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**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE FILED UNDER
BELGIAN COMPANY LAW**

IDENTIFICATION DETAILS (on date of deposit)

NAME: *Sequana Medical*

Legal form: *Public limited company*

Address: *Technologiepark-Zwijnaarde* Nr.: *122* Box:

Postal code: *9052* Municipality: *Zwijnaarde*

Country: *Belgium*

Register of legal persons – Business court of: *Gent, Division Gent*

Website address¹:

Company identification number *BE 0707.821.866*

DATE *22 / 09 / 2006* of filing the memorandum of association OR of the most recent document mentioning the date of publication of the memorandum of association and of the act amending the articles of association.

ANNUAL ACCOUNTS *ANNUAL ACCOUNTS IN EUROS*

approved by the general meeting of *28 / 05 / 2020*

Regarding the financial year from *01 / 01 / 2019* to *31 / 12 / 2019*

Preceding financial year from *01 / 01 / 2018* to *31 / 12 / 2018*

The amounts for the preceding period ~~are~~ ^{are not} identical to the ones previously published.

Total number of pages filed: *108* Numbers of sections of the standard form not filed because they serve no useful purpose: *6.1, 6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.3.1, 6.3.4, 6.4.2, 6.5.2, 6.6, 6.8, 6.17, 9, 11, 12, 13, 14, 15, 16*

Signature
(name and position)

Signature
(name and position)

¹ Optional information.
² Strike out what is not applicable.

THE SITUATION OF THE COMPANY

Does this annual account concern a company subject to the provisions of the new Code of Companies and Associations of March 23, 2019 ? no

**LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS
AND DECLARATION REGARDING A COMPLIMENTARY REVIEW
OR CORRECTION ASSIGNMENT**

LIST OF THE DIRECTORS, BUSINESS MANAGERS AND AUDITORS

COMPLETE LIST with surname, first names, profession, place of residence (address, number, postal code and municipality) and position within the company

*Pierre Chauvineau
Chemin de Coulet 82, 1162 ST Prex, Switzerland*

*Chairman of the board of directors
12/02/2019 - 26/05/2022*

*Ian Crosbie
Portland Road 5, W114LH Londen, United Kingdom*

*Administrator - manager
12/02/2019 - 26/05/2022*

*Dekeyser Rudy
Klein Nazareth 12, 9840 De Pinte, Belgium*

*Director
12/02/2019 - 26/05/2022*

*Erik Amble
Villaveien 4, 0371 Oslo, Belgium*

*Director
12/02/2019 - 26/05/2022*

*WIOT
Nr.: BE 0708.895.596
Ursulinenstraat 4 box 101, 9000 Gent, Belgium*

*Director
12/02/2019 - 26/05/2022*

Represented by:

*Wim Ottevaere
Ursulinenstraat 4 box 101, 9000 Gent, Belgium*

*Jason Hannon
Van Breesstraat 12-H, 1071 Amsterdam, Netherlands*

*Director
23/05/2019 - 26/05/2022*

*PwC Bedrijfsrevisoren cvba
Nr.: BE 0429.501.944
Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium
Membership nr.: B009*

*Registered auditor
01/10/2018 - 27/05/2021*

Represented by:

Peter D'hondt

DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT

The managing board declares that no audit or correction assignment has been given to a person who was not authorised to do so by law, pursuant to art. 34 and 37 of the law of 22th April 1999 concerning accounting and tax professions.

The annual accounts ~~were~~ / **were not*** audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention hereafter: surname, first names, profession and address of each external accountant or company auditor and his membership number with his Institute as well as the nature of his assignment:

- A. Bookkeeping of the enterprise **,
- B. Preparing the annual accounts **,
- C. Auditing the annual accounts and/or
- D. Correcting the annual accounts.

If the tasks mentioned under A. or B. are executed by certified accountants or certified bookkeepers - tax specialists, you can mention hereafter: surname, first names, profession and address of each certified accountant or certified bookkeeper - tax specialist and his/her affiliation number with the Institute of Accounting Professional and Tax Experts and the nature of his/her assignment.

Surname, first names, profession and address	Affiliation number	Nature of the assignment (A, B, C and/or D)

* Strike out what is not applicable.

** Optional information.

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

	Discl.	Codes	Period	Preceding period
ASSETS				
Formation expenses	6.1	20	.....	.....
FIXED ASSETS		21/28	342.842	270.905
Intangible fixed assets	6.2	21	.....	.....
Tangible fixed assets	6.3	22/27	254.943	183.697
Land and buildings		22	.....	.....
Plant, machinery and equipment		23	74.813	13.189
Furniture and vehicles		24	158.694	138.234
Leasing and similar rights		25	.....	.....
Other tangible fixed assets		26	21.436	.....
Assets under construction and advance payments		27	.....	32.274
Financial fixed assets	6.4/6.5.1	28	87.899	87.208
Affiliated enterprises	6.15	280/1	25.000	29.450
Participating interests		280	25.000	29.450
Amounts receivable		281	.....	.....
Enterprises linked by participating interests	6.15	282/3	.....	.....
Participating interests		282	.....	.....
Amounts receivable		283	.....	.....
Other financial assets		284/8	62.899	57.758
Shares		284	.....	.....
Amounts receivable and cash guarantees		285/8	62.899	57.758

	Discl.	Codes	Period	Preceding period
CURRENT ASSETS		29/58	8.612.734	3.273.473
Amounts receivable after more than one year		29	.....	.....
Trade debtors		290	.....	.....
Other amounts receivable		291	.....	.....
Stocks and contracts in progress		3	1.597.623	1.235.426
Stocks		30/36	1.597.623	1.235.426
Raw materials and consumables		30/31	1.289.975	939.260
Work in progress		32	.....	.....
Finished goods		33	307.648	296.166
Goods purchased for resale		34	.....	.....
Immovable property intended for sale		35	.....	.....
Advance payments		36	.....	.....
Contracts in progress		37	.....	.....
Amounts receivable within one year		40/41	2.818.900	697.136
Trade debtors		40	117.520	96.608
Other amounts receivable		41	2.701.380	600.528
Current investments 6.5.1/6.6		50/53	.....	.....
Own shares		50	.....	.....
Other investments		51/53	.....	.....
Cash at bank and in hand		54/58	3.483.358	1.224.539
Deferred charges and accrued income 6.6		490/1	712.853	116.372
TOTAL ASSETS		20/58	8.955.576	3.544.378

	Discl.	Codes	Period	Preceding period
EQUITY AND LIABILITIES				
EQUITY		10/15	1.235.238	-18.588.252
Capital	6.7.1	10	1.306.940	887.977
Issued capital		100	1.306.940	887.977
Uncalled capital		101	.....	.....
Share premium account		11	100.660.934	64.963.284
Revaluation surpluses		12	.....	.....
Reserves		13	817.559	449.182
Legal reserve		130	.....	.....
Reserves not available		131	817.559	449.182
In respect of own shares held		1310	.....	.....
Other		1311	817.559	449.182
Untaxed reserves		132	.....	.....
Available reserves		133	.....	.....
Accumulated profits (losses)(+)/(-)		14	-101.550.195	-84.888.695
Investment grants		15	.....	.....
Advance to associates on the sharing out of the assets		19	.....	.....
PROVISIONS AND DEFERRED TAXES		16	543.601	792.225
Provisions for liabilities and charges		160/5	543.601	792.225
Pensions and similar obligations		160	543.601	792.225
Taxation		161	.....	.....
Major repairs and maintenance		162	.....	.....
Environmental obligations		163	.....	.....
Other liabilities and charges	6.8	164/5	.....	.....
Deferred taxes		168	.....	.....

	Discl.	Codes	Period	Preceding period
AMOUNTS PAYABLE		17/49	7.176.737	21.340.405
Amounts payable after more than one year	6.9	17	2.260.905	2.582.087
Financial debts		170/4	2.260.905	2.582.087
Subordinated loans		170	.....	.....
Unsubordinated debentures		171	.....	.....
Leasing and other similar obligations		172	.....	.....
Credit institutions		173	.....	.....
Other loans		174	2.260.905	2.582.087
Trade debts		175	.....	.....
Suppliers		1750	.....	.....
Bills of exchange payable		1751	.....	.....
Advances received on contracts in progress		176	.....	.....
Other amounts payable		178/9	.....	.....
Amounts payable within one year	6.9	42/48	4.059.522	15.973.467
Current portion of amounts payable after more than one year falling due within one year		42	459.495	2.622.971
Financial debts		43	.....	9.634.078
Credit institutions		430/8	.....	.....
Other loans		439	.....	9.634.078
Trade debts		44	1.653.261	1.881.513
Suppliers		440/4	1.653.261	1.881.513
Bills of exchange payable		441	.....	.....
Advances received on contracts in progress		46	788.914	845.189
Taxes, remuneration and social security	6.9	45	1.132.852	989.716
Taxes		450/3	160.652	17.034
Remuneration and social security		454/9	972.200	972.682
Other amounts payable		47/48	25.000	.....
Accruals and deferred income	6.9	492/3	856.310	2.784.851
TOTAL LIABILITIES		10/49	8.955.576	3.544.378

INCOME STATEMENT

	Discl.	Codes	Period	Preceding period
Operating income		70/76A	999.832	1.173.178
Turnover	6.10	70	970.636	1.029.171
Stocks of finished goods and work and contracts in progress: increase (decrease)		71	11.482	71.415
Own work capitalised		72	.....	.....
Other operating income	6.10	74	17.714	72.592
Non-recurring operating income	6.12	76A	.....	.....
Operating charges		60/66A	16.698.526	14.631.947
Raw materials, consumables		60	197.756	264.848
Purchases		600/8	548.471	158.056
Stocks: decrease (increase)		609	-350.715	106.792
Services and other goods		61	9.416.801	6.515.611
Remuneration, social security costs and pensions	6.10	62	4.914.521	4.789.138
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets		630	62.007	29.681
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs)	6.10	631/4	8.535	.....
Provisions for liabilities and charges: Appropriations (uses and write-backs)	6.10	635/8	-248.624	-26.358
Other operating charges	6.10	640/8	116	1.609
Operating charges carried to assets as restructuring costs (-)		649	.....	.....
Non-recurring operating charges	6.12	66A	2.347.414	3.057.418
Operating profit (loss)		9901	-15.698.694	-13.458.769

	Discl.	Codes	Period	Preceding period
Financial income		75/76B	52.659	309.200
Recurring financial income		75	52.659	309.200
Income from financial fixed assets		750	.....	10
Income from current assets		751	.....	.....
Other financial income	6.11	752/9	52.659	309.190
Non-recurring financial income	6.12	76B	.....	.....
Financial charges		65/66B	883.617	1.190.566
Recurring financial charges	6.11	65	883.617	1.190.566
Debt charges		650	717.416	920.292
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs)(+)/(-)		651	.....	.....
Other financial charges		652/9	166.201	270.274
Non-recurring financial charges	6.12	66B	.....	.....
Gain (loss) for the period before taxes		9903	-16.529.652	-14.340.135
Transfer from deferred taxes		780	.....	.....
Transfer to deferred taxes		680	.....	.....
Income taxes		67/77	131.848	3.315
Taxes	6.13	670/3	145.546	3.315
Adjustment of income taxes and write-back of tax provisions		77	13.698	.....
Gain (loss) of the period		9904	-16.661.500	-14.343.450
Transfer from untaxed reserves		789	.....	.....
Transfer to untaxed reserves		689	.....	.....
Gain (loss) of the period available for appropriation ..(+)/(-)		9905	-16.661.500	-14.343.450

APPROPRIATION ACCOUNT

	Codes	Period	Preceding period
Profit (loss) to be appropriated(+)/(-)	9906	-101.550.195	-84.888.695
Gain (loss) of the period available for appropriation(+)/(-)	(9905)	-16.661.500	-14.343.450
Profit (loss) brought forward(+)/(-)	14P	-84.888.695	-70.545.245
Withdrawals from capital and reserves	791/2	.....	193.275
from capital and share premium account	791	.....	.....
from reserves	792	.....	193.275
Transfer to capital and reserves	691/2	.....	193.275
to capital and share premium account	691	.....	193.275
to legal reserve	6920	.....	.....
to other reserves	6921	.....	.....
Accumulated profits (losses)(+)/(-)	(14)	-101.550.195	-84.888.695
Owners' contribution in respect of losses	794	.....	.....
Profit to be distributed	694/7	.....	.....
Dividends	694	.....	.....
Directors' or managers' entitlements	695	.....	.....
Employees	696	.....	.....
Other beneficiaries	697	.....	.....

	Codes	Period	Preceding period
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the period	8192P	xxxxxxxxxxxxxxxx	48.573
Movements during the period			
Acquisitions, including produced fixed assets	8162	39.990	
Sales and disposals	8172	.....
Transfers from one heading to another(+)/(-)	8182	32.274	
Acquisition value at the end of the period	8192	120.837	
Revaluation surpluses at the end of the period	8252P	xxxxxxxxxxxxxxxx	.....
Movements during the period			
Recorded	8212	.....
Acquisitions from third parties	8222	.....
Cancelled	8232	.....
Transferred from one heading to another(+)/(-)	8242	.....
Revaluation surpluses at the end of the period	8252	.....
Depreciations and amounts written down at the end of the period	8322P	xxxxxxxxxxxxxxxx	35.384
Movements during the period			
Recorded	8272	10.640	
Written back	8282	.....
Acquisitions from third parties	8292	.....
Cancelled owing to sales and disposals	8302	.....
Transferred from one heading to another(+)/(-)	8312	.....
Depreciations and amounts written down at the end of the period	8322	46.024	
NET BOOK VALUE AT THE END OF THE PERIOD	(23)	74.813	

	Codes	Period	Preceding period
FURNITURE AND VEHICLES			
Acquisition value at the end of the period	8193P	xxxxxxxxxxxxxxxx	323.351
Movements during the period			
Acquisitions, including produced fixed assets	8163	70.112	
Sales and disposals	8173	.....
Transfers from one heading to another(+)/(-)	8183	.....
Acquisition value at the end of the period	8193	393.463	
Revaluation surpluses at the end of the period	8253P	xxxxxxxxxxxxxxxx	.....
Movements during the period			
Recorded	8213	.....
Acquisitions from third parties	8223	.....
Cancelled	8233	.....
Transferred from one heading to another(+)/(-)	8243	.....
Revaluation surpluses at the end of the period	8253	.....
Depreciations and amounts written down at the end of the period	8323P	xxxxxxxxxxxxxxxx	185.117
Movements during the period			
Recorded	8273	49.652	
Written back	8283	.....
Acquisitions from third parties	8293	.....
Cancelled owing to sales and disposals	8303	.....
Transferred from one heading to another(+)/(-)	8313	.....
Depreciations and amounts written down at the end of the period	8323	234.769	
NET BOOK VALUE AT THE END OF THE PERIOD	(24)	158.694	

	Codes	Period	Preceding period
OTHER TANGIBLE FIXED ASSETS			
Acquisition value at the end of the period	8195P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Acquisitions, including produced fixed assets	8165	23.151	
Sales and disposals	8175	.....
Transfers from one heading to another(+)/(-)	8185	.....
Acquisition value at the end of the period	8195	23.151	
Revaluation surpluses at the end of the period	8255P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8215	.....
Acquisitions from third parties	8225	.....
Cancelled	8235	.....
Transferred from one heading to another(+)/(-)	8245	.....
Revaluation surpluses at the end of the period	8255	.....
Depreciations and amounts written down at the end of the period	8325P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8275	1.715	
Written back	8285	.....
Acquisitions from third parties	8295	.....
Cancelled owing to sales and disposals	8305	.....
Transferred from one heading to another(+)/(-)	8315	.....
Depreciations and amounts written down at the end of the period	8325	1.715	
NET BOOK VALUE AT THE END OF THE PERIOD	(26)	21.436	

	Codes	Period	Preceding period
ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS			
Acquisition value at the end of the period	8196P	xxxxxxxxxxxxxxxx	32.274
Movements during the period			
Acquisitions, including produced fixed assets	8166	.....
Sales and disposals	8176	.....
Transfers from one heading to another(+)/(-)	8186	-32.274	
Acquisition value at the end of the period	8196	.....
Revaluation surpluses at the end of the period	8256P	xxxxxxxxxxxxxxxx	.....
Movements during the period			
Recorded	8216	.....
Acquisitions from third parties	8226	.....
Cancelled	8236	.....
Transferred from one heading to another(+)/(-)	8246	.....
Revaluation surpluses at the end of the period	8256	.....
Depreciations and amounts written down at the end of the period	8326P	xxxxxxxxxxxxxxxx	.....
Movements during the period			
Recorded	8276	.....
Written back	8286	.....
Acquisitions from third parties	8296	.....
Cancelled owing to sales and disposals	8306	.....
Transferred from one heading to another(+)/(-)	8316	.....
Depreciations and amounts written down at the end of the period	8326	.....
NET BOOK VALUE AT THE END OF THE PERIOD	(27)	.....

STATEMENT OF FINANCIAL FIXED ASSETS

	Codes	Period	Preceding period
AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8391P	XXXXXXXXXXXXXXXXXX	29.450
Movements during the period			
Acquisitions	8361	.....
Sales and disposals	8371	4.450	
Transfers from one heading to another(+)/(-)	8381	.....
Acquisition value at the end of the period	8391	25.000	
Revaluation surpluses at the end of the period	8451P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8411	.....
Acquisitions from third parties	8421	.....
Cancelled	8431	.....
Transferred from one heading to another(+)/(-)	8441	.....
Revaluation surpluses at the end of the period	8451	.....
Amounts written down at the end of the period	8521P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8471	.....
Written back	8481	.....
Acquisitions from third parties	8491	.....
Cancelled owing to sales and disposals	8501	.....
Transferred from one heading to another(+)/(-)	8511	.....
Amounts written down at the end of the period	8521	.....
Uncalled amounts at the end of the period	8551P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period(+)/(-)			
Uncalled amounts at the end of the period	8551	.....
NET BOOK VALUE AT THE END OF THE PERIOD	(280)	25.000	
AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	281P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Additions	8581	.....
Repayments	8591	.....
Amounts written down	8601	.....
Amounts written back	8611	.....
Exchange differences(+)/(-)	8621	.....
Other movements(+)/(-)	8631	.....
NET BOOK VALUE AT THE END OF THE PERIOD	(281)	.....
ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD	8651	.....

	Codes	Period	Preceding period
OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8393P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Acquisitions	8363	.....
Sales and disposals	8373	.....
Transfers from one heading to another(+)/(-)	8383	.....
Acquisition value at the end of the period	8393	.....
Revaluation surpluses at the end of the period	8453P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8413	.....
Acquisitions from third parties	8423	.....
Cancelled	8433	.....
Transferred from one heading to another(+)/(-)	8443	.....
Revaluation surpluses at the end of the period	8453	.....
Amounts written down at the end of the period	8523P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period			
Recorded	8473	.....
Written back	8483	.....
Acquisitions from third parties	8493	.....
Cancelled owing to sales and disposals	8503	.....
Transferred from one heading to another(+)/(-)	8513	.....
Amounts written down at the end of the period	8523	.....
Uncalled amounts at the end of the period	8553P	XXXXXXXXXXXXXXXXXX	.....
Movements during the period(+)/(-)			
Uncalled amounts at the end of the period	8553	.....
NET BOOK VALUE AT THE END OF THE PERIOD	(284)	.....
OTHERS ENTERPRISES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	285/8P	XXXXXXXXXXXXXXXXXX	57.758
Movements during the period			
Additions	8583	5.141	
Repayments	8593	.....
Amounts written down	8603	.....
Amounts written back	8613	.....
Exchange differences(+)/(-)	8623	.....
Other movements(+)/(-)	8633	.....
NET BOOK VALUE AT THE END OF THE PERIOD	(285/8)	62.899	
ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD	8653	.....

PARTICIPATING INTERESTS INFORMATION

PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES

List of the enterprises in which the enterprise holds a participating interest, (recorded in heading 280 and 282 of assets) and the other enterprises in which the enterprise holds rights (recorded in headings 284 and 51/53 of assets) for an amount of at least 10 % of the capital issued.

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held				Data extracted from the most recent annual accounts			
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%				%	(+ or (-) (in units)
<i>Sequana Medical GmbH</i> <i>HRB 198277</i> <i>Private company with limited liability</i> <i>Rundfunkplatz 2</i> <i>80335 Munchen</i> <i>Germany</i>	Shares	25.000	100,0	0,0	31/12/2019	EUR	380.502	48.594
<i>Sequana Medical Inc</i> <i>Public limited company</i> <i>Crowley Drive, Suite 216</i> <i>MA 01752 Marlborough</i> <i>United States</i>	Shares	1	100,0	0,0	31/12/2019	USD	753.870	0

STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

STATEMENT OF CAPITAL

Social capital

Issued capital at the end of the period
 Issued capital at the end of the period

Codes	Period	Preceding period
100P	xxxxxxxxxxxxxxxx	887.977
(100)	1.306.940	

Changes during the period
Capital increase IPO (convertible loans)
Capital increase IPO (contribution in cash)
Capital increase IPO (contribution in kind)
IPO share consolidation
 Structure of the capital
 Different categories of shares
Fully paid up shares without nominal value

 Registered shares
 Shares dematerialized

Codes	Value	Number of shares
	83.786	937.199
	318.902	3.078.205
	16.275	157.089
	0	-1.491.377
	1.306.940	12.611.900

8702	xxxxxxxxxxxxxxxx	12.611.900
8703	xxxxxxxxxxxxxxxx	.....

Capital not paid

Uncalled capital
 Called up capital, unpaid
 Shareholders having yet to pay up in full

Codes	Uncalled amount	Capital called but not paid
(101)	xxxxxxxxxxxxxxxx
8712	xxxxxxxxxxxxxxxx	.....

Own shares

Held by the company itself
 Amount of capital held
 Corresponding number of shares
 Held by the subsidiaries
 Amount of capital held
 Corresponding number of shares

Codes	Period
8721
8722
8731
8732
8740
8741
8742
8745
8746
8747
8751

Commitments to issue shares

Owing to the exercise of conversion rights
 Amount of outstanding convertible loans
 Amount of capital to be subscribed
 Corresponding maximum number of shares to be issued
 Owing to the exercise of subscription rights
 Number of outstanding subscription rights
 Amount of capital to be subscribed
 Corresponding maximum number of shares to be issued

Authorized capital not issued

Shares issued, non representing capital

Distribution

Number of shares
Number of voting rights attached thereto

Allocation by shareholder

Number of shares held by the company itself
Number of shares held by its subsidiaries

Codes	Period
8761
8762
8771
8781

SHAREHOLDER STRUCTURE OF THE ENTERPRISE AT THE DATE OF END-OF-YEAR PROCEDURE

according to the notifications that the enterprise has received pursuant to art. 631 §2, last subsection and art. 632 §2 last subsection of the Belgian company law; art. 14 fourth subsection of the law of 2nd May 2007 on the disclosure of major shareholdings; and article 5 of the royal decree of 21st August 2008 laying down further rules on certain multilateral trading facilities.

NAME of the persons who hold the rights of the enterprise, specifying the ADDRESS (of the registered office, when it involves a legal person) and the COMPANY IDENTIFICATION NUMBER, when it involves an enterprise under Belgian law	Rights held			
	Nature	Number of voting rights		%
		Linked to securities	Not linked to securities	
<i>Neomed IV Extension / Innovation V</i>	Shares	0	0	33,3
<i>LSP Health Economics Fund Management</i>	Shares	0	0	12,2
<i>Venture Incubator</i>	Shares	0	0	4,2
<i>Capricorn Health-tech Fund</i>	Shares	0	0	4,7
<i>PMV</i>	Shares	0	0	9,7
<i>SFPI-FPIM</i>	Shares	0	0	8,8
<i>Newton Biocapital</i>	Shares	0	0	8,7
<i>Anderen</i>	Shares	0	0	18,39

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	Codes	Period
BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM		
Current portion of amounts payable after more than one year falling due within one year		
Financial debts	8801	459.495
Subordinated loans	8811	.....
Unsubordinated debentures	8821	.....
Leasing and other similar obligations	8831	.....
Credit institutions	8841	.....
Other loans	8851	459.495
Trade debts	8861	.....
Suppliers	8871	.....
Bills of exchange payable	8881	.....
Advance payments received on contract in progress	8891	.....
Other amounts payable	8901	.....
Total current portion of amounts payable after more than one year falling due within one year ..	(42)	459.495
Amounts payable with a remaining term of more than one but not more than five years		
Financial debts	8802	2.260.905
Subordinated loans	8812	.....
Unsubordinated debentures	8822	.....
Leasing and other similar obligations	8832	.....
Credit institutions	8842	.....
Other loans	8852	2.260.905
Trade debts	8862	.....
Suppliers	8872	.....
Bills of exchange payable	8882	.....
Advance payments received on contracts in progress	8892	.....
Other amounts payable	8902	.....
Total amounts payable with a remaining term of more than one but not more than five years	8912	2.260.905
Amounts payable with a remaining term of more than five years		
Financial debts	8803	.....
Subordinated loans	8813	.....
Unsubordinated debentures	8823	.....
Leasing and other similar obligations	8833	.....
Credit institutions	8843	.....
Other loans	8853	.....
Trade debts	8863	.....
Suppliers	8873	.....
Bills of exchange payable	8883	.....
Advance payments received on contracts in progress	8893	.....
Other amounts payable	8903	.....
Total amounts payable with a remaining term of more than five years	8913	.....

GUARANTEED AMOUNTS PAYABLE (included in headings 17 and 42/48 of the liabilities)

Amounts payable guaranteed by Belgian public authorities

	Codes	Period
Financial debts	8921	.....
Subordinated loans	8931	.....
Unsubordinated debentures	8941	.....
Leasing and similar obligations	8951	.....
Credit institutions	8961	.....
Other loans	8971	.....
Trade debts	8981	.....
Suppliers	8991	.....
Bills of exchange payable	9001	.....
Advance payments received on contracts in progress	9011	.....
Remuneration and social security	9021	.....
Other amounts payable	9051	.....

Total amounts payable guaranteed by Belgian public authorities

9061

Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets

Financial debts	8922	2.720.400
Subordinated loans	8932	.....
Unsubordinated debentures	8942	.....
Leasing and similar obligations	8952	.....
Credit institutions	8962	.....
Other loans	8972	2.720.400
Trade debts	8982	.....
Suppliers	8992	.....
Bills of exchange payable	9002	.....
Advance payments received on contracts in progress	9012	.....
Taxes, remuneration and social security	9022	.....
Taxes	9032	.....
Remuneration and social security	9042	.....
Other amounts payable	9052	.....

Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets

9062 2.720.400

TAXES, REMUNERATION AND SOCIAL SECURITY

Taxes (heading 450/3 of the liabilities)

Outstanding tax debts	9072	.....
Accruing taxes payable	9073	.....
Estimated taxes payable	450	.....

Remuneration and social security (heading 454/9 of the liabilities)

Amounts due to the National Social Security Office	9076	.....
Other amounts payable in respect of remuneration and social security	9077	.....

ACCRUALS AND DEFERRED INCOME

Allocation of heading 492/3 of liabilities if the amount is significant

<i>Provision for warranty</i>	70.268
<i>Provision for accrued expenses</i>	786.041
.....
.....

Period
70.268
786.041
.....
.....

OPERATING RESULTS

	Codes	Period	Preceding period
OPERATING INCOME			
Net turnover			
Allocation by categories of activity			
.....			
.....			
.....			
Allocation into geographical markets			
.....			
.....			
.....			
Other operating income			
Operating subsidies and compensatory amounts received from public authorities	740		
OPERATING CHARGES			
Employees for whom the enterprise submitted a DIMONA declaration or who are recorded in the general personnel register			
Total number at the closing date	9086	8	2
Average number of employees calculated in full-time equivalents	9087	5,4	1,5
Number of actual worked hours	9088	9.008	1.264
Personnel costs			
Remuneration and direct social benefits	620	3.893.171	3.808.099
Employers' contribution for social security	621	629.083	609.084
Employers' premiums for extra statutory insurance	622	2.307	
Other personnel costs	623	389.960	371.955
Retirement and survivors' pensions	624		

	Codes	Period	Preceding period
Provisions for pensions and other similar rights			
Appropriations (uses and write-backs)(+)/(-)	635	-248.624	-26.358
Amounts written off			
Stocks and contracts in progress			
Recorded	9110	.....	.....
Written back	9111	.....	.....
Trade debts			
Recorded	9112	8.535	.....
Written back	9113	.....	.....
Provisions for liabilities and charges			
Additions	9115	.....	.....
Uses and write-backs	9116	248.624	26.358
Other operating charges			
Taxes related to operation	640	.....	.....
Other costs	641/8	116	1.609
Hired temporary staff and personnel placed at the enterprise's disposal			
Total number at the closing date	9096	.....	.....
Average number calculated in full-time equivalents	9097	0,6	.....
Number of actual worked hours	9098	1.208	.....
Costs to the enterprise	617	48.969	.....

FINANCIAL RESULTS

	Codes	Period	Preceding period
RECURRING FINANCIAL INCOME			
Other financial income			
Subsidies granted by public authorities and recorded as income for the period			
Capital subsidies	9125	.....	.....
Interest subsidies	9126	.....	.....
Allocation of other financial income			
Exchange rate differences		52.659	309.190
.....	
.....	
RECURRING FINANCIAL CHARGES			
Depreciation of loan issue expenses	6501	.....	.....
Capitalized Interests	6503	.....	.....
Amounts written off current assets			
Recorded	6510	.....	.....
Written back	6511	.....	.....
Other financial charges			
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable	653	.....	.....
Provisions of a financial nature			
Appropriations	6560	.....	.....
Uses and write-backs	6561	.....	.....
Allocation of other financial charges			
Exchange rate differences(+)/(-)		166.201	270.274
.....	
.....	

INCOME AND CHARGE OF EXCEPTIONAL SIZE OR INCIDENCE

	Codes	Period	Preceding period
NON RECURRING INCOME	76	.....	.....
Non-recurring operating income	(76A)	.....	.....
Write-back of depreciation and of amounts written off intangible and tangible fixed assets	760	.....	.....
Write-back of provisions for extraordinary operating liabilities and charges ...	7620	.....	.....
Capital gains on disposal of intangible and tangible fixed asset	7630	.....	.....
Other non-recurring operating income	764/8	.....	.....
Non-recurring financial income	(76B)	.....	.....
Write-back of amounts written down financial fixed assets	761	.....	.....
Write-back of provisions for extraordinary financial liabilities and charges	7621	.....	.....
Capital gains on disposal of financial fixed assets	7631	.....	.....
Other non-recurring financial income	769	.....	.....
NON-RECURRING EXPENSES	66	2.347.414	3.057.418
Non-recurring operating charges	(66A)	2.347.414	3.057.418
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	660	.....	.....
Provisions for extraordinary operating liabilities and charges: Appropriations (uses)	6620	.....	.....
Capital losses on disposal of intangible and tangible fixed assets	6630	.....	.....
Other non-recurring operating charges	664/7	2.347.414	3.057.418
Non-recurring operating charges carried to assets as restructuring costs .(-)	6690	.....	.....
Non-recurring financial charges	(66B)	.....	.....
Amounts written off financial fixed assets	661	.....	.....
Provisions for extraordinary financial liabilities and charges - Appropriations (uses)	6621	.....	.....
Capital losses on disposal of financial fixed assets	6631	.....	.....
Other non-recurring financial charges	668	.....	.....
Non-recurring financial charges carried to assets as restructuring costs ...(-)	6691	.....	.....

INCOME TAXES AND OTHER TAXES

INCOME TAXES

Income taxes on the result of the period

Income taxes paid and withholding taxes due or paid

Excess of income tax prepayments and withholding taxes paid recorded under assets

Estimated additional taxes

Income taxes on the result of prior periods

Additional income taxes due or paid

Additional income taxes estimated or provided for

In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit

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Codes	Period
9134	145.546
9135	145.546
9136
9137
9138
9139
9140
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Impact of non recurring results on the amount of the income taxes relating to the current period

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Period
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.....

Status of deferred taxes

Deferred taxes representing assets

Accumulated tax losses deductible from future taxable profits

Other deferred taxes representing assets

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.....

Deferred taxes representing liabilities

Allocation of deferred taxes representing liabilities

.....

.....

.....

Codes	Period
9141
9142	16.600.000
.....
.....
9144
.....
.....
.....

VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES

Value added taxes charged

To the enterprise (deductible)

By the enterprise

Amounts withheld on behalf of third party

For payroll withholding taxes

For withholding taxes on investment income

Codes	Period	Preceding period
9145	1.812.348	3.624.733
9146	965.037	167.653
9147	156.946	260.256
9148	.....	.....

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

	Codes	Period
PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES	9149	.....
Of which		
Bills of exchange in circulation endorsed by the enterprise	9150	.....
Bills of exchange in circulation drawn or guaranteed by the enterprise	9151	.....
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise	9153	.....
REAL GUARANTEES		
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise		
Mortgages		
Book value of the immovable properties mortgaged	9161	.....
Amount of registration	9171	.....
Pledging of goodwill - Amount of the registration	9181	117.520
Pledging of other assets - Book value of other assets pledged	9191	3.483.358
Guarantees provided on future assets - Amount of assets involved	9201	.....
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties		
Mortgages		
Book value of the immovable properties mortgaged	9162	.....
Amount of registration	9172	.....
Pledging of goodwill - Amount of the registration	9182	.....
Pledging of other assets - Book value of other assets pledged	9192	.....
Guarantees provided on future assets - Amount of assets involved	9202	.....

GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE

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SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS

.....

SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS

.....

FORWARD TRANSACTIONS

Goods purchased (to be received)
Goods sold (to be delivered)
Currencies purchased (to be received)
Currencies sold (to be delivered)

Codes	Period

9213
9214
9215
9216

COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES

Provision for warranty

Period
70.268
.....
.....
.....

AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS

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Period
.....
.....
.....
.....

SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE

Brief description

Pension plan in Belgium

According to IAS-19, Defined Contribution plans are those, which do not bear any financial or actuarial risks. All the plans, which do not meet this definition, are Defined Benefit Plans. Article 24 of the Belgian WAP/LPC obliges employers to ensure that plan members receive, when leaving the plan, at least the amount of the contributions capitalized at the statutory guaranteed minimum rate. As a result, the Belgian Defined Contribution plans do not meet the definition of Defined Contribution plans as stated in IAS-19 and should, by default, be classified as Defined Benefit plans. According to IAS 19, the net (i.e. before taxes and social security contributions) total pension obligation at valuation date is equal to the Defined Benefit Obligation (DBO). For a given participant, the DBO "retirement" is the maximum between the individual vested reserves at valuation date and the discounted value of future pension obligations, taking into account the assumptions made. According to IAS 19, the net total obligation must be compared to the plan assets at the same date, namely the vested mathematical reserves of the participants increased by the assets of the financing fund at AXA if any.

Pension plan in Switzerland

This pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivor's and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. Plan participants are insured against the financial consequences of old age, disability and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, various measures can be taken, such as a reduction of the interests or compensation premiums by the employees. The Group has entered into an agreement with PKG Joint Foundation. PKG is responsible for the governance of the plan; the Board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. PKG has set up investment guidelines, defining in particular the strategic allocation with margins. PKG has taken out reinsurance for the pure risk benefits, like disability pension, spouse and orphans pension as well as lump sum in case of death.

Measures taken by the enterprise to cover the resulting charges

	Codes	Period
PENSIONS FUNDED BY THE ENTERPRISE		
Estimated amount of the commitments resulting from past services	9220	.....
Methods of estimation		
.....		
.....		
.....		
.....		

	Period
NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT	
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COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE

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Period
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NATURE, COMMERCIAL OBJECTIVE AND FINANCIAL CONSEQUENCES OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET

Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company

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Period
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OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)

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Period
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RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Preceding period
AFFILIATED ENTERPRISES			
Financial fixed assets	(280/1)	25.000	29.450
Participating interests	(280)	25.000	29.450
Subordinated amounts receivable	9271	.....	.....
Other amounts receivable	9281	.....	.....
Amounts receivable	9291	2.250.494	329.858
Over one year	9301	.....	.....
Within one year	9311	2.250.494	329.858
Current investments	9321	.....	.....
Shares	9331	.....	.....
Amounts receivable	9341	.....	.....
Amounts payable	9351	.....	.....
Over one year	9361	.....	.....
Within one year	9371	.....	.....
Personal and real guarantees			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises	9381	.....	.....
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise	9391	.....	.....
Other significant financial commitments	9401	.....	.....
Financial results			
Income from financial fixed assets	9421	.....	.....
Income from current assets	9431	.....	.....
Other financial income	9441	.....	.....
Debt charges	9461	.....	.....
Other financial charges	9471	.....	.....
Disposal of fixed assets			
Capital gains obtained	9481	.....	.....
Capital losses suffered	9491	.....	.....

	Codes	Period	Preceding period
ASSOCIATED ENTERPRISES			
Financial fixed assets	9253	.....	.....
Participating interests	9263	.....	.....
Subordinated amounts receivable	9273	.....	.....
Other amounts receivable	9283	.....	.....
Amounts receivable	9293	.....	.....
Over one year	9303	.....	.....
Within one year	9313	.....	.....
Amounts payable	9353	.....	.....
Over one year	9363	.....	.....
Within one year	9373	.....	.....
Personal and real guarantees			
Provided or irrevocably promised by the enterprise as security for debts or commitments of associated enterprises	9383	.....	.....
Provided or irrevocably promised by associated enterprises as security for debts or commitments of the enterprise	9393	.....	.....
Other significant financial commitments	9403	.....	.....
OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	9252	.....	.....
Participating interests	9262	.....	.....
Subordinated amounts receivable	9272	.....	.....
Other amounts receivable	9282	.....	.....
Amounts receivable	9292	.....	.....
Over one year	9302	.....	.....
Within one year	9312	.....	.....
Amounts payable	9352	.....	.....
Over one year	9362	.....	.....
Within one year	9372	.....	.....

TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS

Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company

Nihil

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Period
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FINANCIAL RELATIONSHIPS WITH

DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS

	Codes	Period
Amounts receivable from these persons	9500	.....
Conditions on amounts receivable, rate, duration, possibly reimbursed amounts, canceled amounts or renounced amounts		
.....		
Guarantees provided in their favour	9501	.....
Other significant commitments undertaken in their favour	9502	.....
Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person		
To directors and managers	9503	.....
To former directors and former managers	9504	.....

AUDITORS OR PEOPLE THEY ARE LINKED TO

	Codes	Period
Auditor's fees	9505	62.500
Fees for exceptional services or special missions executed in the company by the auditor		
Other attestation missions	95061	.....
Tax consultancy	95062	.....
Other missions external to the audit	95063	8.500
Fees for exceptional services or special missions executed in the company by people they are linked to		
Other attestation missions	95081	.....
Tax consultancy	95082	.....
Other missions external to the audit	95083	.....

Mentions related to article 134 from the Companies Code

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

INFORMATION TO DISCLOSE BY EACH ENTERPRISE THAT IS SUBJECT TO COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES

The enterprise has prepared and published consolidated accounts and a consolidated report

FINANCIAL RELATIONSHIPS OF THE GROUP LED BY THE ENTERPRISE IN BELGIUM WITH AUDITORS OR WITH PEOPLE THEY ARE LINKED TO

Mentions related to article 134, §4 and §5 from the Companies Code

Auditor's fees according to a mandate at the group level led by the company publishing the information

Codes	Period
9507	62.500
95071
95072
95073
9509
95091
95092
95093

Fees for exceptional services or special missions executed in these group by the auditor

Other attestation missions

Tax consultancy

Other missions external to the audit

Fees to people auditors are linked to according to the mandate at the group level led by the company publishing the information

Fees for exceptional services or special missions executed in the group by people they are linked to

Other attestation missions

Tax consultancy

Other missions external to the audit

Mentions related to article 134 from the Companies Code

VALUATION RULES

Waarderingsregels

De waarderingsregels werden opgesteld in overeenstemming met de voorzieningen van Hoofdstuk II van het Belgisch Koninklijk Besluit van 30 januari 2001 tot uitvoering van het Wetboek van vennootschappen. Alle waardeverminderingen en afschrijvingen gebeuren pro rata in het jaar van aanschaf.

1) Oprichtingskosten en kosten gerelateerd aan de kapitaalverhogingen
Deze kosten worden onmiddellijk in resultaat genomen.

2) Immateriële vaste activa

Kosten voor onderzoek en ontwikkeling

Kosten voor onderzoek kunnen worden geactiveerd en vervolgens voor 100% afgeschreven. Ontwikkelingskosten worden geactiveerd als immateriële vaste activa voor zover de waarschijnlijkheid bestaat dat uit deze ontwikkelde activa toekomstige winsten zullen voortvloeien en voor zover de ontwikkelingskosten op precieze wijze kunnen worden toegewezen. De ontwikkelingskosten worden lineair afgeschreven over de verwachte levensduur vanaf het moment dat deze beschikbaar zijn voor gebruik. Wanneer de recuperatie van deze ontwikkelingskosten niet langer verantwoord blijkt uit verwachte economische opbrengsten, zal een bijzondere waardevermindering geboekt worden. Bijzondere waardeverminderingen op immateriële vaste activa worden geboekt onder de rubriek "uitzonderlijke kosten".

Patenten, licenties en soortgelijke rechten

De kosten gerelateerd aan de aanvraag van deze rechten worden rechtstreeks opgenomen in de resultatenrekening. Kosten gerelateerd aan het in stand houden van deze activa worden geactiveerd tegen aanschaffingswaarde of aan hun gebruikswaarde indien die lager is. Software-rechten worden lineair afgeschreven over een periode van 3 jaar.

3) Materiële vaste activa

Deze activa worden geactiveerd en lineair afgeschreven:

IT uitrusting: over een periode van 3-10 jaar

Installaties en uitrusting: over een periode van 5-10 jaar

Meubilair: over een periode van 5 jaar

Labo-uitrustingen: over een periode van 5-10 jaar

Verbeteringen aangebracht aan gehuurd bezit: over de duur van de huurovereenkomst

Leasing: over de duur van de lease overeenkomsten

Indien de boekwaarde de gebruikswaarde overtreft (of de gerealiseerde waarde in het geval van activa die niet langer worden gebruikt), dient de vennootschap bijkomende of uitzonderlijke waardeverminderingen te boeken.

4) Financiële vaste activa

Deze activa worden geactiveerd tegen aanschaffingswaarde behoudens alle diverse kosten.

De waarde van aandelen en participaties wordt verminderd in geval van een afschrijving of een blijvende waardevermindering als gevolg van de situatie, de winstgevendheid of de vooruitzichten van de vennootschap waarin de aandelen of participaties worden gehouden.

Op de vorderingen die in de financiële vaste activa zijn opgenomen, worden waardeverminderingen toegepast, zo er voor het geheel of een gedeelte van de vordering onzekerheid bestaat over de betaling hiervan op de vervaldag.

5) Vorderingen (na een jaar - binnen een jaar)

De vorderingen dragen geen interesten en worden in de balans opgenomen tegen hun nominale waarde. Aanpassingen voor dubieuze vorderingen zijn enkel toegestaan als er verlies verwacht wordt in de toekomst of individueel vast te stellen is. Elk verlies veroorzaakt door afschrijving van vorderingen wordt geboekt in de winst- en verliesrekening.

6) Voorraden en bestellingen in uitvoering

Voorraden worden berekend tegen initiële kostprijs of, indien lager, de opbrengstwaarde. De kosten van voorraden zullen bestaan uit alle aankoopkosten (gebaseerd op 'first-in, first-out'), conversiekosten en andere kosten aangegaan om de voorraden naar hun huidige locatie en toestand te brengen.

De opbrengstwaarde is de geschatte verkoopprijs in het kader van de normale bedrijfsvoering min de geschatte kosten van voltooiing en de geschatte kosten die nodig zijn om de verkoop te realiseren.

7) Geldbeleggingen

Geldbeleggingen worden gewaardeerd tegen hun aanschaffingswaarde. De bijkomende kosten met betrekking tot het aanschaffen van deze activa worden onmiddellijk ten laste genomen.

Op de geldbeleggingen worden waardeverminderingen toegepast wanneer de realisatiewaarde op de datum van de jaarafsluiting lager is dan de aanschaffingswaarde.

8) Voorzieningen voor risico's en kosten

Bij het afsluiten van elk boekjaar onderzoekt de Raad van Bestuur met voorzichtigheid, oprechtheid en goede trouw, de voorzieningen welke aan te leggen zijn ter dekking van voorziene risico's of gebeurlijke verliezen die zijn ontstaan tijdens het boekjaar of tijdens de voorgaande boekjaren.

9) Schulden (na een jaar-binnen een jaar)

Alle schulden worden in de balans opgenomen voor hun nominale waarde op de afsluitdatum van het boekjaar.

Op de afsluitdatum van het boekjaar worden alle betaalbare lasten met betrekking tot het bewuste boekjaar en de vorige boekjaren in beschouwing genomen.

10) Overlopende rekeningen

10a) aan de actiefzijde

Deze rekeningen omvatten:

- De pro rata delen van de lasten die gedurende het boekjaar of gedurende een vorig boekjaar werden opgelopen maar die betrekking hebben op een of meerdere opeenvolgende boekjaren.
- De pro rata delen van de inkomsten die pas ontvangen zullen worden gedurende een later boekjaar maar die verband houden met een vorig boekjaar.

10b) aan de passiefzijde

Deze rekeningen omvatten:

- De pro rata delen van de lasten die pas betaald zullen worden in een later boekjaar maar die verband houden met een vorig boekjaar
- De pro rata delen van de inkomsten die gedurende het boekjaar of gedurende een vorig boekjaar werden ontvangen maar die betrekking hebben op één of meerdere opeenvolgende boekjaren

11) Valuta

De vorderingen en schulden in andere valuta's worden omgerekend tegen de toepasselijke wisselkoers op de afsluitdatum van het boekjaar. Wisselkoersverliezen worden opgenomen in de resultatenrekening.

Niet-gerealiseerde wisselkoerswinsten worden opgenomen in de resultatenrekening als opbrengsten

OTHER INFORMATIONS TO DISCLOSE*Information about going concern*

The annual accounts of Sequana Medical have been prepared assuming that the Company will continue as a going concern, implying that the Company can continue to satisfy all obligations when they become due in the near future.

The Company is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process. The Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows.

The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions is unclear at this point in time and will remain under review by the executive management and the board of directors. These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

The balance sheet as at 31 December 2019 shows a positive equity in the amount of EUR 1.20 million.

The Company will continue to require additional financing in the near future and in that respect already successfully raised EUR 19 million in January 2020 in a private equity placement via an accelerated book building offering.

Together with existing cash resources, the net proceeds from this private placement are expected to extend the current cash runway of the Company from Q2 2020 into H1 2021. The Company continues to evaluate equity and non-dilutive financing options, including discussions with existing and/or new investors including the refinancing of the Bootstrap loan (of which an amount in principal of EUR 3.17 million is outstanding).

As a result, the board of directors remains confident that the liquidity requirements for the next twelve months can be secured. Based on the above, the executive management and the board of directors remain confident about the strategic plan, which comprises additional financing measures including equity and/or non-dilutive financing sources, and therefore consider the preparation of the present financial statements on a going concern basis as appropriate.

We refer for more details about the private placement to our annual report.

Information about real securities

In 2016, Sequana Medical entered into a secured loan agreement with Bootstrap for up to CHF 10 million of which, as of December 31, 2019, an amount of EUR 2.2 million is shown in the balance sheet on long term and EUR 0.46 million on short-term. In addition, as an incentive for Bootstrap to enter into the secured loan agreement, the Issuer and Bootstrap entered into the Bootstrap Warrant Agreement (as described in the Prospectus Section 12 - (Share capital and articles of association), section 12.5 (Outstanding Share Options), subsection (b) (Bootstrap Warrant)). Sequana Medical pledged its intellectual property to Bootstrap and related assets as security for the Bootstrap loan.

*Information about significant events after the reporting period**1. Private placement*

The Company announced on 22 January 2020 that it successfully raised an amount of EUR 19.0 million in gross proceeds by means of a private placement via an accelerated bookbuild offering of 3,166,666 new shares (being approximately 25.11% of the Company's outstanding shares) at an issue price of EUR 6.00 per share.

The Company currently envisages using the net proceeds to continue to advance its North American pivotal study (POSEIDON) of the alfapump® for the treatment of recurrent and refractory ascites due to liver cirrhosis (interim results are expected in H2 2020, and the primary endpoint results are expected in mid-2021 although this timing is likely to be delayed given the current global health crisis, caused by COVID-19) and its first-in-human repeated dose study of alfapump® DSR (Direct Sodium Removal) for the treatment of diuretic-resistant heart failure patients (RED DESERT) (results are expected in Q2 and Q3 2020, although this timing is likely to be delayed given the current global health crisis, caused by COVID-19.), as well as for working capital and other general corporate purposes. The net proceeds from the Offering are expected to extend the current cash runway of the Company from Q2

2020 into H1 2021.

In relation to the number of new shares that is greater than 20% of the currently outstanding shares of the Company already admitted to trading on Euronext Brussels, the Company and Underwriters will have the ability to allocate to certain investors new shares that shall not be immediately admitted to listing upon their issuance. The Company will use reasonable best efforts to obtain the listing of those unlisted new shares within ninety (90) days following their issuance.

The new shares to be issued will have the same rights and benefits as, and rank pari passu in all respects with, the existing and outstanding shares of Sequana Medical at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the new shares.

As a result of the issuance of new shares, the Company's share capital will increase from EUR 1,306,939.52 to EUR 1,635,006.12 and its issued and outstanding shares will increase from 12,611,900 to 15,778,566 shares, representing an increase of the share capital and number of shares of 25.11%.

2. COVID-19

Sequana Medical is closely following the evolution of the COVID-19 global health crisis and is in constant dialogue with its partners to assess the impact and adapt its operations as necessary. Although it is difficult to draw conclusions at this point on the systemic risk this disease could pose, the Company has put in place mitigation plans to minimise delays. Nevertheless, the impact of increased demands on the healthcare systems, restrictions on non-essential hospital visits and procedures, social-distancing and travel restrictions are expected to result in delays to execution of clinical studies and impact sales. Sequana Medical will update its guidance on the expected impact and any material change in the Company's operations and outlook when the situation is clarified.

Information about transactions with related parties

As part of our business, Sequana Medical has entered into several transactions with related parties. Related parties primarily comprise consolidated companies, members of the Board of Directors and significant shareholders.

1. Consolidated companies

The consolidated financial statements of Sequana Group include:

*Company/Purpose/Share capital/Investment 2019/Investment 2018
Sequana Medical NV/ Holding/Sales/EUR 1.306.940/N.a./N.a.
Sequana Medical branch/Production and Research/N.a./N.a.
Sequana Medical GmbH/Distribution/EUR 25.000/100%/100%
Sequana Medical Inc./Administration/USD 0/100%/100%*

There are no non-controlling interests or structured entities. All entities have been newly established by the Group, and included in the consolidated financial statements as from their respective date of incorporation.

2. Relations with the shareholders

We refer to sections 8.7 Share Capital and 8.8 Financial Debt for the changes in the relations with the shareholders. As a consequence of the changes in 2019, there exist currently no longer relations with the shareholders.

3. Relations with non-executive members of the Board of Directors

During 2019, the non-executive directors received the following compensation, based on the approved fees:

Pierre Chauvineau: 70,000 EUR

Wim Ottevaere: 50,000 EUR

Jason Hannon: 24,219.18 EUR (the amounts are prorated the term that the director is appointed).

During 2018, no remuneration or compensation was paid to the non-executive directors, other than the reimbursement of travel and hotel expenses incurred by the directors in connection with their attendance of meetings of the board of directors.

<p style="text-align: center;">OTHER DOCUMENTS TO BE FILED UNDER BELGIAN COMPANY LAW</p>

See next page.

SEQUANA MEDICAL
Limited Liability Company

Registered office: "AA Tower", Technologiepark 122, 9052 Ghent, Belgium
VAT BE 0707.821.866 legal entities register Ghent, division Gent

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS PER 31 DECEMBER 2019

Dear shareholders,

We are pleased to present to you the statutory financial statements for the fiscal year ended December 31, 2019 of Sequana Medical NV (the "**Company**" or "**Sequana Medical**").

1 Overview

Sequana Medical is a commercial stage medical device company developing the **alfapump** platform for the management of fluid overload in liver disease, malignant ascites and heart failure. Fluid overload is a fast growing complication of advanced liver disease driven by NASH (non-alcoholic steatohepatitis) related cirrhosis and a common complication in heart failure. The U.S. market for the **alfapump** resulting from NASH-related cirrhosis is forecast to exceed €3 billion annually within the next 10-20 years. The heart failure market for the **alfapump** DSR (Direct Sodium Removal) is estimated to be over €5 billion annually in the U.S. and EU5 by 2026. Both indications leverage Sequana Medical's **alfapump**, a unique, fully implanted wireless device that automatically pumps fluid from the abdomen into the bladder, where it is naturally eliminated through urination.

In the U.S., the company's key growth market, the **alfapump** has been granted breakthrough device designation by the FDA. The North American pivotal study (POSEIDON) in recurrent and refractory ascites due to liver cirrhosis is underway, with interim results originally expected in H2 2020 and a commercial launch in the U.S. planned for H1 2022, subject to potential delays from the current global health crisis. In Europe, the **alfapump** is CE-marked for the management of refractory ascites due to liver cirrhosis and malignant ascites and is included in key clinical practice guidelines. Over 750 **alfapump** systems have been implanted to date. Building on its proven **alfapump** platform, Sequana Medical is developing **alfapump** DSR, a breakthrough, proprietary approach to fluid overload due to heart failure. Clinical proof-of-concept was achieved in a first-in-human single dose DSR study. A repeated dose **alfapump** DSR study (RED DESERT) in heart failure patients is underway with results originally expected in Q2 and Q3 2020, which may be delayed given the current global health crisis.

2 Discussion and analysis of the statutory financial statements

The annual accounts cover the accounting period from January 1, 2019 to December 31, 2019.

The annual accounts give a true and fair view of the course of affairs of the Company during the past fiscal year.

Balance sheet – assets

- The cash at bank and in hand amounts to 3,483,358 euro per 31 December 2019.
- The non-current assets represent an amount of 342,842 euro, representing mainly elements with respect to the IT equipment, as well as laboratory – and production equipment. The remaining non-current assets mainly relate to the rent guarantees for the offices in Belgium and Switzerland and the participation in Sequana Medical GmbH.

- The current assets, excluding the cash at bank and in hand, amount to 5,129,376 euro. They mainly consist of inventories, trade and other receivables within one year, deferred charges and accrued income.

Balance sheet – liabilities

- The issued capital of the Company amounts to 1,306,940 euro and the share premium accounts amounts to 100,660,934 euro;
- Accumulated losses reached 101,550,195 euro per 31 December 2019.
- The liabilities of 7,176,737 euro consist of short and long term financial debts from other loans (2,720,400 euro); trade payables (1,653,261 euro), customer advances (788,914 euro), liabilities in respect of remuneration and social security obligations (1,132,852 euro) and other liabilities (25,000 euro) and accrued charges (856,310 euro).

Results of the fiscal year

The operating income amounts to 999,832 euro and relates to revenues generated from the sale of the alfapump for an amount of 970,636 euro, the inventory movement of finished products (11,482 euro) and other revenues for 17,714 euro.

The operating charges of 16,698,526 euro mainly consist of:

- Cost of goods sold for an amount of 197,756 euro, lower than in 2018 (264,848 euro) in line with the decrease in revenue in 2019.
- Services and other goods for an amount of 9,416,801 euro, significantly higher than in 2018 (6,515,611 euro) mainly as a result of external advice regarding the POSEIDON (North American pivotal) study, the DSR proof-of-concept studies and the Prospective Malignant Ascites Study (ProMAS). In addition, also as a result of the preparation for the new Medical Devices Regulation (Regulation 2017/745).
- Total personnel costs of 4,914,521 euro, higher than in 2018 (4,789,138 euro) as a result of the expansion of the commercial team in Europe.

The non-recurring operational charges amount to 2,347,414 euro, lower than in 2018 (3,057,418 euro) mainly as a result of the costs related to the IPO launch and the relocation to Belgium in 2018.

The financial charges of 883,617 euro relate mainly to the interest due on the only remaining loan.

The operating losses before taxes amount in 2019 to 16,529,652 euro.

The Company has closed its annual accounts with respect to the financial year 2019 with a loss of 16,661,500 euro.

Statutory and non-distributable reserves

The Company has a share capital of 1,306,940 euro. The Company has 817,559 euro of non-distributable reserves. As the Company has closed its annual accounts with respect to the past financial year with a loss, the Company is not legally obliged to reserve additional amounts.

Result allocation

The Board of Directors proposes to carry forward the loss for the financial year to the next financial year.

3 Principles of financial reporting and going concern

The annual accounts of Sequana Medical have been prepared assuming that the Company will continue as a going concern, implying that the Company can continue to satisfy all obligations when they become due in the near future.

The Company is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process.

The Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows.

The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions is unclear at this point in time and will remain under review by the executive management and the board of directors.

These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

The balance sheet as at 31 December 2019 shows a positive equity in the amount of EUR 1.20 million.

The Company will continue to require additional financing in the near future and in that respect already successfully raised EUR 19 million in January 2020 in a private equity placement via an accelerated book building offering.

Together with existing cash resources, the net proceeds from this private placement are expected to extend the current cash runway of the Company from Q2 2020 into H1 2021. The Company continues to evaluate equity and non-dilutive financing options, including discussions with existing and/or new investors including the refinancing of the Bootstrap loan (of which an amount in principal of EUR 3.17 million is outstanding).

As a result, the board of directors remains confident that the liquidity requirements for the next twelve months can be secured. Based on the above, the executive management and the board of directors remain confident about the strategic plan, which comprises additional financing measures including equity and/or non-dilutive financing sources, and therefore consider the preparation of the present financial statements on a going concern basis as appropriate.

4 Significant events after the reporting period

4.1 Private placement

The Company announced on 22 January 2020 that it successfully raised an amount of EUR 19.0 million in gross proceeds by means of a private placement via an accelerated bookbuild offering of 3,166,666 new shares (being approximately 25.11% of the Company's outstanding shares) at an issue price of EUR 6.00 per share.

The Company currently envisages using the net proceeds to continue to advance its North American pivotal study (POSEIDON) of the alfapump® for the treatment of recurrent and refractory ascites due to liver cirrhosis (interim results are expected in H2 2020, and the primary endpoint results are expected in mid-2021 although this timing is likely to be delayed given the current global health crisis, caused by COVID-19) and its first-in-human repeated dose study of alfapump® DSR (Direct Sodium Removal) for the treatment of diuretic-resistant heart failure patients (RED DESERT) (results are expected in Q2 and Q3 2020, although this timing is likely to be delayed given the current global health crisis, caused by COVID-19.), as well as for working capital and other general corporate purposes. The net proceeds from the Offering are expected to extend the current cash runway of the Company from Q2 2020 into H1 2021.

In relation to the number of new shares that is greater than 20% of the currently outstanding shares of the Company already admitted to trading on Euronext Brussels, the Company and Underwriters will have the ability to allocate to certain investors new shares that shall not be immediately admitted to listing upon their issuance. The Company will use reasonable best efforts to obtain the listing of those unlisted new shares within ninety (90) days following their issuance.

The new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of Sequana Medical at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the new shares.

As a result of the issuance of new shares, the Company's share capital will increase from EUR 1,306,939.52 to EUR 1,635,006.12 and its issued and outstanding shares will increase from 12,611,900 to 15,778,566 shares, representing an increase of the share capital and number of shares of 25.11%.

4.2 COVID-19

Sequana Medical is closely following the evolution of the COVID-19 global health crisis and is in constant dialogue with its partners to assess the impact and adapt its operations as necessary. Although it is difficult to draw conclusions at this point on the systemic risk this disease could pose, the Company has put in place mitigation plans to minimise delays. Nevertheless, the impact of increased demands on the healthcare systems, restrictions on non-essential hospital visits and procedures, social-distancing and travel restrictions are expected to result in delays to execution of clinical studies and impact sales. Sequana Medical will update its guidance on the expected impact and any material change in the Company's operations and outlook when the situation is clarified.

5 Circumstances that could impact the Company's further development

On 23 June 2016, the U.K. held a referendum pursuant to which voters approved an exit from the E.U., commonly referred to as "Brexit."

The British Prime Minister formally announced the country's withdrawal in March 2017. Following a general election in December 2019, the British Parliament ratified the withdrawal agreement, and the U.K. left the E.U. on 31 January 2020. This began a transition period that is set to end on 31 December 2020, during which the U.K. and E.U. will negotiate the terms of their future relationship.

The long-term effects of Brexit will depend on any agreements (or lack thereof) between the U.K. and the E.U. and, in particular, any arrangements for the U.K. to retain access to E.U. markets either during a transitional period or more permanently.

Brexit has created additional uncertainties that may ultimately result in new regulatory costs and challenges for medical device companies. The U.K. will be one of Sequana Medical's focus markets, and the additional uncertainties arising from Brexit could adversely affect the ability of Sequana Medical to conduct and expand its operations in the U.K.

Sequana Medical is closely following the evolution of the COVID-19 global health crisis and is in constant dialogue with its partners to assess the impact and adapt its operations as necessary. Although it is difficult to draw conclusions at this point on the systemic risk this disease could pose, the Company has put in place mitigation plans to minimise delays. Nevertheless, the impact of increased demands on the healthcare systems, restrictions

on non-essential hospital visits and procedures, social-distancing and travel restrictions are expected to result in delays to execution of clinical studies and impact sales. Sequana Medical will update its guidance on the expected impact and any material change in the Company's operations and outlook when the situation is clarified.

6 Major Risks and Uncertainties

Sequana Medical is subject to numerous risks, in addition to other risks that are mentioned elsewhere in this report, such as:

Risks relating to the COVID-19 outbreak

- The outbreak of the novel coronavirus (COVID-19) or any other infectious disease outbreak or other serious public health concern could result in delays to Sequana Medical's sales and clinical studies and could adversely affect its supply chain and work force, as well as macroeconomic conditions generally, which could have an adverse effect on demand for the **alfapump**[®] and/or the **alfapump**[®] DSR.

Risks relating to Sequana Medical's financial situation

- Sequana Medical has incurred operating losses, negative operating cash flows and an accumulated deficit since inception and may not be able to achieve or subsequently maintain profitability.
- Sequana Medical will likely require additional funds in the future in order to meet its capital and expenditure needs and further financing may not be available when required or could significantly limit Sequana Medical's access to additional capital.

Risks relating to clinical development

- Sequana Medical is required to conduct clinical studies for regulatory approvals and other purposes. Clinical studies require approvals, carry substantial risks and may be costly and time consuming, with uncertain results.
- If Sequana Medical experiences delays or difficulties in the recruitment of Investigators, obtaining necessary approvals from study sites or the enrolment of subjects in clinical studies, its receipt of necessary regulatory approvals could be delayed or prevented.

Legal and regulatory risks

- Seeking and obtaining regulatory approval for medical devices can be a long, expensive and uncertain process. Strict or changing regulatory regimes, government policies and legislation in any of Sequana Medical's target markets may delay, prohibit or reduce potential sales.
- Sequana Medical's manufacturing facilities and those of its third party suppliers are subject to significant regulations and approvals. If Sequana Medical or its third-party manufacturers or suppliers fail to comply with these regulations or maintain these approvals, Sequana Medical's business will be materially harmed.

Risks relating to the Sequana Medical's dependence on third parties and on key personnel

- Sequana Medical depends on third party suppliers for services and components used in the production and operation of the **alfapump**[®] and **alfapump**[®] DSR, and some of those services and components are supplied from a single source. Disruption of the supply chain, unavailability of third party services required for the production of the **alfapump**[®] and **alfapump**[®] DSR, component modifications or failure to achieve economies of scale could have a material adverse effect on Sequana Medical.

- Sequana Medical relies on third parties to conduct its clinical studies, perform data collection and analysis, and provide regulatory advice and other services that are crucial to its business.

Risks relating to commercialization and reimbursement

- Sequana Medical's success is largely contingent on third party payment from government providers, healthcare insurance providers or other public or private sources. Healthcare policy changes, including legislation to reform the U.S. healthcare system, could have a material adverse effect on Sequana Medical. Sequana Medical could fail to achieve or maintain reimbursement levels sufficient to support a commercial infrastructure or realise an appropriate return on its investment in product development, which could materially and adversely affect Sequana Medical's business, financial condition, results of operations and prospects.

Risks relating to intellectual property

- Any inability to fully protect and exploit Sequana Medical's intellectual property may adversely impact Sequana Medical's financial performance and prospects.

Risks relating to the stock market

- An active market for Sequana Medical's shares may not be sustained.
- The market price of Sequana Medical's shares may fluctuate widely in response to various factors.
- Sequana Medical will likely not be in a position to pay dividends in the near future and intends to retain all earnings.
- Certain significant shareholders of Sequana Medical may have different interests from the Sequana Medical and may be able to control the Sequana Medical, including the outcome of shareholder votes.

7 Research and Development

The following R&D programs have been undertaken in the course of 2019 with the objective to further develop the alfapump:

- First patient enrolled in the alfapump POSEIDON pivotal study which is planned to support approval and reimbursement in the U.S. and Canada for the treatment of recurrent and refractory liver ascites.
- Positive Direct Sodium Removal (DSR) clinical proof-of-concept data from the first-in-human single dose study, presented at world-leading conferences in the field including Heart Failure 2019, HFSA Annual Scientific Meeting and TCT 2019, demonstrated that single dose DSR therapy was safe and well-tolerated and resulted in a clinically relevant removal of sodium with consistent results across all treated patients.
- First patient enrolled in the alfapump DSR RED DESERT study. The RED DESERT study is a repeated dose proof-of-concept study with alfapump DSR in diuretic-resistant heart failure patients.

8 Number of shares and share capital

The share capital of the Company is EUR 1,306,940 and is represented by 12,611,900 common shares. The share capital is fully paid-in. During 2019, a number of capital increases and a share consolidation took place.

(EUR, except number of shares)	Shares	Share capital	Share premium	Total
31 December 2018	9,930,784	887,977	64,963,284	65,851,261
Capital increase IPO (convertible loans)	937,199	83,786	8,532,737	8,616,523
IPO share consolidation	(1,491,377)	-	-	-
Subtotal	9,376,606			
Capital increase IPO (contribution in cash)	3,078,205	318,902	25,845,840	26,164,743
Capital increase IPO (contribution in kind)	157,089	16,274	1,319,073	1,335,347
Subtotal	3,235,294			
December 31, 2019	12,611,900	1,306,940	100,660,934	101,967,874

At 31 December 2018, the share capital of the Company was EUR 887,977. It was divided into 543,682 registered preferred A-shares, 2,167,115 registered preferred B-shares, 1,724,337 registered preferred C-shares, 205,501 registered preferred D-shares, 2,099,236 registered preferred E-shares and 3,194,913 registered common shares of EUR 0.096 nominal value each.

At 12 February 2019 - closing of the offering (IPO) - the outstanding Convertible Loans were converted into series E preferred Shares. The preference triggered upon the closing of the Offering (IPO) and resulted in a conversion and consolidation of the outstanding Shares into a new number of outstanding Shares reflecting the priority among the current shareholders of the Company as a result of the Offering (IPO) (not including the Offered Shares blank to be issued upon the closing of the Offering (including pursuant to the conversion of the Bridge Loans) and the exercise of the Over-allotment Option).

Upon closing of the Offering and after conversion of the convertible loans, a share consolidation was accomplished. A consolidation ratio was applied so that the existing shares after the IPO share consolidation was equal to the IPO price that was determined in the context of the IPO capital increase. The IPO share consolidation was realized with regard to all outstanding shares and warrants of the Company. The share capital of the Company, after IPO share consolidation, was represented by 9,376,606 (common) shares that each represent an equal part of the share capital.

The capital increase through contribution in cash and in kind resulted in 3,235,294 new common shares at the IPO price of EUR 8.50 per new share. The IPO price of the new shares was allocated to the share capital of the Company in such a way that per share issued a part of the IPO price equal to the fractional value of the existing shares of the Company immediately prior to the IPO capital increase (taking into account the IPO share consolidation) was booked as share capital (being EUR 0.1036 rounded per new share), and the balance of the IPO price was booked as share premium.

The new shares issued within the framework of the IPO capital increase are common shares with the same rights and benefits, and in all respects a grade equivalent, including dividend rights, as the existing and outstanding shares of the Company at the time of their issue (taking into account the IPO share consolidation).

As of 31 December 2019, the Company does not hold any Treasury shares.

Authorised capital

The Extraordinary General Meeting decided on 18 January 2019 to grant the Board of Director's authorisation to increase the authorised share capital, such within the limits of the existing authorisation as set out in Article 8 of the Articles of Association, in one or more rounds by a maximum amount of EUR 1,306,939.52, such within a period of five years from the date of announcing such a decision in the Annexes of the Belgian Bulletin of Acts, Orders and

Decreets.

9 Conflicts of interest (Article 7:96 of the Belgian Companies and Associations Code (former Article 523 of the Belgian Companies Code of 7 May 1999))

On 28 January 2019, the board of directors of the Company decided to approve (in principle) the launch of the Company's initial public offering with admission to trading of the Company's shares on the regulated market of Euronext Brussels ("IPO") and related aspects.

On 21 January 2020, the board of directors of the Company decided to approve (in principle) the increase of the share capital of the Company in the framework of the authorised capital by the issuance of new shares in the framework of a private placement through an accelerated bookbuilding procedure. On the same day, the board of directors of the Company decided, before a notary public and subject to a number of condition precedents, to increase the share capital of the Company in the framework of the authorised capital with the issuance of new shares to be offered via a private placement through an accelerated bookbuilding procedure. On 27 January 2020, 3,166,666 new shares were effectively issued.

The conflicts of interests procedure of Article 7:96 of the Belgian Companies and Associations Code (former Article 523 of the Belgian Companies Code of 7 May 1999) was applied during each of the aforementioned board meetings. In accordance with the Articles 7:96 and 3:5 of the Belgian Companies and Associations Code, the sections below contain the relevant parts of the aforementioned board meetings.

Extract of the Minutes of the Private Meeting of the Board of Directors of 28 January 2019

"PRIOR DECLARATIONS BY INDIVIDUAL DIRECTORS

Prior to the deliberation and resolutions by the board of directors, Rudy Dekeyser, Erik Amble and Diego Braguglia, each director of the Company, made the following declarations as far as needed and applicable in accordance with Article 523 of the Belgian Companies Code:

The meeting of the board of directors will deliberate and resolve in relation to the contemplated IPO Capital Increase by the Company with the issuance of new shares of the Company, with a view to an IPO with admission of the Company's shares to listing and trading on the regulated market of Euronext Brussels. The resolution to increase the Company's share capital and a number of additional resolutions in connection therewith were approved by the EGM of the Company held on 18 January 2019, prior to the meeting of the board of directors.

The meeting of the board of directors will also deliberate and resolve in relation to the ratification, as far as needed, of a number of Amended and Restated Pre-IPO Investment Commitment Agreements. Notably, in the context of the IPO a number of existing shareholders of the Company and other investors (the "Participating Investors") have entered into a commitment pursuant to the respective Amended and Restated Pre-IPO Investment Commitment Agreements to, among others, (a) contribute their Payables under the outstanding Convertible Loan Agreements to the share capital of the Company in the context of the Loan Conversion Capital Increase, (b) subscribe for new shares of the Company for an aggregate amount (including issue premium) of EUR 20,507,236.43 (which amount can be reduced by the amount of the outstanding principal amounts due by the Company pursuant to the respective Convertible Bridge Loans provided by several of such Participating Investors), and (c) contribute the payables due by the Company to the Participating Investors pursuant to the Convertible Bridge Loans in kind in the context of the IPO Capital Increase.

Declaration by Rudy Dekeyser

- *Rudy Dekeyser informed the board of directors that LSP Health Economics Fund Management BV ("LSP"), in its capacity as managing partner of LSP HEF Holding CV, is a Participating Investor. Rudy Dekeyser has (indirectly) an important interest in LSP HEF Holding CV, which company has nominated him (via LSP) as a director of the Company. This Participating Investor has on the basis of the Amended and Restated Shareholders PIICA, which was entered into by LSP (among others) with the Company, committed to, on the*

occasion of the IPO, (x) contribute the outstanding Payable of EUR 298,008.60 that LSP has pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of EUR 1,132,432.67, and (z) contribute the outstanding Bridge Loan Payable (as defined in the EGM Resolutions) of EUR 59,601.72 that LSP has pursuant to the Convertible Bridge Loan entered into with the Company. LSP has also committed not to transfer its shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.

- Rudy Dekeyser also informed the board of directors that LSP will commit to lend certain of its shares in the Company to KBC Securities NV/SA within the framework of the IPO in order to allow over-allotments of shares in the IPO and this in accordance with the provisions of the Stock Lending Agreement.
- As a result, Rudy Dekeyser may have a financial interest that is in conflict with the resolutions that will be passed by the board of directors. Rudy Dekeyser is, however, of the opinion that the contemplated resolutions in connection with the IPO and the Amended and Restated Shareholders PIICA are in the interest of the Company, as the resolutions will allow the Company to (i) further enlarge its shareholder base, which is in the interest of the further stability of the Company and its shareholder structure; (ii) to attract additional institutional financial and strategic investors, which could possibly contribute to the further development and growth of the Company's business; (iii) to attract additional international investors, which could improve the international profile of the Company, which could possibly contribute to the further development and growth of the Company's business; and (iv) allow the Company to increase the chances of success of the IPO taking into account the subscription commitment provided for in the Amended and Restated Shareholders PIICA. Rudy Dekeyser also notes that by providing for a mechanism pursuant to which LSP can contribute its Payable and Bridge Loan Payable as provided in the Amended and Restated Shareholders PIICA and the EGM Resolutions, the Company will be able to satisfy its obligation to settle these payables without having to use existing funds or new funds, which is in the interest of the Company. For more information on the justification of the contemplated transactions in relation to the IPO, reference is made to the report of the board of directors of 21 December 2018 in accordance with articles 596, 598 and 602 of the Belgian Companies Code which was submitted to the EGM.

Declaration by Erik Amble

- Erik Amble informed the board of directors that NeoMed IV Extension L.P. ("Neomed IV X") and NeoMed Innovation V L.P. ("Neomed V"), two companies in which Erik Amble has an important interest and which have nominated him as a director of the Company, are Participating Investors. These Participating Investors have on the basis of the Amended and Restated Shareholders PIICA, which was entered into by Neomed IV X and Neomed V (among others) with the Company, committed to, on the occasion of the IPO, (x) contribute the outstanding Payables of respectively EUR 593,052.02 and EUR 266,871.66 that Neomed IV X and Neomed V have pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of respectively EUR 2,372,208.09 and EUR 1,067,486.62, and (z) contribute the outstanding Bridge Loan Payables of respectively EUR 118,610.40 and EUR 53,374.33 that Neomed IV X and Neomed V have pursuant to the Convertible Bridge Loan entered into with the Company. Neomed IV X and Neomed V have also committed not to transfer their shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.
- Erik Amble also informed the board of directors that Neomed IV X will commit to lend certain of its shares in the Company to KBC Securities NV/SA within the framework of the IPO in order to allow over-allotments of shares in the IPO and this in accordance with the provisions of the Stock Lending Agreement.
- As a result, Erik Amble may have a financial interest that is in conflict with the resolutions that will be passed by the board of directors. Erik Amble is, however, of the opinion that the contemplated resolutions in connection with the IPO and the Amended and Restated Shareholders PIICA are in the interest of the Company, as the resolutions will allow the Company to (i) further enlarge its shareholder base, which is in the interest of the further stability of the Company and its shareholder structure; (ii) to attract additional institutional financial and strategic investors, which could possibly contribute to the further development and growth of the Company's business; (iii) to attract additional international investors, which could improve the international profile of the Company, which could possibly contribute to the further development and growth of the Company's business; and (iv) allow the Company to increase the chances of success of the IPO taking into account the subscription commitment provided for in the Amended and Restated Shareholders PIICA. Erik Amble also notes that by providing for a mechanism pursuant to which Neomed IV X and Neomed V can contribute their Payables and Bridge Loan Payables as provided in the Amended and Restated Shareholders

PIICA and the EGM Resolutions, the Company will be able to satisfy their obligation to settle these payables without having to use existing funds or new funds, which is in the interest of the Company. For more information on the justification of the contemplated transactions in relation to the IPO, reference is made to the report of the board of directors of 21 December 2018 in accordance with articles 596, 598 and 602 of the Belgian Companies Code which was submitted to the EGM.

Declaration by Diego Braguglia

- *Diego Braguglia informed the board of directors that Venture Incubator AG ("VI AG") and VI Partners ("VI Partners"), two companies in which Diego Braguglia has an important interest and which have nominated him as a director of the Company, are Participating Investors. These Participating Investors have on the basis of the Amended and Restated Shareholders PIICA, which was entered into by VI AG and VI Partners (among others) with the Company, committed to, on the occasion of the IPO, (x) contribute the outstanding Payables of respectively EUR 218,231.42 and EUR 5,021.49 which VI AG and VI Partners have pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of respectively EUR 828,414.60 and EUR 18,897.82, and (z) contribute the outstanding Bridge Loan Payables of respectively EUR 43,600.77 and EUR 994.62 that VI AG and VI Partners have pursuant to the Convertible Bridge Loan entered into with the Company. VI AG and VI Partners have also committed not to transfer their shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.*
- *As a result, Diego Braguglia may have a financial interest that is in conflict with the resolutions that will be passed by the board of directors. Diego Braguglia is, however, of the opinion that the contemplated resolutions in connection with the IPO and the Amended and Restated Shareholders PIICA are in the interest of the Company, as the resolutions will allow the Company to (i) further enlarge its shareholder base, which is in the interest of the further stability of the Company and its shareholder structure; (ii) to attract additional institutional financial and strategic investors, which could possibly contribute to the further development and growth of the Company's business; (iii) to attract additional international investors, which could improve the international profile of the Company, which could possibly contribute to the further development and growth of the Company's business; and (iv) allow the Company to increase the chances of success of the IPO taking into account the subscription commitment provided for in the Amended and Restated Shareholders PIICA. Diego Braguglia also notes that by providing for a mechanism pursuant to which VI AG can contribute its Payables and Bridge Loan Payables as provided in the Amended and Restated Shareholders PIICA and the EGM Resolutions, the Company will be able to satisfy its obligation to settle these payables without having to use existing funds or new funds, which is in the interest of the Company. For more information on the justification of the contemplated transactions in relation to the IPO, reference is made to the report of the board of directors of 2 November 2018 in accordance with articles 596, 598 and 602 of the Belgian Companies Code which was submitted to the EGM.*

General

- *The aforementioned directors will each inform the statutory auditor of the Company of the foregoing as far as needed and applicable in accordance with the provisions of Article 523 of the Belgian Companies Code.*
- *The aforementioned declarations of Rudy Dekeyser, Erik Amble and Diego Braguglia will be included in the annual report of the Company, as far as needed and applicable, in accordance with the provisions of Article 95 and Article 523 of the Belgian Companies Code."*

Extract of the Minutes of the Private Meeting of the Board of Directors of 21 January 2020

"3.1. Prior declarations by Rudy Dekeyser and Erik Amble

Prior to the deliberation and resolutions by the board of directors, Rudy Dekeyser, and Erik Amble, each a director of the Company and each being represented by one of the present directors, as aforementioned, made the following respective declarations as far as needed and applicable, in accordance with the provisions of the Belgian Companies and

Associations Code:

- *Rudy Dekeyser informed the board of directors that he has an important interest in LSP HEF Sequana Holding B.V. ("LSP"), which company is an affiliate of the company that nominated him as a director of the Company.*
- *Erik Amble informed the board of directors that he has an important interest in NeoMed Innovation V L.P. ("NeoMed"), which company (together with NeoMed IV Extension L.P.) nominated him as a director of the Company.*
- *Each of Rudy Dekeyser and Erik Amble informed the meeting that the agenda refers to a new fund raising via the proposed Transaction, that LSP and NeoMed, respectively, support the Transaction, and that LSP and NeoMed, respectively, are part of a number of investors (the "Participating Investors") that committed to submit an order (directly or indirectly) to the Underwriters (as defined below) to subscribe for new shares in the framework of the Transaction.*
- *Each of Rudy Dekeyser and Erik Amble noted that it is contemplated that the new shares shall need to be admitted to trading on the regulated market of Euronext Brussels. For this purpose, the Company is to make the necessary filings and applications, and, as the case may be, prepare a listing prospectus, all as required by applicable regulations, in order to permit an admission to trading following the issue of the new shares. Notably, in accordance with the Prospectus Regulation, up to 2,522,379 new shares can be immediately admitted to trading on Euronext Brussels upon this issuance, without listing prospectus, where the new shares in excess of such number can only be admitted to trading on Euronext Brussels after a listing prospectus has been prepared. Each of Rudy Dekeyser and Erik Amble noted LSP and NeoMed, respectively, have indicated that they would be willing to subscribe for new shares that are not immediately admitted to trading upon their issuance, but only after a listing prospectus has been prepared. LSP and NeoMed are also willing to make available existing shares that are admitted to trading. This could allow the Company to raise more funds via the Transaction than it would have been able to do if the maximum number of new shares issuable in the Transaction is limited to 2,522,379 new shares, and will enable the intervening Underwriters to deliver listed shares to the ultimate investors that will participate in the Transaction.*
- *Each of Rudy Dekeyser and Erik Amble hence informed the meeting that, as a result, he may have a conflict of interest within the meaning of Article 7:96 of the Belgian Companies and Associations Code in relation to the resolutions to be passed by the board of directors with respect to the Transaction. Rudy Dekeyser and Erik Amble will also inform the Company's statutory auditor of the foregoing, as far as needed and applicable in accordance with the provisions of Article 7:96 and/or 7:97 of the Belgian Companies and Associations Code. Despite this potential conflict, however, each of Rudy Dekeyser and Erik Amble stated that he believed that the proposed private placement is in the Company's interest, as it will allow the Company to complete the Transaction and raise new funds, which is in the Company's interest.*

3.2. Prior declarations by the other directors

- *None of the other directors declared to have an interest in the proposed Transaction that would require the application of the procedure set out in the provisions of Article 7:96 and/or 7:97 of the Belgian Companies and Associations Code.*

3.3. Considerations by the board of directors in relation to the prior declarations

- *The remaining members of the board of directors took note of the prior declarations by Rudy Dekeyser and Erik Amble.*
- *The board of directors considered that the report of the Board Report in accordance with Article 7:198 juncto Articles 7:179 and 7:191 of the Belgian Companies and Associations Code in relation to the Transaction and which is submitted for approval by the board of directors contains (a) a description of the nature of the Transaction, (b) a description of the consequences of the Transaction for the financial and shareholder rights of the shareholders of the Company, and (c) the justification for the Transaction. The Board Report contains further details and will be publicly available via (amongst others) the website of the Company and is hereby, as far as needed, incorporated by reference into the minutes of this meeting of the board of directors.*
- *The board of directors also specified that, subject to the launch of the Transaction, the Transaction will be open to institutional, qualified, professional and/or other investors as permitted under applicable private placement exceptions, as mentioned in the aforementioned report, and any final allocation to investors, as*

the case may be, will be made based on customary objective and pre-identified criteria. While the Company received already subscription commitments from a number of Participating Investors, the board of directors further confirmed that no guarantee will be given as to the final allocation to any of LSP, NeoMed, or any other Participating Investor, or any of their affiliates or other persons, that any allocation will be made to them, or as to the size of any such allocation."

Extract of the Notarial Deed recording the Minutes of the Meeting of the Board of Directors of 21 January 2020

"Prior declarations by Mr. DEKEYSER Rudy and Mr. AMBLE Erik

Mr. DEKEYSER Rudy and Mr. AMBLE Erik, both as aforementioned, have indicated to have a conflict of interests within the meaning of article 7:96 of the Belgian Companies and Associations Code with respect to the proposed resolutions included in the agenda of this meeting of the board of directors.

Mr. DEKEYSER Rudy informed the board of directors that he has an important interest in LSP HEF Sequana Holding B.V. ("LSP"), which company is an affiliate of the company that nominated him as a director of the Company.

Mr. AMBLE Erik informed the board of directors that he has an important interest in NeoMed Innovation V L.P. ("NeoMed"), which company (together with NeoMed IV Extension L.P.) has nominated him as director of the Company. Each of Mr. DEKEYSER Rudy and Mr. AMBLE Erik informed the meeting that the agenda refers to a new fund raising via the capital increase, that LSP and NeoMed, respectively, support the capital increase, and that LSP and NeoMed, respectively, are part of a number of investors that committed to submit an order (directly or indirectly) to the Underwriters to subscribe for new shares in the framework of the capital increase.

Each of Mr. DEKEYSER Rudy and Mr. AMBLE Erik noted that it is contemplated that the new shares shall need to be admitted to trading on the regulated market of Euronext Brussels. For this purpose, the Company is to make the necessary filings and applications, and, as the case may be, prepare a listing prospectus, all as required by applicable regulations, in order to permit an admission to trading following the issue of the new shares. Notably, in accordance with the Prospectus Regulation, up to 2,522,379 new shares can be immediately admitted to trading on Euronext Brussels upon this issuance, without listing prospectus, where the new shares in excess of such number can only be admitted to trading on Euronext Brussels after a listing prospectus has been prepared. Each of Mr. DEKEYSER Rudy and Mr. AMBLE Erik noted that LSP and NeoMed, respectively, have indicated that they would be willing to subscribe for new shares that are not immediately admitted to trading upon their issuance, but only after a listing prospectus has been prepared. LSP and NeoMed are also willing to make available existing shares that are admitted to trading. This could allow the Company to raise more funds via the capital increase than it would have been able to do if the maximum number of new shares issuable in the capital increase is limited to 2,522,379 new shares, and will enable the intervening Underwriters to deliver listed shares to the ultimate investors that will participate in the capital increase.

Each of Mr. DEKEYSER Rudy and Mr. AMBLE Erik hence informed the meeting that, as a result, he may have a conflict of interest within the meaning of Article 7:96 of the Belgian Companies and Associations Code in relation to the resolutions to be passed by the board of directors with respect to the Transaction. Mr. DEKEYSER Rudy and Mr. AMBLE Erik will also inform the Company's statutory auditor of the foregoing, as far as needed and applicable in accordance with the provisions of Article 7:96 and/or 7:97 of the Belgian Companies and Associations Code. Despite this potential conflict, however, each of Mr. Dekeyser Rudy and Mr. Amble Erik stated that he believed that the proposed private placement is in the Company's interest, as it will allow the Company to complete the capital increase and raise new funds, which is in the Company's interest.

Subsequently Mr. DEKEYSER Rudy and Mr. AMBLE Erik no longer took part of the further deliberations and resolutions of the board of directors with respect to the capital increase.

Prior declarations by the other directors

None of the other directors declared to have an interest in the proposed capital increase that would require the application of the procedure set out in the provisions of Article 7:96 and/or 7:97 of the Belgian Companies and Associations Code.

Considerations by the board of directors in relation to the prior declarations

The remaining members of the board of directors took note of the prior declarations by Mr. DEKEYSER Rudy and Mr. AMBLE Erik.

The board of directors considered that the report of the board of directors referred to under item 1(a) of the agenda in relation to the capital increase and which is submitted for approval by the board of directors contains (a) a description of the nature of the capital increase, (b) a description of the consequences of the capital increase for the financial and shareholder rights of the shareholders of the Company, and (c) the justification for the capital increase. This report of the board of directors contains further details and will be publicly available via (amongst others) the website of the Company and is hereby, as far as needed, incorporated by reference into the minutes of this meeting of the board of directors.

The board of directors also specified that, subject to the launch of the capital increase, the capital increase will be open to institutional, qualified, professional and/or other investors as permitted under applicable private placement exceptions, as mentioned in the aforementioned report, and any final allocation to investors, as the case may be, will be made based on customary objective and pre-identified criteria. While the Company received already subscription commitments from a number of participating investors, the board of directors further confirmed that no guarantee will be given as to the final allocation to any of LSP, NeoMed, or any other participating investor, or any of their affiliates or other persons, that any allocation will be made to them, or as to the size of any such allocation.

The board of directors has also clarified that the justification of the decision to increase the capital within the framework of the authorised capital and the financial consequences for the Company and its shareholders are described in the report of the board of directors referred to under item 1 (a) of the agenda."

10 Financial risk management (at group level)

10.1 Introduction

Sequana Medical and its subsidiaries (the "**Sequana Medical Group**") operate a risk management and control framework in accordance with the Belgian Companies and Associations Code and the 2020 Corporate Governance Code. The Sequana Medical Group is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the board of directors (including the audit committee), the executive management and the management Team and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- achievement of the Sequana Medical Group objectives;
- achieving operational excellence;
- ensuring correct and timely financial reporting; and
- compliance with all applicable laws and regulations.

10.2 Control Environment

Three lines of defence

The Sequana Medical Group applies the 'three lines of defence model' to clarify roles, responsibilities and

accountabilities, and to enhance communication within the area of risk and control. Within this model, the lines of defence to respond to risks are:

- First line of defence: line management is responsible for assessing risks on a day-to-day basis and implementing controls in response to these risks.
- Second line of defence: the oversight functions like Finance and Controlling and Quality and Regulatory oversee and challenge risk management as executed by the first line of defence. The second line of defence functions provide guidance and direction and develop a risk management framework.
- Third line of defence: independent assurance providers such as external accounting and external audit challenge the risk management processes as executed by the first and second line of defence

Policies, procedures and processes

The Sequana Medical Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different Company-wide policies, procedures and processes such as the Sequana Medical Group values, the Quality Management System and the Delegation of Authorities rule set. The Executive and Senior Management fully endorses these initiatives.

The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

Group-wide financial system

The Sequana Medical entities operate the same group-wide financial system which are managed centrally. This system embeds the roles and responsibilities defined at the Sequana Medical Group level. Through these systems, the main flows are standardised and key controls are enforced. The systems also allow detailed monitoring of activities and direct access to data.

10.3 Risk management

Sound risk management starts with identifying and assessing the risks associated with the Company's business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimise such risks, acknowledging that certain calculated risks are necessary to ensure that the Sequana Medical Group achieves its objectives and continues to create value for its stakeholders. The employees of the Sequana Medical Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

10.4 Control activities

Control measures are in place to minimise the effect of risk on Sequana Medical Group's ability to achieve its objectives. These control activities are embedded in the Sequana Medical Group's key processes and systems to assure that the risk responses and the Sequana Medical Group's overall objectives are carried out as designed. Control activities are conducted throughout the organisation, at all levels and within all departments. Key compliance areas are monitored for the entire Sequana Medical Group by the Quality and Regulatory department and the Finance and Controlling department. In addition to these control activities, an insurance program is being implemented for selected risk categories that cannot be absorbed without material effect on the Company's balance sheet.

10.5 Information and communication

The Sequana Medical Group recognises the importance of timely, complete and accurate communication and

information both top-down as well as bottom-up. The Sequana Medical Group therefore put several measures in place to assure amongst others:

- security of confidential information;
- clear communication about roles and responsibilities; and
- timely communication to all stakeholders about external and internal changes impacting their areas of responsibility

10.6 Monitoring of control mechanisms

The quality of the Sequana Medical Group's risk management and control framework is assessed by the following functions:

- **Quality and Regulatory:** Within the Quality Management System (QMS) according to ISO 13485:2016, Sequana Medical has a systematic process for identifying hazards and hazardous situations associated with Sequana Medical devices and their use, estimating and evaluating the associated risks, controlling and documenting the risks, and monitoring the effectiveness of controls. This risk management process is based on the standard EN ISO 14971:2012. Sequana Medical's QMS is subject to internal audits by the Quality and Regulatory department and external audits by the Notified Body BSI. The suitability and effectiveness of the QMS will also be evaluated as part of the annual management review.
- **External Audit:** In Sequana Medical's review of the annual accounts, the statutory auditor focuses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the audit committee.
- **Audit Committee:** The board of directors and the audit committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the audit committee, see section 13.1.5 of the Corporate governance statement.

10.7 Risk management and internal control with regard to the process of financial reporting

10.7.1. Introduction

The accurate and consistent application of accounting rules throughout the Sequana Medical Group is assured by means of a set of control procedures. On an annual basis, a bottom-up risk analysis is conducted to identify risk factors. Action plans are defined for all key risks.

Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accounting team is responsible for producing the accounting figures, whereas the controlling team checks the validity of these figures. These checks include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities.

Uniform reporting of financial information throughout the Sequana Medical Group ensures a consistent flow of information, which allows the detection of potential anomalies. The Group's financial systems and management

information tools allow the central controlling team direct access to integrated financial information.

An external financial calendar is planned in consultation with the Board and the Executive Management, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Sequana Medical Group stakeholders with the information necessary for making sound business decisions. The financial calendar can be consulted on <https://www.sequanamedical.com/investors/financial-information>.

The nature of Sequana's business and its global presence exposes the Group to market risks and liquidity risks. The Board of Directors is responsible for overseeing the Group's internal control system, which addresses risks to which the Group is exposed. These systems provide appropriate security against significant inaccuracies and material losses. Management is responsible for identifying and assessing risks that are of significance for the respective country.

10.7.2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risks consist primarily of foreign currency risks and, to a lesser degree, interest rate risks. Main currency exposures are the Swiss franc and the Euro. The Group is not hedging any of these risks.

Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The group identifies two main types of foreign currency risk: foreign currency transaction risk and foreign currency translation risk.

The Group incurs foreign currency transaction risk on accounts receivable, accounts payable and other monetary items that are denominated in a currency other than the Company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions. The foreign currency transaction risk is not significant.

Foreign operations which do not have the Euro as their functional currency give rise to a translation risk. The Group operates internationally and is exposed to foreign exchange risks arising from currency exposures, primarily with respect to the Swiss Franc (CHF) in relation to procurement and financing.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities in CHF at the end of the reporting period are as follows:

	31.12.2019 CHF
Assets	
Inventory	1,801,841
Cash and cash equivalents	663,204
Liabilities	
Long term debt	2,453,987
Short term debt	498,736

The Group has exposures to the Swiss Franc (CHF) and the US dollar (USD) due to their net investments in foreign operations.

Foreign exchange exposures are currently not hedged.

The following table shows the sensitivity to foreign exchange rate changes (CHF / EUR and USD / EUR), with all other

variables held constant, of the Group's income statement and equity:

As at 31 December 2019	
(EUR)	Impact on income statement and equity
5% decrease of average foreign exchange rate	-321,532
5% increase of average foreign exchange rate	+322,082
As at 31 December 2018	
(EUR)	Impact on income statement and equity
5% decrease of average foreign exchange rate	-302,431
5% increase of average foreign exchange rate	+302,424

As of 31 December 2019, if the EUR had weakened 5% against the CHF and against the USD with all other variables held constant, the loss for the period would have been 321,532 EUR higher (2018: 302,431 EUR). Conversely, if the EUR had strengthened 5% against the CHF and the USD with all other variables held constant, the loss of the period would have been 322,082 EUR lower (2018: 302,424 EUR).

Interest rate risks

Interest rate risks arise from changes in interest rates, which have negative repercussions on the Group's asset and earnings situation. Interest rate fluctuations lead to changes in interest income and interest expense on interest-bearing assets and liabilities.

The following table shows the sensitivity to interest rate changes, with all other variables held constant, of the Group's income statement and equity:

As at 31 December 2019	
(EUR)	Impact on income statement and equity
50 basis points increase / decrease	-/+ 53,309
As at 31 December 2018	
(EUR)	Impact on income statement and equity
50 basis points increase / decrease	-/+ 33,866

Liquidity risk

The Group's objective is to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Sequana defines Liquidity risk, a risk of being unable to raise funds to meet payment obligations when they fall due.

10.7.3. Capital management

Management presently monitors its capital structure based on its legal, statutory requirements for stand-alone entities and, in particular, for the holding company. The Group's policy is to maintain sufficient capital to continue as a going concern, and sustain the future development of the business (see note **Error! Reference source not found.**

regarding the assessment of the going concern).

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows for the next 6 months. This is carried out in accordance with practice and limits set by management and in accordance with the statutory capital requirements of the holding company. In addition, the Group's liquidity management policy involves projecting cash flows in EUR, CHF and GBP and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements and maintaining debt-financing plans.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

11 Transactions under the authorised capital

In 2019, the board of directors of the Company did not issue any shares, convertible bonds or subscription rights in the context of the authorised capital.

On 27 January 2020, the board of directors of the Company increased the share capital of the Company in the framework of the authorised capital with the issuance of 3,166,666 new shares, with dis-application of the preferential subscription right of the shareholders of the Company and, in so far as required, of the holders of subscription rights (stock options) of the Company, that were offered to a broad group of Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions, in the framework of a private placement through an accelerated bookbuilding procedure. In this context, the board of directors prepared a report in accordance with Article 7:198 juncto Article 7:179 and 7:191 of the Belgian Companies and Associations Code in relation to the transaction, providing notably (i) a justification of the proposed issue price of the new shares, (ii) a description of the consequences of the transaction for the financial and shareholder rights of the shareholders of the Company, (iii) a justification of the proposed dis-application of the statutory preferential subscription right of the shareholders and, in so far as required, of the holders of subscription rights (stock options) in connection with the proposed increase of the share capital in the framework of the transaction, and (iv) a description of the consequences of the dis-application of the preferential subscription rights for the financial and shareholder rights of the shareholders. This board report must be read together with the report prepared in accordance by the Company's statutory auditor, PwC Bedrijfsrevisoren CVBA, a cooperative company with limited liability organised and existing under the laws of Belgium, with registered office at Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium, represented by Mr. Peter D'hondt, auditor.

The abovementioned reports are available on the Company's website at: <https://www.sequanamedical.com/investors/shareholder-information/>.

12 Acquisition of own shares

Neither the Company nor any person acting in his own name but on behalf of the Company has acquired shares of the Company during the financial year 2019.

13 Corporate Governance

13.1 Corporate governance statement

13.1.1. Introduction

This Corporate governance statement is included in the Company's report of the board of directors on the statutory accounts for the financial year ended on 31 December 2019 (dated 27 January 2020) in accordance with Article 3:6, §2 of the Belgian Companies and Associations Code.

On 17 May 2019, the Belgian Royal Decree of 12 May 2019 designating the corporate governance code to be complied with by listed companies was published in the Belgian Official Gazette. On the basis of this royal decree, Belgian listed companies are required to designate the new 2020 Belgian Corporate Governance Code (the "**2020 Belgian Corporate Governance Code**") as reference code within the meaning of Article 3:6, §2 of the Belgian Companies and Associations Code of 23 March 2019 (as amended) (the "**Belgian Companies and Associations Code**"). The 2020 Belgian Corporate Governance Code applies compulsorily to reporting years beginning on or after 1 January 2020 (compulsory application). However, companies may already choose to apply the 2020 Belgian Corporate Governance Code for reporting years beginning on or after 1 January 2019 (optional application).

The Company has decided not to apply the 2020 Belgian Corporate Governance Code prior to 1 January 2020 and therefore still applied during the financial year ended on 31 December 2019 the Belgian Code on Corporate Governance of 12 March 2009 (the "**2009 Belgian Code on Corporate Governance**").

During the financial year ended on 31 December 2019, the Company applied and complied with the nine corporate governance principles contained in the 2009 Belgian Code on Corporate Governance, except in relation to the matters set out below in section 13.1.2.

On the date of this statement, the Company complies with the provisions set forth in the 2020 Belgian Corporate Governance Code. On 23 April 2020, the board of directors will approve an amended and restated version of the Company's corporate governance charter to align it with the provisions of the 2020 Belgian Code on Corporate Governance and the Belgian Companies and Associations Code.

The 2020 Belgian Corporate Governance Code and the 2009 Belgian Corporate Governance Code can be accessed on the following website: www.corporategovernancecommittee.be/.

13.1.2. Corporate Governance Charter

As from 12 February 2019, being the date of the completion of the Company's initial public offering with admission to trading of the Company's shares on the regulated market of Euronext Brussels (the "**IPO**") and during the remainder of 2019, the Company applied a corporate governance charter that was in line with the 2009 Belgian Code on Corporate Governance. The Company's board of directors approved the charter on 28 January 2019 subject to and with effect as of the closing of the IPO. The corporate governance charter described the main aspects of the corporate governance of the Company, including its governance structure, the terms of reference of the board of directors and its committees and other important topics. The corporate governance charter had to be read together with the Company's articles of association.

In 2019, the Company applied the nine corporate governance principles contained in the 2009 Belgian Code on Corporate Governance and complied with the corporate governance provisions set forth in the 2009 Belgian Code on Corporate Governance, except in relation to the following:

- Before the entry into force of the Belgian Companies and Associations Code, share options have been granted to non-executive directors (including to independent directors). The aforementioned was contrary to provision 7.7 of the 2009 Belgian Code on Corporate Governance, and is contrary to provision 7.5 of the 2020 Belgian Code on Corporate Governance, that provided that non-executive directors should not be entitled to performance-related remuneration such as, amongst others, share-related long-term incentive schemes. The Company believed that these provisions of the 2009 Belgian Code on Corporate Governance

were not appropriate and adapted to take into account the realities of companies in the biotech and life sciences industry that are still in a development phase. Notably, the ability to remunerate non-executive directors with share options allowed the Company to limit the portion of remuneration in cash that the Company would otherwise need to pay to attract or retain renowned experts with the most relevant skills, knowledge and expertise. The Company is of the opinion that granting non-executive directors the opportunity to be remunerated in part in share-based incentives rather than all in cash enables the non-executive directors to link their effective remuneration to the performance of the Company and to strengthen the alignment of their interests with the interests of the Company's shareholders. This is in the interest of the Company and its stakeholders. Furthermore, this is customary for directors active in companies in the life sciences industry.

- Pursuant to Article 7:91 of the Belgian Companies and Associations Code (former Article 520ter of the Belgian Companies Code of 7 May 1999), the guideline to provision 7.13 of the 2009 Belgian Code on Corporate Governance, and provision 7.11 of the 2020 Belgian Code on Corporate Governance, shares should not vest and share options should not be exercisable within three years as of their granting. The Company's board of directors has been explicitly authorised in the Company's articles of association to deviate from this rule (by reference to the former Article 520ter of the Belgian Companies Code of 7 May 1999) (in connection with stock based incentive plans, compensations, awards and issuances to employees, directors and service providers of the Company and/or its subsidiaries (from time to time)). At the occasion of the annual general meeting of shareholders of 28 May 2020, an amended and restated version of articles of association will be submitted to the shareholders in which the board of directors will be explicitly authorised to deviate from the rule of Article 7:91 of the Belgian Companies and Associations Code. The Company is of the opinion that this allows for more flexibility when structuring share-based awards. For example, it is customary for option plans to provide for a vesting in several instalments over a well-defined period of time, instead of vesting after three years only. This seems to be more in line with prevailing practice.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally, and must be tailored to meet those changing circumstances.

The board of directors intends to update the corporate governance charter as often as required to reflect changes to the Company's corporate governance. As set out above, the board of directors will approve an amended and restated version of the Company's corporate governance charter on 23 April 2020 to align it with the provisions of the 2020 Belgian Code on Corporate Governance and the Belgian Companies and Associations Code.

The articles of association and the corporate governance charter are available on the Company's website (www.sequanamedical.com) and can be obtained free of charge at the Company's registered office.

13.1.3. Composition Board of Directors, Executive Management and Senior Management

13.1.3.1 Board of Directors

The table below gives an overview of the current members of the Company's board of directors and their terms of office:

Name	Age	Position	Start of Current Term	End of Current Term
Mr Pierre Chauvineau	56	Chair, Independent Non-Executive Director	2019	2022
Mr Ian Crosbie	52	CEO, Executive Director	2019	2022
Mr Rudy Dekeyser	58	Non-Executive Director	2019	2022
Mr Erik Amble	68	Non-Executive Director	2019	2022
Mr Wim Ottevaere ⁽¹⁾	63	Independent Non-Executive Director	2019	2022
Mr Jason Hannon	48	Independent Non-Executive Director	2019	2022

Notes:

(1) Acting as permanent representative of WIOT BV.

Mr Pierre Chauvineau is an independent non-executive director and the chair of the Company's board of directors. Mr Chauvineau has over 29 years of international business leadership in corporate and start-up companies within the medical technology industry. He started his career with Medtronic where he spent 20 years living in Belgium, France, Switzerland, the U.K. and Ireland consistently demonstrating leadership in developing high performance teams and growing the business faster than the market. In 2010, Mr Chauvineau joined Cameron Health, a VC-funded medical device company based in California where he was responsible for commercialising their innovative implantable defibrillator across international markets. Cameron Health was acquired by Boston Scientific two years later in June 2012, after which Mr Chauvineau went on to lead Boston Scientific's largest European Business Unit for 5 years. Today, Mr Chauvineau continues to mentor and coach for Boston Scientific. He is also an executive board member with U.K. based Creavo Medical Technologies and with London based Rhythm AI. Pierre Chauvineau holds an MBA degree in International Management from the Monterey Institute of International Studies (Monterey, California, U.S.A.) and a BA degree from IPAG (Paris, France).

Mr Ian Crosbie is an executive director of the Company and the Company's chief executive officer. Mr Crosbie has over 25 years of experience in the healthcare sector, both in-house at medical device and pharmaceutical companies, and as an investment banker at leading global firms. He has extensive expertise and a strong track record in capital markets, licensing and strategic transactions. Prior to joining Sequana Medical, Mr Crosbie was Chief Financial Officer of GC Aesthetics Ltd. Before that, he was Senior Vice President, Corporate Development at Circassia Pharmaceuticals plc, a late-stage biopharmaceutical company focused on allergy immunotherapy where he led the execution of the company's £210 million IPO, as well as the M&A and licensing activities. Prior to Circassia, Mr Crosbie enjoyed a 20-year career in corporate finance, including Managing Director, Healthcare Investment Banking at Jefferies International Limited and Director, Healthcare Investment Banking at Deutsche Bank. He has a degree in Engineering, Economics and Management from Oxford University.

Dr Rudy Dekeyser is a non-executive director of the Company. He is managing partner of the LSP Health Economics Fund 2, a €280 million fund investing in medical device, diagnostic and digital health companies in Europe and the US. Besides serving on the Company's board of directors, Dr Dekeyser currently also serves on the board of directors of Lumeon, Curetis, reMYND, Celyad and EMBLEM and has served on many other biotech boards such as Ablynx (acquired by Sanofi), Devgen (acquired by Syngenta), CropDesign (acquired by BASF), Actogenix (acquired by Intrexon) and Multiplicom (acquired by Agilent). Prior to joining LSP, he was one of the founders of VIB and co-managing director of this leading life sciences research institute for 17 years, during which he was also responsible

for all business development. Under his leadership VIB has built a patent portfolio exceeding 200 patent families, signed 800 R&D and license agreements, spun out twelve companies and laid the foundation for bio-incubators, bio-accelerators and the biotech association FlandersBio. Dr Dekeyser is member of the advisory board of several foundations investing in life sciences innovation and has been one of the catalysts in the foundation of Oncode, a Dutch cancer research institute. Dr. Dekeyser holds a Ph.D in molecular biology from the University of Ghent.

Dr Erik Amble is a non-executive director of the Company. Dr Amble is the chairman and founder of NeoMed Management in 1997. Prior to that, he has been Chairman and controlling shareholder of NeoMed AS, providing investment advisory services, specializing in small and medium sized companies in the pharmaceutical, medical device and diagnostic industries. From 1993 to 1997, NeoMed AS co-managed two private equity investment companies, KS Nordic Healthcare Partners and Viking Medical Ventures Limited. Dr Amble has served as a board member of Clavis Pharma AS, GenoVision AS/Qiagen AS, Thommen Medical AG, Vessix Vascular Inc. and Sonendo Inc., and currently serves on the board of directors of JenaValve Technology Inc., CorFlow Therapeutics AG and Axonics Modulation Technologies Inc. He is a founder and former Chairman of the Norwegian Venture Capital Association. He holds a Dr. scient. degree in organic chemistry from the University of Oslo and a Master of Science degree in Management from the Graduate School of Business, Stanford University, U.S.A.

Mr Wim Ottevaere (WIOT BV) is an independent non-executive director of the Company. Mr Ottevaere is currently active as a non executive consultant for biotechs. Mr Ottevaere was the chief financial officer of Ablynx until September 2018, a Belgian biopharmaceutical company engaged in the development of proprietary therapeutic proteins based on single-domain antibody fragments. Ablynx was listed on Euronext Brussels and Nasdaq and acquired by Sanofi in June 2018. From 1992 until joining Ablynx in 2006, Mr Ottevaere was Chief Financial Officer of Innogenetics (now Fujirebio Europe), a biotech company that was listed on Euronext Brussels at the time. From 1990 until 1992, he served as Finance Director of Vanhout, a subsidiary of the Besix group, a large construction enterprise in Belgium. From 1978 until 1989, Mr Ottevaere held various positions in finance and administration within the Dossche group. Wim Ottevaere holds a Master's degree in Business Economics from the University of Antwerp, Belgium.

Mr Jason Hannon is an independent non-executive director of the Company. Mr. Hannon has extensive experience in the medical devices industry and is currently Chief Executive Officer at Mainstay Medical International plc, a global medical device company focused on the development and commercialisation of an innovative implantable neurostimulation system designed to treat chronic low back pain. Mr Hannon previously served as President and Chief Operating Officer of NuVasive (NASDAQ:NUVA), a leading medical device company focused on transforming spine surgery with minimally disruptive, procedurally-integrated solutions. He helped grow NuVasive from a small U.S.-centric business with a handful of products into the third largest spine company in the world. During his 12 years at NuVasive, Jason led the international business, was responsible for business development and strategy, and also served as general counsel. Jason has a JD degree from Stanford University Law School and a BA degree from the University of California, Berkeley.

The business address of each of the directors for the purpose of their mandate is the address of the Company's registered office: AA Tower, Technologiepark 122, 9052 Ghent, Belgium.

13.1.3.2 Executive Management and Senior Management

The executive management of the Company consists of the following members:

Name	Age	Position
Mr Ian Crosbie	52	Chief Executive Officer
Mrs Kirsten Van Bockstaele ⁽¹⁾	45	Chief Financial Officer

Notes:

(1) Acting as permanent representative of Fin-2K BV.

Mr Ian Crosbie is the chief executive officer and a director of the Company. Please see his biography under the section "Board of Directors" above.

Mrs Kirsten Van Bockstaele is the chief financial officer of Sequana Medical. She is a seasoned finance executive with extensive international experience in the healthcare industry. Mrs Van Bockstaele joined Sequana Medical from Fagron (formerly Arseus), an international pharmaceutical compounding company. Within Fagron, she held a number of senior financial roles, most recently as Vice President of Finance, North America. In this role, Mrs Van Bockstaele was responsible for creating and overseeing the company's financial strategy and policy, positioning Fagron's North American companies for growth. She also played a pivotal role in building out the North American headquarters, supporting the financial integration of acquisitions and assisting in redirecting the company's strategy. Mrs Van Bockstaele previously served as Chief Financial Officer for Arseus Dental & Medical Solutions, where she was instrumental in the coordination, support and control of financial activities in key European countries. Her previous roles include Financial Controller at Omega Pharma and Audit Manager at PwC. Kirsten Van Bockstaele has a degree in Business Economics from EHSAL and a degree in Financial and Fiscal Sciences from the University of Antwerp, Belgium.

The senior management team of the Company consists of the members of the executive management, together with the following members:

Name	Age	Position
Dr Gijs Klarenbeek	43	Chief Medical Officer
Mr Martijn Blom	46	Chief Commercial Officer
Mr Timur Resch	38	Global Vice President Quality Management and Regulatory Affairs
Mr Dirk Fengels (1)	48	Global Vice President Engineering and Manufacturing

Notes:

(1) Mr Dirk Fengels' function will shift from a full time position (100%) to a part-time position (40%) as of 30 April 2020.

Dr Gijs Klarenbeek is the Chief Medical Officer of the Company. Dr Klarenbeek has over 14 years academic and healthcare industry experience. After his training in abdominal surgery at the University of Leuven, he held multiple positions in Medical Affairs, Clinical and Marketing at large pharmaceutical (Sanofi, AstraZeneca) and medical device companies. These include roles as Director of Medical Affairs Europe at Boston Scientific, providing leadership to the medical support for the portfolio of products in the Structural Heart and Medical / Surgical divisions, and as Worldwide Medical Director Clinical Research at Johnson & Johnson's medical device division (Cordis and Cardiovascular Care Franchise), supporting the clinical development of different products through regulatory submission (CE mark & IDE), post-market commitments and development. Dr Klarenbeek holds an MD from the University of Leuven, Belgium and a degree in Business Administration from the Institute for Pharmaceutical Business Administration (IFB).

Mr Martijn Blom is the Chief Commercial Officer of the Company. Mr Blom has over 15 years' experience in the life sciences industry. Most recently he was the Director of International Marketing at Myriad Genetics, responsible for the marketing development of genetic testing in the international markets. Previous to Myriad, he worked as Director of Marketing and Market Development at PulmonX, a start up from Redwood City focusing on developing and marketing minimally-invasive medical devices and technologies to expand and improve treatment options for

emphysema patients. Prior to this he was Director International Marketing at Alere where he spent more than 7 years leading the marketing, training and marketing communications teams, for all of their business units: Cardiology, Women's Health, Oncology, Infectious Diseases, Blood Borne Pathogens, Toxicology and Health Management. Mr Blom studied economics at the MEAO in Breda and specialised at de Rooi Pannen in Marketing and Sales management.

Mr Timur Resch is the Global Vice President Quality Management and Regulatory Affairs of Sequana Medical. Mr Resch has 10 years of experience within quality management and regulatory affairs in the regulated medical device industry. In 2010, Mr Resch graduated as an engineer in medical technology from the University of Applied Sciences in Lübeck, Germany and began his professional career as a process and management consultant at Synspace AG. Thereafter, Mr Resch continued as Head of Quality Management & Regulatory Affairs at Schaerer Medical AG and prior to joining Sequana Medical held the position of Manager & Team Leader Regulatory Affairs at Medela AG. His experience includes the establishment of quality management systems, auditing, international product registrations for Class I to Class III medical devices, ensuring compliance with applicable regulatory requirements as well as being the liaison to Notified Bodies and health authorities. Mr Resch serves as member of quality and regulatory task forces and expert groups within Germany and Switzerland.

Mr Dirk Fengels is the Global Vice President Engineering and Manufacturing of the Company. He has over 15 years experience in research and development and spent the majority of his career in a multidisciplinary high-tech environment. Mr Fengels has extensive expertise in developing innovative solutions for the medical device industry. Prior to joining the Company, he led the Sensors & Systems group at the Swiss Center for Electronics and Microtechnology (CSEM) for 10 years, where his team specialised in developing innovative sensors, mechatronic systems and automated fluid handling solutions to create unique selling propositions on behalf of various industry partners. In his role, Mr Fengels was also responsible for aligning the research strategy in the automation field with industry needs and he mentored research and industry projects. Prior to CSEM, he was responsible for the development of next generation products in two medical start-up companies, one in Switzerland and one in Silicon Valley. Mr Fengels holds a Master's degree in Electrical Engineering from the Swiss Federal Institute of Technology, Zürich (ETH).

The business address of each of the members of the executive management for the purpose of their mandate is the address of the Company's registered office: AA Tower, Technologiepark 122, 9052 Ghent, Belgium.

13.1.3.3 Other mandates by Directors and Executive Managers

In the five years preceding the date of this report, the directors and members of the executive management have held the following directorships (apart from their functions within the Company) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
Rudy Dekeyser	Celyad SA Remynd NV Curetis NV Emblem GmbH Life Sciences Partners Lumeon Inc R.A.D. Life Sciences BVBA SystemUnoDue GCV	Ablynx NV CropDesign NV Actogenix NV Pronota NV Multiplicom NV
Erik Amble	NeoMed Management Ltd JenaValve Technology GmbH CorFlow Therapeutics AG Axonics Modulation Technologies	Sonendo Inc. Index Pharmaceuticals AB Vessix Vascular Inc.

Name	Current	Past
	Inc. Serca Pharmaceuticals AS	
Wim Ottevaere (WIOT BV)	Woconsult BV Vlaams Instituut voor Biotechnologie	Ablynx NV ⁽¹⁾
Pierre Chauvineau	Creavo Medical Technologies Ltd Rhythm AI in London NED Pathena	Boston Scientific Inc.
Jason Hannon	Mainstay Medical BV Mainstay Medical Limited Mainstay Medical (Australia) PTY Limited Mainstay Medical Distribution Limited Mainstay Medical GmbH Kuros Inc	Nemaris, Inc. MIS Spine Comercial Cervitech, Inc. NeuroMed, Inc. NuVasive and subsidiaries
Ian Crosbie	N/A	GC Aesthetics Ltd
Kirsten Van Bockstaele ⁽²⁾	Fin-2K BV	Fagron Inc

Notes:

(1) Acting through Woconsult BV.

(2) Acting through Fin-2K BV.

13.1.3.4 Confirmations by Directors and Executive Managers

Each of the directors and each of the members of executive management, confirmed to the Company that neither he or she nor the company through which he or she acts (as the case may be) was subject to (i) any convictions in relation to fraudulent offenses during the past five years or (ii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years. In addition, each of them has confirmed to the Company that neither he or she nor the company through which he or she acts (as the case may be) is subject to any bankruptcies, receiverships, liquidations or administration of any entities in which he, she or it held any office, directorships, or partner or senior management positions during the past five years.

13.1.4. Board of Directors

The Company has opted for a "one tier" governance structure whereby the board of directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company, and is authorised to carry out all actions that are considered necessary or useful to achieve the Company's object. The board of directors has all powers except for those reserved to the general shareholders' meeting by law or the Company's articles of association. The board of directors acts as a collegiate body.

Pursuant to the Company's current version of the corporate governance charter, as well as the revised version of the corporate governance charter (to be approved by the board of directors on 23 April 2020), the role of the board

of directors is to pursue sustainable value creation by the Company, by determining the Company's strategy, putting in place effective, responsible and ethical leadership, and monitoring the Company's performance. The board of directors decides on the Company's values and strategy, its risk appetite and key policies.

The board of directors is assisted by specialized committees in order to advise the board in respect of decisions to be taken, to give comfort to the board that certain issues have been adequately addressed and, if necessary, to bring specific issues to the attention of the board. The decision-making should remain the collegial responsibility of the board of directors.

The board of directors appoints and removes the chief executive officer and determines his or her powers. The chief executive officer is responsible for the day-to-day management of the Company and the implementation of the Company's mission, its strategy and the targets set by the board of directors, with a focus on the long-term future growth of the business. He or she may be granted additional well-defined powers by the board of directors. He or she has direct operational responsibility for the Company and oversees the organisation and day-to-day management of subsidiaries, affiliates and joint ventures. The chief executive officer is responsible for the execution and management of the outcome of all decisions of the board of directors. The chief executive officer reports directly to the board of directors.

Pursuant to the Belgian Companies and Associations Code and the current version of the Company's articles of association, the board of directors must consist of at least three directors. The Company's current version of the corporate governance charter, as well as the revised version of the corporate governance charter (to be approved by the board of directors on 23 April 2020), provides that the composition of the board of directors should ensure that decisions are made in the corporate interest. It should be determined so as to gather sufficient expertise in the Company's areas of activity as well as sufficient diversity of skills, background, age and gender. Pursuant to the 2009 Belgian Code on Corporate Governance and 2020 Belgian Code on Corporate Governance, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Companies and Associations Code and in the 2009 Belgian Code on Corporate Governance, respectively the 2020 Belgian Code on Corporate Governance. By 1 January 2024, at least one third of the members of the board of directors must be of the opposite gender.

The directors are elected by the Company's general shareholders' meeting. The term of the directors' mandates cannot exceed four (4) years. Resigning directors can be re-elected for a new term. Proposals by the board of directors for the appointment or re-election of any director must be based on a recommendation by the board. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting.

The general shareholders' meeting can dismiss the directors at any time. The Belgian Companies and Associations Code provides however that the general shareholders' meeting may, at the occasion of the termination, determine the date on which the mandate ends or grant a severance pay.

The board of directors elects a chair from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. The chair should be a person trusted for his or her professionalism, independence of mind, coaching capabilities, ability to build consensus, and communication and meeting management skills. The chair is responsible for the leadership and the proper and efficient functioning of the board of directors. He or she leads the meetings of the board of directors and ensures that there is sufficient time for consideration and discussion before decision-making. On the date of this report, Dr Pierre Chauvineau is chair of the board of directors and Mr Ian Crosbie is the chief executive officer. If the board of directors envisages appointing a former chief executive officer as chair, it should carefully consider the positive and negative implications of such a decision and disclose why such appointment will not hamper the required autonomy of the chief executive officer.

The board of directors should meet as frequently as the interest of the Company requires, or at the request of one or more directors. In principle, the board of directors will meet sufficiently regularly and at least five (5) times per year. The decisions of the board of directors are made by a simple majority of the votes cast. The chair of the board

of directors will have a casting vote.

During 2019, 14 meetings of the board of directors were held.

13.1.5. Committees of the Board of Directors

The board of directors has established two board committees with effect as of the closing of the IPO in 2019, which are responsible for assisting the board of directors and making recommendations in specific fields: the audit committee (in accordance with Article 7:99 of the Belgian Companies and Associations Code, provision 5.2 of the 2009 Belgian Code on Corporate Governance and provision 4.10 of the 2020 Belgian Code on Corporate Governance) and the remuneration and nomination committee (in accordance with Article 7:100 of the Belgian Companies and Associations Code, provision 5.3 and 5.4 of the 2009 Belgian Code on Corporate Governance and provision 4.17 and 4.19 of the 2020 Belgian Code on Corporate Governance). The terms of reference of these board committees are primarily set out in the current version of the corporate governance charter, as well as the revised version of the corporate governance charter (to be approved by the board of directors on 23 April 2020).

13.1.5.1 Audit Committee

The audit committee of the Company consists of three directors. According to the Belgian Companies and Associations Code, all members of the audit committee must be non-executive directors, and at least one member must be independent within the meaning of Article 7:87 of the Belgian Companies and Associations Code. The chair of the audit committee is to be appointed by the members of the audit committee. On the date of this report, the following directors are the members of the audit committee: Mr Wim Ottevaere (WIOT BV), Mr Pierre Chauvineau and Dr Erik Amble. The composition of the audit committee complies with the 2009 Belgian Code on Corporate Governance and the 2020 Belgian Code on Corporate Governance, which require that a majority of the members of the audit committee are independent.

The members of the audit committee must have a collective competence in the business activities of the Company as well as in accounting, auditing and finance, and at least one member of the audit committee must have the necessary competence in accounting and auditing. According to the board of directors, the members of the audit committee satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold.

The role of the audit committee is to:

- inform the board of directors of the result of the audit of the financial statements and the manner in which the audit has contributed to the integrity of the financial reporting and the role that the audit committee has played in that process;
- monitor the financial reporting process, and to make recommendations or proposals to ensure the integrity of the process,
- monitor the effectiveness of the internal control and risk management systems, and the Company's internal audit process and its effectiveness;
- monitor the audit of the financial statements, including the follow-up questions and recommendations by the statutory auditor;
- assess and monitor the independence of the statutory auditor, in particular with respect to the appropriateness of the provision of additional services to the Company. More specifically, the audit committee analyses, together with the statutory auditor, the threats for the statutory auditor's

independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in Article 4 §3 of Regulation (EU) No 537/2014; and

- make recommendations to the board of directors on the selection, appointment and remuneration of the statutory auditor of the Company in accordance with Article 16 § 2 of Regulation (EU) No 537/2014.

The audit committee should have at least four regularly scheduled meetings each year. The audit committee regularly reports to the board of directors on the exercise of its missions, and at least when the board of directors approves the financial statements and the condensed or short form financial information that will be published. The members of the audit committee have full access to the executive management and to any other employee to whom they may require access in order to carry out their responsibilities.

Without prejudice to the statutory provisions which determine that the statutory auditor must address reports or warnings to the corporate bodies of the Company, the statutory auditor must discuss, at the request of the statutory auditor, or at the request of the audit committee or of the board of directors, with the audit committee or with the board of directors, essential issues which are brought to light in the exercise of the statutory audit of the financial statements, which are included in the additional statement to the audit committee, as well as any meaningful shortcomings discovered in the internal financial control system of the Company.

During 2019, 5 meetings of the audit committee were held.

13.1.5.2 Remuneration and Nomination Committee

The remuneration and nomination committee consists of at least three directors. In line with the Belgian Companies and Associations Code, the 2009 Belgian Code on Corporate Governance and the 2020 Belgian Code on Corporate Governance (i) all members of the remuneration and nomination committee are non-executive directors, (ii) the remuneration and nomination committee consists of a majority of independent directors and (iii) the remuneration and nomination committee is chaired by the chair of the board of directors or another non-executive director appointed by the committee. The following directors are the members of the remuneration and nomination committee: Dr Rudy Dekeyser, Mr Wim Ottevaere (WIOT BV) and Mr Jason Hannon.

Pursuant to the Belgian Companies and Associations Code, the remuneration and nomination committee must have the necessary expertise in terms of remuneration policy, which is evidenced by the experience and previous roles of its current members.

The chief executive officer participates in the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of another member of the executive management is being discussed.

The role of the remuneration and nomination committee is to make recommendations to the board of directors with regard to the appointment and remuneration of directors and members of the executive management and, in particular, to:

- identify, recommend and nominate, for the approval of the board of directors, candidates to fill vacancies in the board of directors and executive management positions as they arise. In this respect, the remuneration and nomination committee must consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the board of directors on any proposal for the appointment of the chief executive officer and on the chief executive officer's proposals for the appointment of other members of the executive management;
- draft appointment procedures for members of the board of directors and the chief executive officer;
- ensure that the appointment and re-election process is organised objectively and professionally;

- periodically assess the size and composition of the board of directors and make recommendations to the board of directors with regard to any changes;
- consider issues related to succession planning;
- make proposals to the board of directors on the remuneration policy for directors and members of the executive management and the persons responsible for the day-to-day management of the Company, as well as, where appropriate, on the resulting proposals to be submitted by the board of directors to the shareholders' meeting;
- make proposals to the board of directors on the individual remuneration of directors and members of the executive management, and the persons responsible for the day-to-day management of the Company, including variable remuneration and long-term incentives, whether or not share-related, in the form of share options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the board of directors to the shareholders' meeting;
- prepare a remuneration report to be included by the board of directors in the annual corporate governance statement;
- present and provide explanations in relation to the remuneration report at the annual shareholders' meeting; and
- report regularly to the board of directors on the exercise of its duties.

In principle, the remuneration and nomination committee meets as frequently as necessary for carrying out its duties, but at least two times a year.

In 2019, 2 meetings of the remuneration and nomination committee were held.

13.1.6. Activity Report and Attendance at Board and Committee Meetings during 2019

The table summarises the attendance of meetings of the board of directors and the respective committees of the board of directors by their members in person or by conference call. It does not take into account attendance via representation by proxy.

Name	Board Meeting	Audit	Nomination and remuneration
Mr Pierre Chauvineau ⁽¹⁾	12 out of 14 meetings	5 out of 5 meetings	1 out of 2 meetings
Mr Ian Crosbie ⁽¹⁾	12 out of 14 meetings	5 out of 5 meetings	2 out of 2 meetings
Mr Rudy Dekeyser	14 out of 14 meetings	N/A ⁽⁴⁾	2 out of 2 meetings
Mr Erik Amble	14 out of 14 meetings	5 out of 5 meetings	N/A ⁽⁴⁾

Mr Wim Ottevaere ⁽¹⁾ ⁽²⁾	11 out of 14 meetings	4 out of 5 meetings	2 out of 2 meetings
Mr Jason Hannon ⁽⁵⁾	7 out of 14 meetings	N/A ⁽⁴⁾	1 out of 2 meetings
Mr Diego Braguglia ⁽³⁾	2 out of 14 meetings	N/A ⁽⁴⁾	N/A ⁽⁴⁾

Notes:

- (1) Only in function as director of the Company since 12 February 2019.
- (2) Acting as permanent representative of WIOT BV.
- (3) Resigned as director of the Company on 12 February 2019.
- (4) The board member is not a member of the specific committee.
- (5) Only in function as director of the Company since 23 May 2019.

13.1.7. Independent Directors

A director in a listed company is considered to be independent if he or she does not have a relationship with that company or with a major shareholder of the Company that compromises his or her independence. If the director is a legal entity, his or her independence must be assessed on the basis of both the legal entity and his or her permanent representative. A director will be presumed to qualify as an independent director if he or she meets at least the criteria set out in Article 7:87 of the Belgian Companies and Associations Code and Clause 3.5 of the 2020 Corporate Governance Code, which can be summarised as follows:

1. Not being an executive, or exercising a function as a person entrusted with the daily management of the Company or an affiliated company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the Company related to this position;
2. Not having served for a total term of more than twelve years as a non-executive board member;
3. Not being an employee of the senior management (as defined in Article 19,2° of the law of 20 September 1948 regarding the organisation of the business industry) of the Company or an affiliated company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the Company related to this position;
4. Not receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the Company or an affiliated company or person, apart from any fee they receive or have received as a non-executive board member;
5. Not holding shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the Company's share capital or one tenth or more of the voting rights in the company at the moment of appointment;
6. Not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under point 5;

7. Not having, nor having had in the past year before their appointment, a significant business relationship with the Company or an affiliated company or person, either directly or as partner, shareholder, board member, member of the senior management (as defined in Article 19,2° of the law of 20 September 1948 regarding the organisation of the business industry) of a company or person who maintains such a relationship;
8. Not being or having been within the last three years before their appointment, a partner or member of the audit team of the Company or person who is, or has been within the last three years before their appointment, the external auditor of the Company or an affiliated company or person;
9. Not being an executive of another company in which an executive of the Company is a non-executive board member, and not have other significant links with executive board members of the Company through involvement in other companies or bodies;
10. Not being, in the Company or an affiliated company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management (as defined in Article 19,2° of the law of 20 September 1948 regarding the organisation of the business industry), or falling in one of the other cases referred to in the points 1 to 9 above, and as far as point 2 is concerned, up to three years after the date on which the relevant relative has terminated their last term.

If the board of directors submits the nomination of an independent director who does not meet the abovementioned criteria to the general meeting, it shall explain the reasons why it assumes that the candidate is in fact independent.

Mr Pierre Chauvineau, Mr Wim Ottevaere (WIOT BV) and Mr Jason Hannon are the Company's current independent directors.

The Company is of the view that the independent directors comply with each of the criteria of the Belgian Companies and Associations Code and the 2020 Belgian Code on Corporate Governance. The aforementioned directors also complied with the criteria for being an independent director in 2019 pursuant to the former Belgian Companies Code of 7 May 1999 and the 2009 Belgian Corporate Governance Code.

13.1.8. Performance Review of the Board of Directors

The board of directors will evaluate, through a formal process and at least every three years, its own performance and its interaction with the executive management, as well as its size, composition, and functioning and that of its committees.

The evaluation assesses how the board of directors and its committees operate, checks that important issues are effectively prepared and discussed, evaluates each director's contribution and constructive involvement, and assesses the present composition of the board of directors and its committees against the desired composition. This evaluation takes into account the members' general role as director, and specific roles as chair, chair or member of a committee of the board of directors, as well as their relevant responsibilities and time commitment. At the end of each board member's term, the remuneration and nomination committee should evaluate this board member's presence at the board or committee meetings, their commitment and their constructive involvement in discussions and decision-making in accordance with a pre-established and transparent procedure. The remuneration and nomination committee should also assess whether the contribution of each board member is adapted to changing circumstances.

The board will act on the results of the performance evaluation. Where appropriate, this will involve proposing new board members for appointment, proposing not to re-appoint existing board members or taking any measure

deemed appropriate for the effective operation of the board.

Non-executive directors assess their interaction with the executive management on a continuous basis.

13.1.9. Executive Management and Chief Executive Officer

13.1.9.1 Executive Management

The executive management is composed of two members and is led by the chief executive officer. Its members are appointed by the board of directors on the basis of a recommendation by the remuneration and nomination committee. The executive management is responsible and accountable to the board of directors for the discharge of its responsibilities.

The executive management is responsible for:

- being entrusted with the operational leadership of the Company;
- formulating proposals to the board in relation to the Company's strategy and its implementation;
- proposing a framework for internal control (i.e. systems to identify, assess, manage and monitor financial and other risks) and risk management, and putting in place internal controls, without prejudice to the board's monitoring role, and based on the framework approved by the board of directors;
- presenting to the board of directors complete, timely, reliable and accurate financial statements, in accordance with the applicable accounting standards and policies of the Company;
- preparing the Company's mandatory disclosure of the financial statements and other material financial and non-financial information;
- presenting the board of directors with a balanced and understandable assessment of the Company's financial situation;
- preparing the Company's yearly budget to be submitted to the board of directors;
- timely providing the board of directors with all information necessary for it to carry out its duties;
- being responsible and accountable to the board of directors for the discharge of its responsibilities;
- implementing the decisions made and the policies, plans and policies approved by the board and deal with such other matters as are delegated by the board of directors from time to time.

13.1.9.2 Chief Executive Officer

The chief executive officer is responsible for the day-to-day management of the Company and the implementation of the Company's mission, its strategy and the targets set by the board of directors, with a focus on the long-term future growth of the business. He or she may be granted additional well-defined powers by the board of directors. The chief executive officer is responsible for the execution and management of the outcome of all decisions of the board of directors.

The chief executive officer leads the executive management within the framework established by the board of directors and under its ultimate supervision. The chief executive officer is appointed and removed by the board of

directors and reports directly to it.

13.1.10. Conflicts of Interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by Article 7:96 of the Belgian Companies and Associations Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberation or voting related thereto. The current version of the corporate governance charter, as well as the revised version of the corporate governance charter (to be approved by the board of directors on 23 April 2020), contains the procedure for transactions between the Company and the directors which are not covered by the legal provisions on conflicts of interest. The current version of the corporate governance charter, as well as the revised version of the corporate governance charter (to be approved by the board of directors on 23 April 2020), contains a similar procedure for transactions between the Company and members of the executive management.

To the knowledge of the Company, there are, on the date of this report, no potential conflicts of interests between any duties to the Company of the members of the board of directors and members of the executive management and their private interests and/or other duties.

On the date of this report, there are no outstanding loans granted by the Company to any of the members of the board of directors and members of the executive management, nor are there any guarantees provided by the Company for the benefit of any of the members of the board of directors and members of the executive management.

None of the members of the board of directors and members of the executive management has a family relationship with any other of the members of the board of directors and members of the executive management.

13.1.11. Dealing Code

With a view to preventing market abuse (insider dealing and market manipulation), the board of directors has established a dealing code. The dealing code describes the declaration and conduct obligations of directors, members of the executive management, certain other employees and certain other persons with respect to transactions in shares and other financial instruments of the Company. The dealing code sets limits on carrying out transactions in shares and other financial instruments of the Company, and allows dealing by the above mentioned persons only during certain windows.

13.1.12. Internal Control and Risk Management

13.1.12.1 Introduction

The Sequana Medical Group operates a risk management and control framework in accordance with the Belgian Companies and Associations Code and the 2020 Corporate Governance Code. The Sequana Medical Group is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the board of directors (including the audit committee), the executive management and the management Team and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- achievement of the Sequana Medical Group objectives;
- achieving operational excellence;
- ensuring correct and timely financial reporting; and
- compliance with all applicable laws and regulations.

13.1.12.2 Control Environment

Three lines of defence

The Sequana Medical Group applies the 'three lines of defence model' to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control. Within this model, the lines of defence to respond to risks are:

- First line of defence: line management is responsible for assessing risks on a day-to-day basis and implementing controls in response to these risks.
- Second line of defence: the oversight functions like Finance and Controlling and Quality and Regulatory oversee and challenge risk management as executed by the first line of defence. The second line of defence functions provide guidance and direction and develop a risk management framework.
- Third line of defence: independent assurance providers such as external accounting and external audit challenge the risk management processes as executed by the first and second line of defence.

Policies, procedures and processes

The Sequana Medical Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different Company-wide policies, procedures and processes such as the Sequana Medical Group values, the Quality Management System and the Delegation of Authorities rule set. The Executive and Senior Management fully endorses these initiatives.

The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

Group-wide Financial System

The Sequana Medical Group entities operate the same group-wide financial system which are managed centrally. This system embeds the roles and responsibilities defined at the Sequana Medical Group level. Through these systems, the main flows are standardized and key controls are enforced. The systems also allow detailed monitoring of activities and direct access to data.

13.1.12.3 Risk management

Sound risk management starts with identifying and assessing the risks associated with the Sequana Medical Group's business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and

minimize such risks, acknowledging that certain calculated risks are necessary to ensure that the Sequana Medical Group achieves its objectives and continues to create value for its stakeholders. All employees of the Sequana Medical Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

13.1.12.4 Control activities

Control measures are in place to minimize the effect of risks on Sequana Medical Group's ability to achieve its objectives. These control activities are embedded in the Sequana Medical Group's key processes and systems to assure that the risk responses and the Sequana Medical Group's overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments.

Key compliance areas are monitored for the entire Sequana Medical Group by the Quality and Regulatory department and the Finance and Controlling department. In addition to these control activities, an insurance program is implemented for selected risk categories that cannot be absorbed without material effect on the Company's balance sheet.

13.1.12.5 Information and communication

The Sequana Medical Group recognizes the importance of timely, complete and accurate communication and information both top-down as well as bottom-up. The Sequana Medical Group therefore put several measures in place to assure amongst others:

- security of confidential information;
- clear communication about roles and responsibilities; and
- timely communication to all stakeholders about external and internal changes impacting their areas of responsibility.

13.1.12.6 Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively.

The quality of the Sequana Medical Group's risk management and control framework is assessed by the following functions:

- **Quality and Regulatory:** Within the Quality Management System (QMS) according to ISO 13485:2016, Sequana Medical has a systematic process for identifying hazards and hazardous situations associated with Sequana Medical devices and their use, estimating and evaluating the associated risks, controlling and documenting the risks, and monitoring the effectiveness of controls. This risk management process is based on the standard EN ISO 14971:2012. Sequana Medical's QMS is subject to internal audits by the Quality and Regulatory department and external audits by the Notified Body BSI. The suitability and effectiveness of the QMS will also be evaluated as part of the annual management review.
- **External Audit:** In Sequana Medical's review of the annual accounts, the statutory auditor focuses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the audit committee.

- **Audit Committee:** The board of directors and the audit committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the audit committee, see section 13.1.5 of this Corporate governance statement.

13.1.12.7 Risk management and internal control with regard to the process of financial reporting

The accurate and consistent application of accounting rules throughout the Sequana Medical Group is assured by means of set of control procedures. On an annual basis, a bottom-up risk analysis is conducted to identify risk factors. Action plans are defined for all key risks.

Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accounting team is responsible for producing the accounting figures, whereas the controlling team checks the validity of these figures. These checks include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities.

Uniform reporting of financial information throughout the Sequana Medical Group ensures a consistent flow of information, which allows the detection of potential anomalies. The Group's financial systems and management information tools allow the central controlling team direct access to integrated financial information.

An external financial calendar is planned in consultation with the Board and the Executive Management, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Sequana Medical Group stakeholders with the information necessary for making sound business decisions. The financial calendar can be consulted on <https://www.sequanamedical.com/investors/financial-information>.

13.1.13. Principal Shareholders

The Company has a wide shareholder base, mainly composed of institutional investors in Switzerland, Belgium and other European countries, but also comprising Belgian retail investors.

The table below provides an overview of the shareholders that notified the Company, since the completion of the IPO, of their shareholding in the Company pursuant to applicable transparency disclosure rules, up to the date of this report. Although the applicable transparency disclosure rules require that a disclosure be made by each person passing or falling under one of the relevant thresholds, it is possible that the information below in relation to a shareholder is no longer up-to-date.

	Date of Notification	Number of Shares	% of the voting rights attached to Shares ⁽¹⁾
Société Fédérale de Participations et d'Investissement SA – Federale Participatie- en Investeringsmaatschappij NV / Belfius Insurance SA ⁽²⁾	18 February 2020	2,004,358	12.70%
Capricorn Partners NV ⁽³⁾	14 February 2020	N/A ⁽⁵⁾	N/A ⁽⁵⁾
GRAC Société Simple ⁽⁴⁾	30 January 2020	833,333	5.28%
NeoMed IV Extension L.P. / NeoMed Innovation V L.P. ⁽⁶⁾	30 January 2020	4,270,807	27.07%
Newton Biocapital I Pricav Privée SA ⁽⁷⁾	21 February 2019	1,102,529	6.99%
Venture Incubator AG / VI Partners AG ⁽⁸⁾	21 February 2019	525,501	3.33%
LSP Health Economics Fund Management B.V. ⁽⁹⁾	19 February 2019	1,539,407	9.76%
Participatiemaatschappij Vlaanderen NV ⁽¹⁰⁾	18 February 2019	1,223,906	7.76%

Notes:

- (1) The percentage of voting rights is calculated on the basis of 15,778,566 outstanding shares of the Company.
- (2) A parent undertaking or a controlling person of Société Fédérale de Participations et d'Investissement SA / Federale Participatie- en Investeringsmaatschappij NV ("SFPI-FPIM"), Belfius Banque SA ("Belfius Bank") and Belfius Insurance SA ("Belfius Insurance"), informed the Company, by means of a notification dated 18 February 2020, that the aggregate shareholding of SFPI-FPIM and Belfius Insurance crossed the threshold of 10% of the outstanding voting rights of the Company on 17 February 2020. The joint notification specifies furthermore that SFPI-FPIM is the parent company of Belfius Bank (ex Dexia Banque SA), which in its turn is the parent company of Belfius Insurance. The notification also states that SFPI-FPIM acts in its own name, but on behalf of the Belgian State and that it is owned for 100% by the Belgian State. It follows from the notification that Belfius Bank does not own any voting securities or voting rights in the Company.
- (3) Capricorn Partners NV ("CP") (acting as person that notifies alone), informed the Company, by means of a notification dated 14 February 2020, that the aggregate shareholding of the funds Capricorn Health-tech Fund NV and Quest for Growth NV, managed by CP, downward crossed the lowest threshold of 3% of the outstanding voting rights of the Company on 14 February 2020. The notification specifies furthermore that (a) CP is in itself no owner of shares in the Company but manages two funds (Capricorn Health-tech Fund NV and Quest for Growth NV) which are owner of shares of the Company, (b) CP exercises the voting rights in both funds as management company, and (c) CP is not controlled within the meaning of the articles 1:14 and 1:16 of the Belgian Companies and Associations Code. The notification also states that (a) the voting securities are owned by two funds managed by CP, and (b) CP can exercise the voting rights of the funds at its own discretion at the general meeting of shareholders of the Company.
- (4) The transparency notification did not mention how many voting securities or voting rights are held by CP after downward crossing the lowest threshold of 3%.
- (5) GRAC Société Simple ("GRAC") (acting as a person that notifies alone) informed the Company, by means of a notification dated 30 January 2020, that the shareholding of GRAC crossed the threshold of 5% of the outstanding voting rights of the Company. The notification specifies furthermore that GRAC is not controlled by another entity or holding.
- (6) A parent undertaking or a controlling person of NeoMed IV Extension L.P. ("NeoMed IV") and NeoMed Innovation V L.P. ("NeoMed V"), informed the Company, by means of a notification dated 30 January 2020, that the aggregate shareholding of NeoMed IV and NeoMed V passively crossed below the threshold of 30% of the outstanding voting rights of the Company. The notification specifies furthermore that NeoMed IV and NeoMed V are each a private limited company incorporated in Jersey, and are each controlled by their investment manager NeoMed Management (Jersey) Limited (a private limited company incorporated in Jersey) and that NeoMed Management (Jersey) Limited is controlled by Erik Amble, Claudio Nessi, Dina Chaya and Pål Jensen. The notification also states that NeoMed IV and NeoMed V do not own the securities of the Company but manage partnerships that own the voting rights attached to the securities and that, as general partners to its partnerships, NeoMed IV and NeoMed V exercise the voting rights attached to the securities at their discretion in the absence of specific instructions. The previous number of voting rights that was notified by NeoMed IV and NeoMed V amounted to, respectively, 2,853,673 and 1,342,968, being 4,196,641 in total.

- (7) Newton Biocapital I Pricav Privée SA ("**NBC**"), a person that notifies alone, informed the Company, by means of a notification dated 21 February 2019 that, as a result of the completion of the IPO, on 11 February 2019, NBC's shareholding crossed the threshold of 5% of the outstanding voting rights of the Company. The notification specifies furthermore that NBC is not controlled within the meaning of the articles 5 and 7 of the Belgian Companies Code of 7 May 1999. The notification also states that (a) NBC acts as discretionary investment manager and holds voting rights attached to shares on behalf of its clients, and (b) NBC can exercise the voting rights at its own discretion without instructions of its clients.
- (8) VI Partners AG, a person that notifies alone, informed the Company, by means of a notification dated 21 February 2019 that, as a result of the completion of the IPO, on 11 February 2019, the joint shareholding of VI Partners AG and Venture Incubator AG crossed the threshold of 3% of the outstanding voting rights of the Company. The joint notification specifies furthermore that VI Partners AG is not a controlled entity within the meaning of article 5 and 7 of the Belgian Companies Code of 7 May 1999. The notification also states that (a) VI Partners AG is a shareholder and the management company of Venture Incubator AG, a multi-investor investment company, and (b) it is authorised to exercise the voting rights in the shares held by Venture Incubator AG at its free discretion, in the absence of specific instructions.
- (9) A parent undertaking or a controlling person of LSP Health Economics Fund Management B.V. ("**LSP**"), informed the Company, by means of a notification dated 19 February 2019 that, as a result of the completion of the IPO, on 11 February 2019, LSP's shareholding crossed the threshold of 10% of the outstanding voting rights of the Company. The notification specifies furthermore that LSP is controlled by LSP Management Group BV within the meaning of the articles 5 and 7 of the Belgian Companies Code of 7 May 1999 and that LSP Management Group BV is no controlled undertaking. The notification also states that (a) LSP is not an owner of the shares of the Company, but manages the funds that own the shares of the Company, (b) LSP exercises the voting rights of the funds as management company, and (c) LSP can exercise the voting rights of the funds at its own discretion at the general meeting of shareholders of the Company.
- (10) A parent undertaking or a controlling person of Participatiemaatschappij Vlaanderen NV ("**PMV**"), informed the Company, by means of a notification dated 18 February 2019 that, as a result of the completion of the IPO, on 11 February 2019, PMV's shareholding crossed the threshold of 5% of the outstanding voting rights of the Company. The notification specifies furthermore that PMV is controlled by Het Vlaams Gewest within the meaning of the articles 5 and 7 of the Belgian Companies Code of 7 May 1999 and that Het Vlaams Gewest is not controlled.

No other shareholders, alone or in concert with other shareholders, notified the Company of a participation or an agreement to act in concert in relation to 3% or more of the current total existing voting rights attached to the voting securities of the Company.

Copies of the abovementioned transparency notifications, are available on Sequana Medical's website (www.sequanamedical.com).

13.1.14. Share Capital and Shares

On the date of this report, the share capital of the Company amounts to EUR 1,635,006.12 and is fully paid-up. It is represented by 15,778,566 ordinary shares, each representing a fractional value of (rounded) EUR 0.1036 and representing one 15,778,566th of the share capital. The Company's shares do not have a nominal value.

In addition to the outstanding shares, the Company has a number of outstanding options that are exercisable into ordinary shares, consisting of:

- one subscription right that was granted in 2016 to Bootstrap, subject to the terms and conditions that are set out in the 'Warrant Agreement', dated 2 September 2016, between the Company and Bootstrap, as amended on 28 April 2017, 1 October 2018, and 20 December 2018 (the "**Bootstrap Subscription Right**"). Bootstrap will be entitled to subscribe to 302,804 ordinary shares when exercising its Bootstrap Subscription Right.
- 104,378 share options out of the maximum available 111.177 share options, that were granted in 2018 to members of the staff, as well as consultants of the Company, subject to the terms and conditions that are determined by the board of directors (the "**Executive Share Options**"). Each holder of an Executive Share Option will be entitled to subscribe to ca. 2.88 ordinary shares when exercising one of his or her share options.
- 278,745 share options out of the maximum available 1,263,755 share options, that were granted in 2019 to members of the staff, as well as consultants of the Company, subject to the terms and conditions that are determined by the board of directors (the "**2018 Share Options**"). Each holder of an 2018 Share Option will be entitled to subscribe to one (1) ordinary share when exercising one of his or her share options.

13.1.14.1 Form and Transferability of the Shares

The shares of the Company can take the form of registered shares and dematerialized shares. All the Company's shares are fully paid-up and are freely transferable.

On 21 January 2020, the board of directors of the Company decided to increase the share capital of the Company in the framework of the authorised capital by the issuance of a maximum number of shares which still had to be determined, with dis-application of the preferential subscription right of the existing shareholders of the Company and, in so far as required, of the existing holders of subscription rights (stock options) of the Company, subject to, amongst other things, the condition that the new shares would be offered to a broad group of unidentified Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions, in the framework of a private placement through an accelerated bookbuilding procedure. On that basis, the Company decided to instruct a number of investment banks to organise, launch and close the offering of new shares via a private placement through an accelerated bookbuilding procedure. The transaction was launched on 22 January 2020, and later that same day the Company announced that it successfully raised an amount of approximately EUR 19.0 million in gross proceeds by means of a private placement via an accelerated bookbuilding procedure of 3,166,666 new shares at an issue price of EUR 6.00 per share. The settlement and payment of the 3,166,666 new shares took place on 27 January 2020. Of these new shares, 2,522,379 shares were immediately admitted to trading on the regulated market of Euronext Brussels upon their issuance, and 644,287 shares were not immediately admitted to trading on the regulated market of Euronext Brussels upon their issuance. The Company is currently preparing a listing prospectus to have the 644,287 unlisted shares admitted to trading on the regulated market of Euronext Brussels. All of the other 12,611,900 existing shares have been admitted to trading on the regulated market of Euronext Brussels.

13.1.14.2 Currency

The Company's shares do not have a nominal value, but each reflect the same fraction of the Company's share capital, which is denominated in euro.

13.1.14.3 Voting Rights attached to the Shares

Each shareholder of the Company is entitled to one vote per share. Shareholders may vote by proxy, subject to the rules described in the Company's articles of association.

Voting rights can be mainly suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the board of directors of the Company;
- to which more than one person is entitled or on which more than one person has rights in rem (*zakelijke rechten*) on, except in the event a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 3%, 5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least 20 calendar days prior to the date of the general shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and
- of which the voting right was suspended by a competent court or the FSMA.

Pursuant to the Belgian Companies and Associations Code, the voting rights attached to shares owned by the Company, or a person acting in its own name but on behalf of the Company, or acquired by a subsidiary of the Company, as the case may be, are suspended.

13.1.14.4 Dividends and Dividend Policy

All of the shares of the Company entitle the holder thereof to an equal right to participate in dividends in respect of the financial year ending 31 December 2019 and future years. All of the shares participate equally in the Company's profits (if any). Pursuant to the Belgian Companies and Associations Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP and based on a (non-binding) proposal of the Company's board of directors. The Belgian Companies and Associations Code and the Company's articles of association also authorise the board of directors to declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP. In particular, dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory non-consolidated financial statements (*i.e.* summarised, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all in accordance with Belgian accounting rules), decreased with, except in exceptional cases, to be disclosed and justified in the notes to the annual accounts, the non-amortised costs of incorporation and extension and the non-amortised costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves.

In addition, pursuant to Belgian law and the Company's articles of association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts, until the legal reserve amounts to 10% of the Company's share capital. The Company's legal reserve currently does not meet this requirement. Accordingly, 5% of its Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders.

Furthermore, on the date of this report, the Bootstrap Loan (as defined below) includes covenants which may limit the Company's ability (or require Bootstrap's prior consent) to make distributions by way of dividends or otherwise.

Additional financial restrictions and other limitations may be contained in future credit agreements.

13.1.15. Information that has an impact in case of public takeover bids

The Company provides the following information in accordance with Article 34 of the Belgian Royal Decree dated 14 November 2007:

- (i) The share capital of the Company amounts to EUR 1,635,006.12 and is fully paid-up. It is represented by 15,778,566 ordinary shares, each representing a fractional value of (rounded) EUR 0.1036 and representing one 15,778,566th of the share capital. The Company's shares do not have a nominal value.
- (ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.
- (iii) There are no holders of any shares with special control rights.

- (iv) There are no share option plans for employees other than the share option plans disclosed elsewhere in this report. These share option plans contain provisions on accelerated vesting in case of change of control.
- (v) Each shareholder of the Company is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.
- (vi) There are no agreements between shareholders which are known by the Company that may result in restrictions on the transfer of securities and/or the exercise of voting rights, except transfer restrictions in relation to shares issuable upon exercise of the Executive Share Options and the 2018 Share Options (see also section 13.2.7 of the Remuneration Report).
- (vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the current versions of the Company's articles of association and the Company's Corporate Governance Charter.
- (viii) The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "*to avoid imminent and serious danger to the Company*" (i.e., to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.
- (ix) At the date of this report, the Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:
- a loan agreement entered into between the Company and Bootstrap Europe S.C.Sp. ("Bootstrap") (the "Bootstrap Loan") provides that Bootstrap may cancel any undrawn part of the facility and declare all outstanding amounts under the Bootstrap Loan immediately due and payable if a change of control occurs, whereby "change of control" is to be understood as the key shareholders collectively ceasing to directly hold or have the power to cast, or control the cast of, at least 50.1% of (i) the issued share capital or (ii) the voting rights relating to the issued share capital, or any sale of (a) any or all assets related to the Company's liver or heart business with a minimum net value of at least CHF 10 million or (b) all or substantially all of the assets or business of the Company;
 - the exclusive distribution agreement between the Company and Gamida Ltd. provides that in case of a more than 50% change of ownership, or direct or indirect control of the Company occurs, both parties to the distribution agreement may terminate this agreement with immediate effect without curing procedures by written notice of termination. The agreement further provides that in such case, the Company shall use commercially reasonable efforts to convince the new owners of Sequana Medical of a new distribution agreement between Sequana Medical and Gamida Ltd. with terms that are similar to the terms of the current agreement.
- (x) The employment agreement with the chief executive officer provides that if within six months after the completion of an "Exit Transaction" the chief executive officer is (i) no longer the chief executive officer of the Company, or (ii) required to change his current work pattern (the events in (i) and (ii) shall be an "Enforced Redundancy"), the chief executive officer shall be entitled to resign and shall no longer be required to work or

perform until the end of the four months' notice period. The term "Exit Transaction" has been defined as (i) a transfer of more than 50% of the Company's shares or more than 50% of the voting rights to a third party or a group of persons exercising joint control in one or a series of related transactions to a propose acquirer who wishes to acquire a controlling majority of the shares, voting rights or assets pursuant to a bona fide purchase offer, (ii) the sale, lease, transfer, license or other disposition of all or substantially all of the Company's assets, or (iii) the consolidation or merger of the Company in which the Company is not the surviving entity or any other event pursuant to which the shareholders of the Company will have less than 50% plus one share of the voting power and/or of the shares of the surviving or acquiring company. In the event of an Enforced Redundancy, the chief executive officer will be entitled to a pro rata bonus. In the event of an Enforced Redundancy, the chief executive officer may also, at his sole discretion, elect to terminate the employment agreement with immediate effect and the Company shall then be required to make a payment in lieu of a notice equivalent to the basic salary only (but not the other benefits) to which the chief executive officer would have been entitled. Furthermore, the agreements concluded between the Company and a few of its employees provide for compensation in the event of a change of control.

In addition, the Company's share-based plans also contain takeover protection provisions.

Finally, the 'Warrant Agreement', dated 2 September 2016, between the Company and Bootstrap, as amended on 28 April 2017, 1 October 2018, and 20 December 2018, also contain take-over provisions.

No takeover bid has been instigated by third parties in respect of the Company's equity during the current financial year.

13.1.16. Diversity & Inclusiveness

Due to the fact that the Company has only been listed for a year, no diversity policy has been introduced yet.

The board of directors is currently composed of only men. Although the Company does not have a diversity policy on the date of this report, it intends to put this in place in order to obtain a gender diversity amongst its board members in accordance with the timeline set by Article 7:86 of the Belgian Companies and Associations Code.

The Company will also ensure that a diversity policy will exist for the members of the management committee, the other leaders and the individuals responsible for the daily management of the Company.

13.2 Remuneration report

13.2.1. Introduction

The Company has prepared this remuneration report relating to the remuneration of directors and the executive management of the Company. This remuneration report is part of the Corporate governance statement, which is part of the Company's annual report of the board of directors on the statutory accounts for the financial year ended on 31 December 2019 (dated 27 January 2020) in accordance with Article 3:6, §3 of the Belgian Companies and Associations Code of 23 March 2019 (as amended) (the "**Belgian Companies and Associations Code**"). The remuneration report will be submitted to the annual general shareholders' meeting on 28 May 2020 for approval.

13.2.2. Remuneration policy

Sequana Medical's remuneration policy is designed to:

- enable the Company to attract and retain talented employees,
- promote continuous improvement in the business, and
- reward performance in order to motivate employees to deliver increased shareholder value through superior business results.

The Company obtains independent advice from external professionals to ensure the remuneration structure represents industry best practice, and achieves the twin goals of (i) retaining talented employees, and (ii) meeting shareholder expectations.

While there are no plans to amend the remuneration policy and remuneration over the next two years, the remuneration policy and remuneration is reviewed from time to time and monitored to be in line with market practice.

The remuneration policy that has been determined in relation to the directors and the executive management is further described below. This remuneration policy applied as from the Company's initial public offering with admission to trading of the Company's shares on the regulated market of Euronext Brussels, which was completed on 12 February 2019 (the "**IPO**").

13.2.3. Directors

13.2.3.1 General

Upon recommendation and proposal of the remuneration and nomination committee, the board of directors determines the remuneration of the directors to be proposed to the general shareholders' meeting.

Pursuant to the provisions of the Belgian Code on Companies and Associations, the general shareholders' meeting approves the remuneration of the directors, including inter alia, each time as relevant:

- (i) in relation to the remuneration of executive and non-executive directors, the exemption from the rule that share-based awards can only vest after a period of at least three years as of the grant of the awards;
- (ii) in relation to the remuneration of executive directors, the exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can

be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years; and

- (iii) in relation to the remuneration of non-executive directors, any variable part of the remuneration (provided, however, that no variable remuneration can be granted to independent non-executive directors).
- (iv) any service agreements to be entered into with executive directors providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration and nomination committee, eighteen months' remuneration).

The general shareholders' meeting of the Company has not approved any of the matters referred to in paragraphs (i) to (iv) with respect to the remuneration of the directors of the Company on the date of this report, except for the following matters:

- The general shareholders' meeting approved that share options issued pursuant to the Company's existing share option plans (for further information, see section 13.2.6 of this Remuneration Report) can, under certain conditions, vest earlier than three years as of their grant, as referred to in paragraph (i) above. Notably, pursuant to the Company's current version of the articles of association, the board of directors is explicitly authorised to deviate from the provisions of the former Article 520ter of the Belgian Companies Code of 7 May 1999 in connection with share-based incentive plans, compensation, awards or issues to employees, directors and service providers of the Company and/or its subsidiaries. At the occasion of the annual general meeting of shareholders of 28 May 2020, an amended and restated version of articles of association will be submitted to the shareholders in which the board of directors will be explicitly authorised to deviate from the rule of Article 7:91 of the Belgian Companies and Associations Code. The Company is of the opinion that this allows for more flexibility when structuring share-based awards. For example, it is customary for option plans to provide for a vesting in several instalments over a well-defined period of time, instead of vesting after three years only. This seems to be more in line with prevailing practice.
- The general shareholders' meeting approved that the existing share options under the respective existing share option plans will not qualify as variable remuneration nor as annual remuneration for the purpose of the application of the rule set out in paragraph (ii) above under the former Belgian Companies Code of 7 May 1999.
- In 2019, share options have been granted to non-executive directors (including to independent directors), based on a resolution approved by the general shareholders' meeting. The aforementioned was contrary to provision 7.7 of the 2009 Belgian Code on Corporate Governance, and is contrary to provision 7.5 of the 2020 Belgian Code on Corporate Governance, that provided that non-executive directors should not be entitled to performance-related remuneration such as, amongst others, share-related long-term incentive schemes. The Company believed that these provisions of the 2009 Belgian Code on Corporate Governance were not appropriate and adapted to take into account the realities of companies in the biotech and life sciences industry that are still in a development phase. Notably, the ability to remunerate non-executive directors with share options allowed the Company to limit the portion of remuneration in cash that the Company would otherwise need to pay to attract or retain renowned experts with the most relevant skills, knowledge and expertise. The Company is of the opinion that granting non-executive directors the opportunity to be remunerated in part in share-based incentives rather than all in cash enables the non-executive directors to link their effective remuneration to the performance of the Company and to strengthen the alignment of their interests with the interests of the Company's shareholders. This is in the

interest of the Company and its stakeholders. Furthermore, this is customary for directors active in companies in the life sciences industry.

The remuneration and compensation of the non-executive directors for the current financial year, which has been determined by the general shareholders' meeting, is as follows:

- Annual fixed fees:
 - The chair of the board of directors receives an annual fixed fee of €60,000.
 - The chair of the audit committee receives an annual fixed fee of €15,000.
 - The chair of the remuneration and nomination committee receives an annual fixed fee of €15,000.
 - The other independent non-executive directors receive an annual fixed fee of €25,000.
 - The members of the audit committee and the remuneration and nomination committee (other than the chair of such committees) receive an annual fixed fee of €10,000.
- Share based awards: Each non-executive director is in principle entitled to receive share options or subscription rights. Part of the 2018 Share Options can be used for this purpose.

There are currently no plans to change the remuneration policy or remuneration of non-executive directors. However, the Company will continuously review the remuneration of non-executive directors against market practice, and the new 2020 Belgian Corporate Governance Code and Belgian Companies and Associations Code, which entered into force since 1 January 2020.

The Company also reimburses reasonable out of pocket expenses of directors (including travel expenses) incurred in performing the activity of director. Without prejudice to the powers granted by law to the general shareholders' meeting, the board of directors sets and revises the rules for reimbursement of directors' business-related out of pocket expenses.

The directors who are also a member of the executive management are remunerated for the executive management mandate, but not for their director mandate.

13.2.3.2 Remuneration and compensation in 2019

During 2019, the non-executive directors received the following compensation, based on the approved fees in 13.2.3.

	Amount (in €)
Pierre Chauvineau	70,000.00
Wim Ottevaere (WIOT BV)	50,000.00
Jason Hannon ⁽¹⁾	24,219.18

(1) the amounts are pro rate the term that the director is appointed.

No remuneration, compensation or other benefits were paid to the other directors of the Company, other than the reimbursement of travel and hotel expenses incurred by the directors in connection with their attendance of meetings of the board of directors.

13.2.4. Executive Management

13.2.4.1 General

The remuneration of the chief executive officer and the other member of the executive management is based on recommendations made by the remuneration and nomination committee. The chief executive officer participates in the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of another member of the executive management is being discussed.

The remuneration is determined by the board of directors. As an exception to the foregoing rule, Belgian law provides that the general shareholders' meeting must approve, as relevant:

- (i) in relation to the remuneration of members of the executive management and other executives, an exemption from the rule that share-based awards can only vest after a period of at least three years as of the grant of the awards;
- (ii) in relation to the remuneration of members of the executive management and other executives, an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years; and
- (iii) any service agreements to be entered into with members of the executive management and other executives (as the case may be) providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration and nomination committee, eighteen months' remuneration).

Notwithstanding point (i) above, the Company's board of directors has been explicitly authorised in the Company's articles of association to deviate from the rule set out in the former Article 520ter of the Belgian Companies Code of 7 May 1999 in connection with share-based incentive plans, compensations, awards and issuances to employees, directors and service providers of the Company and/or its subsidiaries. At the occasion of the annual meeting of shareholders of 28 May 2020, an amended and restated version of articles of association will be submitted to the shareholders in which the board of directors will be explicitly authorised to deviate from the rule of Article 7:91 of the Belgian Companies and Associations Code. The Company believes that this allows for more flexibility when structuring share-based awards.

In relation to point (ii) above, before the entry into force of the Belgian Companies and Associations Code, the Company took the view that share options generally do not qualify as variable remuneration nor as annual remuneration for the purpose of the application of the rule set out in point (ii) above. This has been approved by the Company's general shareholders' meeting with respect to share-based awards that are outstanding on the date of this report. The general shareholders' meeting also approved that the variable remuneration of the members of the executive management could deviate from the principle described in point (ii) above.

An appropriate proportion of the remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the interest of the executive management with the interests of the

Company and its shareholders. The chief executive officer will determine whether the targets for the variable remuneration of the members of the executive management, as set by the board of directors, are met. In the past, approval by the general shareholders' meeting has been obtained in relation to the share plans.

The remuneration of the executive management currently consists of the following main remuneration components:

- annual base salary/fee (fixed);
- participation in share option plans; and
- a performance bonus.

The members of the executive management have a variable remuneration (*i.e.* remuneration linked to performance criteria) amounting to up to 50% of the base salary/fee for on target performance. The remuneration is closely linked to performance. Bonuses, if any, are linked to identifiable objectives and to special projects and are set and measured on a calendar-year basis. The performance objectives of the executive management members are primarily evaluated with regard to the following criteria: (i) respect of the Board-approved annual budget, and (ii) meeting measurable operational targets. The various objectives and their weighting may differ for the individual managers. The nomination and remuneration committee of the board of directors meets annually to review the performance of the managers, to compare the actual measurable results to the objectives that were pre-defined by the committee, and to establish the measurable objectives for the ensuing calendar year.

The chief executive officer is entitled to pension benefits. The contributions by the Company to the pension scheme amount to 5% of the annual salary.

The members of the executive management are also reimbursed for certain costs and expenses made in the performance of their function.

There are currently no plans to change the remuneration policy or remuneration of members of the executive management. However, the Company will continuously review the remuneration of members of the executive management against market practice. In addition, the board of directors will further review the changes that shall be required in view of the 2020 Belgian Corporate Governance Code, which (amongst other things) requires that (i) the board of directors sets a minimum threshold of shares to be held by the executives, (ii) the board of directors approves the main terms and conditions of the contracts of the chief executive officer and the other executives (further to the advice of the remuneration and nomination committee), and (iii) the board of directors includes provisions that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specifies the circumstances in which it would be appropriate to do so, insofar as enforceable by law.

13.2.4.2 Remuneration and compensation in 2019

In 2019, the following remuneration, compensation and other benefits were paid to the two members of the executive management:

	Chief executive officer (€)		Other member of the executive management (€)	
	Amount	%	Amount	%
Annual base salary	284,835.37	62.46	193,200.00	88.60
Pension plan ⁽¹⁾	14,241.77	3.12	N/A	N/A
Insurance plan ⁽²⁾	1,145.86	0.25	N/A	N/A
Car lease/transport allowance	11,605.22	2.54	N/A	N/A
Medical plan.....	6,693.54	1.47	N/A	N/A
Bonus plan ⁽³⁾	137,513.75	30.15	24,854.79	11.40
Total	456,035.50	100.00	218,054.79	100.00

Notes:

(1)5% of the annual base salary.

(2)The Company pays a life insurance plan for the CEO.

(3)Bonus has been paid in cash.

In 2019, the members of the executive management were also reimbursed for certain costs and expenses made in the performance of their function, more specifically for an aggregate amount of 168,193 EUR.

13.2.4.3 Claw-back right relating to variable remuneration

There are no contractual provisions in place between the Company and the CEO or the other member of the executive management that give the Company a contractual right to reclaim from said executives any variable remuneration that would be awarded. However, this will be further reviewed against the requirements of provision 7.12 of the 2020 Belgian Corporate Governance Code.

13.2.4.4 Payments upon termination

The employment agreement with the chief executive officer provides that the agreement can be terminated by either the Company or the chief executive officer subject to four months' notice. If within six months after the completion of an "Exit Transaction" the chief executive officer is (i) no longer the chief executive officer of the Company, or (ii) required to change his current work pattern (the events in (i) and (ii) shall be an "Enforced Redundancy"), the chief executive officer shall be entitled to resign and shall no longer be required to work or perform until the end of the four months' notice period. The term "Exit Transaction" has been defined as (i) a transfer of more than 50% of the Company's shares or more than 50% of the voting rights to a third party or a group of persons exercising joint control in one or a series of related transactions to a propose acquirer who wishes to acquire a controlling majority of the shares, voting rights or assets pursuant to a bona fide purchase offer, (ii) the sale, lease, transfer, license or other disposition of all or substantially all of the Company's assets, or (iii) the consolidation or merger of the Company in which the Company is not the surviving entity or any other event pursuant to which the shareholders of the Company will have less than 50% plus one share of the voting power and/or of the shares of the surviving or acquiring company. In the event of an Enforced Redundancy, the chief executive officer will be entitled to a pro rata bonus. In the event of an Enforced Redundancy, the chief executive officer may also, at his sole discretion, elect to terminate the employment agreement with immediate effect and the Company shall then be required to make a payment in lieu of a notice equivalent to the basic salary only (but not the other benefits) to which the chief executive officer would have been entitled. The employment agreement also provides for a number

of instances in which the agreement can be immediately terminated by the Company, including for cause.

The services agreement with the chief financial officer of the Company provides that it has been entered into for an unlimited term, and that it may be terminated in mutual agreement by the Company and the chief executive officer at any time. In case of termination of the agreement by the Company, the chief financial officer is entitled to three months' notice or to the payment of a quarter of the annual compensation in lieu of notice, or the payment of a pro rata part of one quarter of the fixed annual compensation in lieu of part of the notice. The agreement may be terminated by the chief executive officer subject to a notice period of three months. The agreement may be terminated by either the Company or the chief executive officer with immediate effect and without notice period (or, in case of termination by the Company, without notice period or indemnity) in case of wilful or serious breach or violation by a party of any of its covenants, obligations or duties under the agreement, or any wilful or serious neglect of or refusal to perform any of such covenants, obligations or duties.

13.2.5. Indemnification and Insurance of Directors and Executive Management

As permitted by the Company's articles of association, the Company has entered into indemnification arrangements with the directors and relevant members of the executive management and has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their mandates.

13.2.6. Description of share option plans

The Company has a number of outstanding options that are exercisable into ordinary shares, consisting of:

- 104,378 share options out of the maximum available 111.177 share options, that were granted in 2018 to members of the staff, as well as consultants of the Company, subject to the terms and conditions that are determined by the board of directors (the "**Executive Share Options**"). Each holder of an Executive Share Option will be entitled to subscribe to ca. 2.88 ordinary shares when exercising one of his or her share options.
- 278,745 share options out of the maximum available 1,263,755 share options that were granted in 2019 to members of the staff and directors, as well as consultants of the Company, subject to the terms and conditions that are determined by the board of directors (the "**2018 Share Options**"). Each holder of an 2018 Share Option will be entitled to subscribe to one (1) ordinary share when exercising one of his or her share options.

The table below provides an overview of the number of shares which each member of the executive management is entitled to acquire upon exercise of the outstanding and granted Executive Share Options and 2018 Share Options that are held by him or her on the date of this report.

Name	Number of Shares issuable	
	Executive Share Options	2018 Share Options
Ian Crosbie	216,442	40,766
Kirsten Van Bockstaele ⁽¹⁾	6,226	20,383

Notes:

(1)Acting through Fin-2K BV.

13.2.7. Terms and conditions of the share option plans.

The key features of the Executive Share Options can be summarised as follows:

- The Executive Share Options could be granted to the employees, consultants and directors of the Company or its subsidiaries.
- The Executive Share Options are in registered form.
- The Executive Share Options are in principle non-transferable, and the holders of the Executive Share Options are not permitted to transfer the Executive Share Options nor the underlying Shares issuable upon exercise of the Executive Share Options for a period of two years as from the initial public offering of the Company's shares, except as provided otherwise in the grant agreement or by the board of directors, and except in case of death of the beneficiary and in the context of inheritance planning by the beneficiary. In case of death, only Executive Share Options that have vested prior to the time of death can be transferred.
- Each holder of an Executive Share Option will be entitled to subscribe to ca. 2.88 ordinary shares when exercising one of his or her share option. The exercise price of the Executive Share Options shall be determined by the board of directors of the Company, taking into account applicable laws.
- If an Executive Share Option which is not exercisable or which cannot be exercised pursuant to the issuance conditions (as determined in the Executive Share Option Plan or in the relevant Sub-Plan and/or Share Option Agreement) becomes prematurely exercisable on the basis of the provisions of Article 7:71 of the Belgian Companies and Associations Code (or any other provision having the same purport) and is also exercised pursuant to said provision, the shares obtained by exercising the Executive Share Options shall not be transferable, unless explicitly agreed upon by the board of directors of the Company, until the time the underlying Executive Share Options would have become exercisable in accordance with the Executive Share Option Plan and the relevant sub-plan or share option agreement.
- Pursuant to Belgian company law, the Executive Share Options have a maximum term of 10 years as of their issuance.
- Unless determined otherwise in a separate sub-plan or share option agreement with the beneficiary, 50% of the Share options granted vest upon the closing of the Offering, after which the balance of Share options will vest in equal parts on the last calendar date of each of the thirty-six months following the month in which the closing of the Offering falls, it being understood that any Share options that have not vested on the third anniversary of the date of grant shall immediately vest on that date. However, unless determined otherwise in the grant agreement or by the board of directors, there is accelerated vesting of the 2018 Share Options in the event of a sale or other transfer of at least 50% of all of the then outstanding Shares of the Company, whereby an (internal) reorganisation in which the Shares of the Company would be transferred to a person in which the then existing shareholders of the Company were to hold shares or other interest in a similar proportion as the proportion held by each of them in the Company will not result in accelerated vesting. Notwithstanding the foregoing, the board of directors can at all times decide to accelerate the vesting of (all or part of) the 2018 Share Options and determine the conditions of such accelerated vesting.
- The Executive Share Options, whether vested or not, of beneficiaries of whom the employment agreement, consultancy agreement or directorship with the Company is terminated for serious cause, breach of

contract or breach of director responsibilities, shall automatically and immediately lapse and become null and void.

- The terms of the Share options are governed by the laws of Belgium.

The key features of the 2018 Share Options can be summarised as follows:

- The 2018 Share Options are subscription rights in registered form.
- The 2018 Share Options are in principle non-transferable, except as provided otherwise in the grant agreement or by the board of directors, and except in case of death of the beneficiary and in the context of inheritance planning by the beneficiary. In case of death, only 2018 Share Options that have vested prior to the time of death can be transferred.
- Each 2018 Share Option can be exercised for one new ordinary share.
- If a 2018 Share Option which is not exercisable or which cannot be exercised pursuant to the issuance conditions (as determined in the 2018 Share Option Plan or in the relevant sub-plan and/or share option agreement) becomes prematurely exercisable on the basis of the provisions of Article 7:71 of the Belgian Companies and Associations Code (or any other provision having the same purport) and is also exercised pursuant to said provision, the shares obtained by exercising the 2018 Share Options shall not be transferable, unless explicitly agreed upon by the board of directors, until the time the underlying 2018 Share Options would have become exercisable in accordance with the 2018 Share Option Plan, the relevant sub-plan or share option agreement.
- The exercise price of the 2018 Share Options shall be determined by the board of directors of the Company, taking into account applicable laws.
- The 2018 Share Options are granted for free, *i.e.* no consideration is due upon the grant of the 2018 Share Options, unless the grant agreement provides otherwise.
- Pursuant to Belgian company law, the 2018 Share Options have a maximum term of 10 years as of their issuance.
- Unless stipulated otherwise in the grant agreement, one third of the 2018 Share Options granted to a beneficiary shall vest one year after the date of grant, the remaining two thirds will vest in 8 equal instalments, whereby on each first calendar day of the 8 quarters following first anniversary of the date of grant falls, 1/8 of the total number of unvested 2018 Share Options granted to a beneficiary shall vest. However, unless determined otherwise in the grant agreement or by the board of directors, there is accelerated vesting of the 2018 Share Options in the event of a sale or other transfer of at least 50% of all of the then outstanding shares of the Company, whereby an (internal) reorganisation in which the Shares of the Company would be transferred to a person in which the then existing shareholders of the Company were to hold shares or other interest in a similar proportion as the proportion held by each of them in the Company will not result in accelerated vesting. Notwithstanding the foregoing, the board of directors can at all times decide to accelerate the vesting of (all or part of) the 2018 Share Options and determine the conditions of such accelerated vesting.
- The 2018 Share Options, whether vested or not, of beneficiaries of whom the employment agreement, consultancy agreement or directorship with the Company is terminated for serious cause, breach of

contract or breach of director responsibilities, shall automatically and immediately lapse and become null and void.

- The 2018 Share Option Plan is governed by the laws of Belgium.

13.2.8. Shareholding and Share Options

With the exception of Mr Wim Ottevaere, who holds 15,200 shares of the Company, none of the directors of the Company hold shares. However, in 2019 (before the entry into force of the Belgian Companies and Associations Code), 2018 Share Options have been granted to non-executive directors Mr Wim Ottevaere (10,192), Mr Pierre Chauvineau (10,192) and Mr Jason Hannon (10,192).

Furthermore, none of the members of the executive management of the Company hold shares. However, Share Options have been granted to both members of executive management. Please see above in the section "Description of share option plans".

14 Discharge board of directors

In accordance with the law and the articles of association, the shareholders' meeting shall be requested to approve the statutory financial statements as submitted and to release the directors from liability for the performance of their duties in the course of the financial year ended December 31, 2019.

15 Discharge auditor

In accordance with the law and the articles of association, the shareholders' meeting shall be requested to approve the statutory financial statements as submitted and to release the auditor from liability for the performance of their duties in the course of the financial year ended December 31, 2019.


16 Branches

The Company has a branch located in Switzerland, 8005 Zürich, Technoparkstrasse 1.

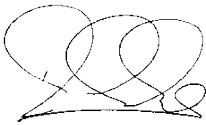
This report will be deposited according to the legal requirements and can be consulted at the Company's address.

The shareholders' meeting shall be requested to approve the statutory financial statements as submitted and to release the directors and auditor from liability for the performance of their duties in the course of the financial year ended December 31, 2019 and to determine the result allocation as disclosed in the statutory annual accounts for the year ended 31 December 2019.

On behalf of the board of directors,

By: 
Pierre Chauvineau

Director

By: 
Ian Crosbie

Director



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SEQUANA MEDICAL NV

Statutory auditor's report to the general shareholders' meeting
on the annual accounts for the year ended 31 December 2019

23 April 2020



FREE TRANSLATION

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF
SEQUANA MEDICAL NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2019

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of Sequana Medical NV (the "Company"). This report includes our report on the annual accounts, as well as on other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* 1 October 2018, following the proposal formulated by the board of directors. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the Company's annual accounts for 2 consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 8.955.576 and a profit and loss account showing a loss for the year of EUR 16.661.500.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2019, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL - Financial Assurance Services
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Material Uncertainty Related to Going Concern

We draw attention to VOL 6.19 in the annual accounts, which indicates that the Company is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process. The Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows. The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions is unclear at this point in time and will remain under review by the executive management and the board of directors. These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern. The balance sheet as at 31 December 2019 shows a positive equity in the amount of EUR 1.2 million. The Company will continue to require additional financing in the near future and in that respect already successfully raised EUR 19 million in January 2020 in a private equity placement via an accelerated book building offering. Together with existing cash resources, the net proceeds from this private placement are expected to extend the current cash runway of the Company from Q2 2020 into H1 2021. The Company continues to evaluate equity and non-dilutive financing options, including discussions with existing and/or new investors including the refinancing of Bootstrap (of which an amount in principal of EUR 3.17 million is still outstanding). These events or conditions as set forth in VOL 6.19 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined there were no other matters to be considered as key audit matters to be communicated in our report, in addition to the matter described in the "Material Uncertainty Related to Going Concern" section.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines as necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.



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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report, of the documents required to be deposited by virtue of the legal and regulatory requirements, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code as from 1 January 2020, the Companies' Code until 31 December 2019 and with the Company's articles of association.



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Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code as from 1 January 2020 and the Companies' Code until 31 December 2019, and to report on these matters.

Aspects related to the directors' report

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to the social balance sheet

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required by virtue of the this Code and does not present any material inconsistencies with the information we have at our disposition in our engagement.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

Other statements

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.



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- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code as from 1 January 2020 and the Companies' Code until 31 December 2019 that we have to report to you.
- As explained in the annual report, the procedure for conflicts of interest within the meaning of Article 523 of the Companies Code was applied once in 2019. The decision of the board of directors on 28 January 2019 relating to the launch of the Company's initial public offering with admission to trading of the Company's shares on the regulated market of Euronext Brussels gives rise to a conflict of interest for directors Rudy Dekeyser, Erik Amble and Diego Braguglia, who as shareholders are involved parties and has the following property effects :

LSP HEF Holding CV has committed to, on the occasion of the IPO, (x) contribute the outstanding Payable of EUR 298,008.60 that LSP has pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of EUR 1,132,432.67, and (z) contribute the outstanding Bridge Loan Payable (as defined in the EGM Resolutions) of EUR 59,601.72 that LSP has pursuant to the Convertible Bridge Loan entered into with the Company. LSP has also committed not to transfer its shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.

LSP also will commit to lend certain of its shares in the Company to KBC Securities NV/SA within the framework of the IPO in order to allow over-allotments of shares in the IPO and this in accordance with the provisions of the Stock Lending Agreement.

Neomed IV X and Neomed V have committed to, on the occasion of the IPO, (x) contribute the outstanding Payables of respectively EUR 593,052.02 and EUR 266,871.66 that Neomed IV X and Neomed V have pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of respectively EUR 2,372,208.09 and EUR 1,067,486.62, and (z) contribute the outstanding Bridge Loan Payables of respectively EUR 118,610.40 and EUR 53,374.33 that Neomed IV X and Neomed V have pursuant to the Convertible Bridge Loan entered into with the Company. Neomed IV X and Neomed V have also committed not to transfer their shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.

Neomed IV X will commit to lend certain of its shares in the Company to KBC Securities NV/SA within the framework of the IPO in order to allow over-allotments of shares in the IPO and this in accordance with the provisions of the Stock Lending Agreement

VI AG and VI Partners (among others) with the Company, have committed to, on the occasion of the IPO, (x) contribute the outstanding Payables of respectively EUR 218,231.42 and EUR 5,021.49 which VI AG and VI Partners have pursuant to the 2018 Convertible Loan Agreement entered into with the Company to the share capital of the Company, (y) subscribe for new shares of the Company within the framework of the IPO for an amount of respectively EUR 828,414.60 and EUR 18,897.82, and (z) contribute the outstanding Bridge Loan Payables of respectively EUR 43,600.77 and



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EUR 994.62 that VI AG and VI Partners have pursuant to the Convertible Bridge Loan entered into with the Company. VI AG and VI Partners have also committed not to transfer their shares in the Company during a certain period after the IPO. The same commitment has also been entered into by other shareholders of the Company.

- As explained in the annual report, the procedure for conflicts of interest within the meaning of Article 7:96 of the Companies and Associations Code was applied once in 2020. We have evaluated the property effects for the Company resulting from the decision related to the conflict of interest as described in the minutes of the decisions made by the board of directors as of 21 January 2020.

Antwerp, 23 April 2020

The statutory auditor
PwC Bedrijfsrevisoren BV
Represented by

Peter D'hondt
Réviseur d'Entreprises / Bedrijfsrevisor

SOCIAL BALANCE SHEET

Number of joint industrial committee: 200

STATEMENT OF THE PERSONS EMPLOYED

EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

During the current period

Average number of employees

Full-time
 Part-time
 Total in full-time equivalents

Number of hours actually worked

Full-time
 Part-time
 Total

Personnel costs

Full-time
 Part-time
 Total

Advantages in addition to wages

Codes	Total	1. Men	2. Women
1001	5,2	3,1	2,1
1002	0,3	.....	0,3
1003	5,4	3,1	2,3
Number of hours actually worked			
1011	8.704	5.224	3.480
1012	304	.....	304
1013	9.008	5.224	3.784
Personnel costs			
1021	4.451.047	3.405.404	1.045.643
1022	463.474	169.564	293.910
1023	4.914.521	3.574.968	1.339.553
1033	.....	.....	.....

During the preceding period

Average number of employees in FTE
 Number of hours actually worked
 Personnel costs
 Advantages in addition to wages

Codes	P. Total	1P. Men	2P. Women
1003	1,5	0,5	1,0
1013	1.264	376	888
1023	4.789.138	3.515.431	1.273.707
1033	1.092	325	767

EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continued)

At the closing date of the period				
Codes	1. Full-time	2. Part-time	3. Total full-time equivalents	
Number of employees	105	6	2	7,6
By nature of the employment contract				
Contract for an indefinite period	110	6	2	7,6
Contract for a definite period	111	.....	.....	.....
Contract for the execution of a specifically assigned work	112	.....	.....	.....
Replacement contract	113	.....	.....	.....
According to gender and study level				
Men	120	3	.....	3,0
primary education	1200	.....	.....	.....
secondary education	1201	1	.....	1,0
higher non-university education	1202	2	.....	2,0
university education	1203	.....	.....	.....
Women	121	3	2	4,6
primary education	1210	.....	.....	.....
secondary education	1211	.....	.....	.....
higher non-university education	1212	1	1	1,8
university education	1213	2	1	2,8
By professional category				
Management staff	130	.....	.....	.....
Employees	134	6	2	7,6
Workers	132	.....	.....	.....
Others	133	.....	.....	.....

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period			
Codes	1. Hired temporary staff	2. Persons placed at the enterprise's disposal	
Average number of persons employed	150	0,6	.....
Number of hours actually worked	151	1.208	.....
Costs for the enterprise	152	48.969	.....

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

ENTRIES

Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year

By nature of employment contract

- Contract for an indefinite period
- Contract for a definite period
- Contract for the execution of a specifically assigned work
- Replacement contract

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
205	5	2	6,6
210	5	2	6,6
211	.....	.....	.....
212	.....	.....	.....
213	.....	.....	.....

DEPARTURES

Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year

By nature of employment contract

- Contract for an indefinite period
- Contract for a definite period
- Contract for the execution of a specifically assigned work
- Replacement contract

By reason of termination of contract

- Retirement
- Unemployment with extra allowance from enterprise
- Dismissal
- Other reason
- the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis ..

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
305	1	.....	1,0
310	1	.....	1,0
311	.....	.....	.....
312	.....	.....	.....
313	.....	.....	.....
340	.....	.....	.....
341	.....	.....	.....
342	.....	.....	.....
343	1	.....	1,0
350	.....	.....	.....

INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

	Codes	Men	Codes	Women
Total of initiatives of formal professional training at the expense of the employer				
Number of employees involved	5801	.....	5811	.....
Number of actual training hours	5802	.....	5812	.....
Net costs for the enterprise	5803	.....	5813	.....
of which gross costs directly linked to training	58031	.....	58131	.....
of which fees paid and payments to collective funds	58032	.....	58132	.....
of which grants and other financial advantages received (to deduct)	58033	.....	58133	.....
Total of initiatives of less formal or informal professional training at the expense of the employer				
Number of employees involved	5821	.....	5831	.....
Number of actual training hours	5822	.....	5832	.....
Net costs for the enterprise	5823	.....	5833	.....
Total of initiatives of initial professional training at the expense of the employer				
Number of employees involved	5841	.....	5851	.....
Number of actual training hours	5842	.....	5852	.....
Net costs for the enterprise	5843	.....	5853	.....