**Euronav:** Degroof Petercam has a vast past experience in fairness opinion assignments as outlined in appendix B of the report (page 59-60) as well as significant past experience in valuation assignments as outlined in appendix C of the report (page 61). The targets of the aforementioned assignments include amongst others targets in the (marine) shipping industry.

16. *Can you outline at which premium to NAV Euronav has previously acquired vessels?*

**Euronav:** The Company has always bought vessels at prevailing market values, hence reflecting the net asset value of the ships.

17. *Regarding the loan to CMB (\$65m (more by approval) – SOFR + 2%) – which are the requirements to increase beyond a \$65m loan and what are the plans on use of these loans? – What is the corporate interest for Euronav to extend this loan to its majority shareholder CMB?*

**Euronav:** The Company is not granting a loan to CMB. The clause in the SPA to which you refer provides that, between signing and completion of the CMB.TECH transaction, CMB would, to the extent necessary in view of contractual commitments, investments or capital expenditure contemplated by the business plan of CMB.TECH, provide additional funding to CMB.TECH by means of shareholder loans. At completion of the CMB.TECH Transaction, the Company will take over these shareholder loans. The current amount of additional funding provided by CMB to CMB.TECH is ca. USD 79.2 million.

18. *Does the planned acquisition of CMB.Tech change any information or response provided at the occasion of the SGM dd. 21 November 2023?*

**Euronav:** No, because the answers were given based on the information available at the time.

## **2 Question received from shareholder 2**

1. *"Graag een vraag om zo snel mogelijk de aandeelhouders de kans te geven om dividend te gebruiken om in te schrijven op nieuwe aandelen. (liefst kapitaalverhoging).*

*Zo nodig, de aandeelhouders daar zo snel mogelijk de toelating voor vragen. eventuele intenties van hoofdaandeelhouder kenbaar maken.*

*Ik denk dat het intekenen op vers kapitaal zowel voor particuliere aandeelhouder als institutioneel interessant is, om zo eventueel zijn aandeelbezit aan te passen, op elk moment van het jaar, en de fiscale gunsten verbonden aan herinvesteren ten volle te benutten. Keuzedividend.*

*Indien voorafgaandelijk beslissingen moeten van aandeelhoudersvergadering, dat ook plannen, of rondvraag naar meningen."*

**Euronav:** Dit is momenteel niet aan de orde.