SEQUANA MEDICAL

Limited Liability Company

Registered office: AA Tower, Technologiepark 122, 9052 Ghent, Belgium
VAT BE 0707.821.866 Register of Legal Entities Ghent, section Ghent

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REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 7:198 *JUNCTO* ARTICLES 7:179 AND 7:191 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE

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1. INTRODUCTION

This report has been prepared by the board of directors of Sequana Medical NV (the "**Company**") in accordance with Article 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code (as defined below) and relates to the proposal of the board of directors to increase the share capital of the Company in cash in the framework of the authorised capital with a maximum amount of EUR 25,000,000.00 (including issue premium) through the issuance of new shares, the maximum number and the issue price of which are still to be determined, and to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, insofar as required, of the Company's existing holders of subscription rights (stock options), in connection with the proposed issuance of new shares, which are to be offered via a private placement, through an accelerated bookbuilding procedure, to a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons, and it being understood that, with respect to investors other than qualified investors in the member states of the European Union (as defined in Regulation 2017/1129 of the European parliament and of the council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**EU Prospectus Regulation**")) and qualified investors in the United Kingdom (as defined in the EU Prospectus Regulation and the delegated acts, implementing acts and technical standards thereunder as such legislation forms part of retained EU law as defined in the EU (Withdrawal) Act 2018, as amended (the "**UK Prospectus Regulation**")) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium (including "Qualified Institutional Buyers" (QIBs) in the United States), on the basis of applicable private placement exemptions (the "**Transaction**").

In accordance with Article 7:198 *juncto* Article 7:179 of the Belgian Companies and Associations Code, the board of directors provides in this report a justification of the proposed Transaction, with notably a justification of the proposed issue price of the new shares to be issued and a description of the consequences of the proposed Transaction for the financial and shareholder rights of the shareholders of the Company.

In accordance with Article 7:198 *juncto* Article 7:191 of the Belgian Companies and Associations Code, the board of directors also provides in this report a justification of the proposed dis-application of the statutory preferential subscription right of the existing shareholders and, insofar as required, of the existing holders of subscription rights (stock options) in connection with the proposed increase of the share capital in the framework of the Transaction and a description of the consequences thereof for the financial and shareholder rights of the shareholders.

In particular, the board of directors notes that the statutory preferential subscription right is not dis-applied in favour of one or more specified persons within the meaning of Article 7:193 of the Belgian Companies and Associations Code.

This report must be read together with the report prepared in accordance with Article 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code by the Company's statutory auditor, PwC Bedrijfsrevisoren BV, a private 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.

This report has been prepared in accordance with the Belgian Companies and Associations Code of 23 March 2019 (as amended) (the "**Belgian Companies and Associations Code**").

2. AUTHORISED CAPITAL

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 18 January 2019, as published by excerpt in the Annexes to the Belgian Official Gazette on 15 February 2019 under number 19024057, which entered into force on 12 February 2019, as published by excerpt in the Annexes to the Belgian Official Gazette on 12 March 2019 under number 19035933, the board of directors of the Company has been granted certain powers to increase the Company's share capital in the framework of the authorised capital. The powers under the authorised capital have been set out in Article 8 of the Company's Articles of Association.

Pursuant to the authorisation granted by the extraordinary general shareholders' meeting, the board of directors was authorised to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 1,306,939.52 (excluding issue premium, as the case may be). The authorisation is valid for a period of five years as from 15 February 2019.

The capital increases that can be effected in accordance with the aforementioned authorisation can take place by means of contributions in cash or in kind, by capitalisation of reserves, whether available or unavailable for distribution, and capitalisation of issue premiums, with or without the issuance of new shares, with or without voting rights, that will have the rights as will be determined by the board of directors. The board of directors is also authorised to use this authorisation for the issuance of convertible bonds or subscription rights (stock options), bonds with subscription rights or other securities.

The board of directors is authorised, when exercising its powers within the framework of the authorised capital, to restrict or cancel, in the interest of the Company, the preferential subscription rights of the shareholders. This restriction or cancellation of the preferential subscription rights can also be done in favour of members of the personnel of the Company or of its subsidiaries, or in favour of one or more persons other than members of the personnel of the Company or of its subsidiaries.

To date, the board of directors has used its powers under the authorised capital on 27 January 2020 by issuing 3,166,666 new shares for an aggregate amount of EUR 328,066.60 (excluding issue premium). As a result, the board of directors still has the authority under the authorised capital to increase the Company's share capital with an aggregate amount of EUR 978,872.92 (excluding issue premium, as the case may be).

3. PROPOSED TRANSACTION

3.1. Structure of the Transaction

In accordance with Article 8 of the Company's Articles of Association, the board of directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash of a maximum amount of EUR 25,000,000.00 (including issue premium) through the issuance of new shares, the maximum number and the issue price of which are still to be determined.

The new shares are to be offered by means of a private placement through an accelerated bookbuilding procedure, as further elaborated on below in paragraph 3.2. If not all of the offered new shares are subscribed for, the proposed capital increase can nevertheless be completed for up to all or part of the subscriptions that the Company will have received and accepted at the applicable issue price, which will be determined as set forth below, and provided that the board of directors, or the placement committee that shall be established by the board of directors (the "**Placement Committee**"), so decides. The board of directors or Placement Committee will also have the power to offer initially only a number of offered shares that is less than the maximum number of new shares that can be offered on the basis of the foregoing. In addition, it may also be provided that investors who have committed to submit a subscription order to the Underwriters (as defined below) and to whom new shares will ultimately be allocated (as the case may be) will have the opportunity to subscribe directly for the new shares at the time of completion of the offering.

Even if all offered new shares are subscribed for, the capital increase can be completed by issuing less shares than the number of subscriptions received by the Company at the applicable issue price, which will be determined as set forth below and provided that the board of directors or the Placement Committee so decides. The board of directors or the Placement Committee may, for the avoidance of doubt, also decide not to complete the contemplated capital increase, even if all or part of the offered new shares are subscribed for.

The subscription period shall start at the earliest on the day of the board meeting approving the contemplated capital increase and shall end at the latest thirty (30) days after the opening of the subscription period. The board of directors or the Placement Committee is, however, authorised to already increase the share capital of the Company at any time during the subscription period up to the number of subscriptions that the Company will already have received and accepted at that time. The board of directors or the Placement Committee is also authorised to lengthen or shorten the subscription period and/or to prematurely end the subscription period, at its sole discretion, even if the offered new shares have not or have only partially been subscribed for.

3.2. Dis-application of the preferential subscription right of the existing shareholders

In the framework of the contemplated capital increase, the board of directors proposes to dis-apply the preferential subscription right of the Company's existing shareholders and, insofar as required, of the Company's existing holders of subscription rights (stock options), in accordance with Article 7:198 *juncto* Article 7:191 of the Belgian Companies and Associations Code, in order to allow KBC Securities NV ("**KBC Securities**"), Van Lanschot Kempen Wealth Management N.V. ("**Kempen & Co**", and together with KBC Securities, the "**Joint Global Coordinators**") and Belfius Bank NV/SA (acting together with its subcontractor Kepler Cheuvreux S.A.) ("**Belfius**", and together with the Joint Global Coordinators, the "**Underwriters**") to offer the new shares to a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons and it being understood that, with respect to investors other than qualified investors in the member states of the European Union (as defined in the EU Prospectus Regulation) and qualified investors in the United

Kingdom (as defined in the UK Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium (including "Qualified Institutional Buyers" (QIBs) in the United States), on the basis of applicable private placement exemptions, in the framework of a private placement through an accelerated bookbuilding procedure.

No investors have received nor will receive any commitment or undertaking from the Company or the Underwriters as regards allocation of the new shares before the closing of the bookbuilding.

3.3. Issue price of the new shares

The Underwriters shall be instructed by the Company to proceed with a so-called accelerated bookbuilding procedure with a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons and it being understood that, with respect to investors other than qualified investors in the member states of the European Union (as defined in the EU Prospectus Regulation) and qualified investors in the United Kingdom (as defined in the UK Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium (including "Qualified Institutional Buyers" (QIBs) in the United States), on the basis of applicable private placement exemptions, that are to be contacted by the Underwriters during the subscription period in order to solicit their interest to subscribe for the shares that are to be issued by the Company in the framework of the Transaction.

The board of directors or the Placement Committee shall determine the amount of the issue premium, as the case may be, in consultation with the Underwriters and shall consequently determine the final issue price (consisting of share capital, up to the amount of the fractional value, plus issue premium, as the case may be), *inter alia* taking into account the results of the above mentioned accelerated bookbuilding procedure.

The issue price shall be booked as share capital. However, the amount by which the issue price of the new shares shall exceed the fractional value of the existing shares of the Company (*i.e.*, rounded EUR 0.1036) shall be booked as issue premium, as the case may be. This issue premium will be booked on a separate account as net equity on the liabilities side of the Company's balance sheet and will be formed by actually paid contributions in cash at the occasion of the issuance of new shares. These issue premiums can only be reduced in execution of a valid decision of the Company in accordance with the Belgian Companies and Associations Code.

3.4. Admission to trading of the new shares

The new shares shall need to be admitted to listing and 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 listing and trading on the regulated market of Euronext Brussels following the issue of the new shares.

The Company intends to issue a number of shares that is less than 20% of the currently outstanding ordinary shares of the Company already admitted to listing and trading on the regulated market of Euronext Brussels (to be adjusted for the exercise, as the case may be, of outstanding share options prior to the completion of the Transaction). As a result, the Company can, for the purpose of the admission of the new shares to listing and trading on the regulated market of Euronext Brussels, rely on the exemption to publish a prospectus as set out in Article 1(5)(a) of the EU Prospectus Regulation. However, to the extent that the Company would decide to issue a number of shares that is more than 20% of the currently outstanding ordinary shares of the Company already admitted to listing and trading on the regulated market of Euronext Brussels (to be adjusted for the exercise, as the case may be, of outstanding share options prior to the completion of the Transaction), the number of new shares in excess of this threshold of 20% can only be admitted to listing and trading on the regulated market of Euronext Brussels provided that a listing prospectus is prepared and approved in accordance with the EU Prospectus Regulation, unless an exemption under the EU Prospectus Regulation is available.

While the preparation of a listing prospectus would entail additional costs and expenses, the opportunity of the Company to raise additional funds through the issuance of a larger number of new shares in the Transaction (as the case may be) would be expected to substantially outweigh the costs and expenses related to the preparation of a listing prospectus.

3.5. The rights attached to the new shares

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

4. JUSTIFICATION OF THE PROPOSED TRANSACTION

The board of directors believes that the Transaction is in the interest of the Company because, if completed, the Transaction will further improve the net equity position and working capital of the Company. Notably, the Company currently envisages using the net proceeds of the Transaction:

- for its ongoing studies:
    - POSEIDON, the North American pivotal study of the **alfa**pump® in liver disease for which further interim results are expected in H1 2021, with the primary endpoint read-out planned for Q1 2022. The study cost is estimated to be approximately EUR 11 million of which EUR 2.7 million has been spent up to H1 2020;
    - RED DESERT, the repeated dose study of the **alfa**pump DSR® (Direct Sodium Removal) in diuretic-resistant heart failure patients for which top line results are expected in H1 2021. The study cost is estimated to be approximately EUR 2.2 million of which EUR 1.0 million has been spent up to H1 2020;

- to initiate:
    - SAHARA DESERT, the study to evaluate the dosing and frequency of the **alfa**pump DSR® therapy in decompensated heart failure patients with residual congestion which is expected to commence in H1 2021 with interim results planned by end 2021. The study cost is estimated to be approximately EUR 2.2 million;
    - the development of the proprietary DSR® infusate which is expected to commence in Q1 2021 with an estimated cost of approximately EUR 1.6 million; and

- 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 H2 2021 into Q1 2022.

The proposed Transaction may furthermore allow the Company to additionally strengthen its image with investors, both on a national and on an international level, which may be in the interest of the further development of the Company's activities and any future capital markets transactions.

The Transaction may also allow the Company to broaden its shareholders' structure even further, both on a national and on an international level, which may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on the regulated market of Euronext Brussels.

Finally, the board of directors understands that there is an opportunity to raise new equity and to strengthen its working capital position. The Company's activities are capital intensive and require further funding on the short term. Notably, the announced interim data from RED DESERT and POSEIDON support the potential of, respectively, the **alfa**pump DSR® therapy in heart failure and potentially other indications, and the **alfa**pump® for the treatment of recurrent or refractory ascites due to liver cirrhosis. The Company also intends to complete a further clinical studies as well as pursue the development of a proprietary DSR® infusate. Furthermore, the outbreak of the coronavirus (COVID-19) resulted in significant delays to the Company's clinical studies, and the coronavirus could adversely affect its supply chain and work force, as well as macroeconomic conditions generally, which could have an adverse effect on its ability to commercialise the **alfa**pump® and/or the **alfa**pump DSR®. If the Company is not able to raise new additional funds, in order to extend its cash runway, this might prejudice its going concern. This would not only be detrimental for the Company's staff and shareholders, but also for the patients that the Company believes to benefit from the Company's product. Hence, for the reasons described above, the board of directors believes that it is in the best interest of the Company, its shareholders, its staff, the patients using its product, and other stakeholders to make use of the opportunity to raise new funds.

For all of the above reasons, the board of directors believes that the Transaction is in the interest of the Company, its shareholders, and other stakeholders.

5. JUSTIFICATION OF THE ISSUE PRICE OF THE NEW SHARES

The issue price of the new shares (consisting of share capital for the amount up to the fractional value of the Company's existing shares, plus issue premium, as the case may be) shall be determined by the board of directors or by the Placement Committee, in consultation with the Underwriters, on the basis of the results of the aforementioned accelerated bookbuilding procedure that is organised by the Underwriters. During this process, interested investors can indicate to the Underwriters their interest to subscribe for the new shares, as well as the number of shares and the issue price at which they are willing to subscribe for the new shares. Such bookbuilding procedure therefore constitutes, in the opinion of the board of directors, a fair and objective method on the basis of which a justified issue price can be determined through a competitive and at arm's length process with relevant investors. It is also noted that it is not unlikely that the issue price will represent a discount to the price of the Company's existing shares as currently traded. Such discount is not uncommon, and reflects, amongst other things, the interest of the investors to participate in a new fund raising by the Company, as well as a compensation for the limited liquidity of the Company's shares notwithstanding the trading of the Company's shares on the regulated market of Euronext Brussels. This is, however, outweighed by the adverse consequences of not having sufficient financial means to fund the Company's activities if the Company is not able to raise new funds to support its business and its going concern, and the benefits of the Transaction as referred to in section 4.

Hence, in view of all of the foregoing, the board of directors believes that the that the mechanism for determining the issue price of the new shares, can be sufficiently justified.

6. JUSTIFICATION OF THE DIS-APPLICATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT

The board of directors proposes to proceed with the contemplated increase of the share capital of the Company in the framework of the authorised capital and with the issuance of the new shares without preferential subscription right of the existing shareholders and, insofar as required, of the existing holders of subscription rights (stock options). The board of directors hence proposes to dis-apply the preferential subscription right of the existing shareholders and, insofar as required, of the existing holders of subscription rights (stock options), in connection with the contemplated Transaction.

The dis-application of the preferential subscription right of the existing shareholders and, insofar as required, of the existing holders of subscription rights (stock options), allows the Underwriters to offer the new shares directly to a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons and it being understood that, with respect to investors other than qualified investors in the member states of the European Union (as defined in the EU Prospectus Regulation) and qualified investors in the United Kingdom (as defined in the UK Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium (including "Qualified Institutional Buyers" (QIBs) in the United States), on the basis of applicable private placement exemptions, that are to be contacted by the Underwriters during the subscription period in order to solicit their interest to subscribe for the new shares.

Firstly, this allows the Company to raise a significant amount of funds through an accelerated process to further strengthen its equity and working capital, and to finance its activities, as set out above. These activities require further investments and funding, and, if successful, the Company would be able to use the net proceeds of the contemplated Transaction for these activities, as well as its going concern.

Secondly, as indicated above, the structure may allow the Company to broaden its shareholders' structure, both on a national and an international level, which may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on the regulated market of Euronext Brussels. This is in the interest of both the Company and the existing shareholders of the Company.

Thirdly, as indicated above, this may allow the Company to additionally strengthen its image with investors, both on a national and on an international level. This is in the interest of the further development of the Company's activities and future fund raisings via the capital markets.

Fourthly, and taking into account the Company's experience at the occasion of the initial public offering completed on 12 February 2019 and the private placement completed on 27 January 2020, the board of directors is not in favour of proceeding with a fund raising by means of a public offering at this stage, but rather again through a private placement. A public offering is not only very costly for the Company, it also requires a considerably longer preparation, as a result of which the Company could miss a potential window of opportunity which according to the Company's financial advisors currently exists to attract additional funds on the capital markets. It is indeed uncertain that such a window of opportunity would still exist in the near future. The private placement, hence, allows the Company to raise new funds in a fast and cost efficient manner.

Finally, the board of directors notes that other financing possibilities have been considered by the Company's management, but that such alternatives were not available at conditions which were deemed acceptable to the Company, and that it is proposed to proceed with the issuance of new shares within the framework of the contemplated Transaction.

For all of the above reasons, the board of directors is of the opinion that the contemplated capital increase, even with dis-application of the preferential subscription right and notwithstanding the dilution following therefrom for the shareholders and, as the case may be, the holders of subscription rights (stock options), is in the interest of both the Company and the existing shareholders and holders of subscription rights (stock options) as this may allow the Company to swiftly and cost-efficiently attract the new funds that are necessary to further implement its strategy.

7. PRE-COMMITMENTS FROM PARTICIPATING INVESTORS

The board of directors notes that some private investors are supportive of the Transaction and committed to submit orders in the Transaction for an aggregate amount of EUR 7,315,000.00. The potential participation of these investors in the Transaction will provide evidence of the support from such investors of the Company's business, vision and strategy. The latter is an important feature that can be used in the solicitation of interest from other potential investors. In other words, the participation from these investors will allow the Company and the Underwriters to improve the likelihood of success of the Transaction. A successful Transaction would be in the interest of the Company as, amongst other things, it allows the Company to have access to equity financing (from these investors) in a fast and efficient manner to fund its activities (requiring continuous investments).

In any event, the board of directors notes that the Transaction will be open to institutional, qualified, professional and/or other investors as permitted under applicable private placement exemptions, and any final allocation to investors, as the case may be, will be made based on customary objective and pre-identified criteria. No guarantee will be or has been given as to the final allocation to any of the aforementioned investors, shareholders or other persons, that any allocation will be made to them, or as to the size of any such allocation.

8. CERTAIN FINANCIAL AND OTHER CONSEQUENCES

8.1. Introductory comments

The following paragraphs provide an overview of certain financial consequences of the proposed Transaction. For further information with regard to the financial consequences of the proposed Transaction, reference is also made to the report prepared in accordance with Article 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code by the statutory auditor of the Company, PwC Bedrijfsrevisoren BV.

The actual financial consequences resulting from the proposed Transaction cannot yet be determined with certainty, as the key financial parameters of the offering such as the actual number and the issue price of the new shares to be issued in the Transaction are unknown as at the date of this report, and will not be known until after the completion of the offering of the new shares and contemplated bookbuilding procedure. Furthermore, once started, and depending on the circumstances, the offering could still be postponed or cancelled.

Likewise, the actual financial consequences resulting from the exercise of the outstanding Share Options (as defined and further detailed below) and the issuance of new shares pursuant to the contribution in kind of the Convertible Loan Payables (as defined and further detailed below) cannot yet be determined with certainty.

Accordingly, the discussion herein of the financial consequences of the contemplated Transaction for existing shareholders is purely illustrative and hypothetical, and is based on purely indicative financial parameters (where relevant). The actual number of new shares to be issued in connection with the Transaction and their issue price may vary significantly from the hypothetical values used in this report.

Subject to the foregoing reservations, for the purposes of the illustration of some of the financial consequences and notably the dilution for the shareholders, the following parameters and assumptions were used:

(a) At the date of this report, the share capital of the Company amounts to EUR 1,635,006.12, represented by 15,778,566 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, rounded EUR 0.1036. The share capital is entirely and unconditionally subscribed for and is fully paid-up.

In the first half of January 2021, the Company was informed that a number of holders of 2018 Share Options (as defined below) intend to exercise a total number of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges). For the purpose of the calculations further below, it is therefore assumed that, as a result of this exercise of 2018 Share Options, the share capital of the Company amounts to EUR 1,636,333.24 (instead of EUR 1,635,006.12), represented by 15,791,376 shares (instead of 15,778,566 shares) without nominal value, each representing the same fraction of the share capital, *i.e.*, rounded EUR 0.1036.

(b) In order to reflect the maximum dilution, it is assumed that none of the existing shareholders or holders of Share Options (as defined below) will subscribe for the new shares to be issued by the Company in the framework of the Transaction.

(c) At the date of this report, 1,803,940 shares can still be issued by the Company, of which:

(i) 302,804 new shares can be issued upon the exercise of one subscription right that was granted in 2016 to Bootstrap Europe S.C.SP. (the "**Bootstrap Subscription Right**");

(ii) 295,782 new shares can be issued upon the exercise of 102,527 share options that are still outstanding (at the date of this report) under the "Executive Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire ca. 2.88 shares when exercising one of his or her share options (the "**Executive Share Options**"); and

(iii) 1,205,354 new shares can be issued upon the exercise of 1,205,354 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2018 Share Options" plan for directors, employees and other staff members of the Company and its subsidiaries, entitling the holder thereof to acquire one new share when exercising one of his or her share options (the "**2018 Share Options**"). In the first half of January 2021, the Company was informed that a number of holders of 2018 Share Options (as defined below) intend to exercise a total number of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges). For the purpose of the full-dilution scenario calculations further below, it is therefore assumed that, as a result of the aforementioned exercise of 2018 Share Options, there are 1,192,544 2018 Share Options outstanding.

The Bootstrap Subscription Right, the Executive Share Options and the 2018 Share Options (as adjusted above) are hereinafter jointly referred to as the "**Share Options**". In this report, when reference is made to any "outstanding" Share Options, this refers to, respectively, Share Options that have not yet been granted but can still be granted and (depending on the terms and conditions of such Share Options) have not yet expired, and Share Options that have already been granted and (depending on the terms and conditions of such Share Options) have not yet expired. For the purpose of the full-dilution scenario calculations further below, it is assumed that the remaining number of shares that can still be issued pursuant to the outstanding Share Options has indeed been issued.

(d) In July 2020, the Company entered into subordinated loan agreements with PMV/z-Leningen ("**PMV/z**"), Belfius Insurance NV ("**Belfius**"), and Sensinnovat BV ("**Sensinnovat**"), respectively, for an aggregate principal amount of EUR 7.3 million, of which loans for a principal amount of EUR 1.4 million can be converted by the relevant lenders for new ordinary shares of the Company in the event of a future equity financing or sale of the Company. The conversion can be carried out by means of a contribution in kind of the respective payables due by the Company under the loans (whether as principal amount or as interest) (the "**Convertible Loan Payables**") to the share capital of the Company. The loans have a term of 36 months, and are repayable in full upon expiry of the term. The loans bear an interest of 6% per annum, except that the convertible portion of the loans bear an interest of 5% per annum. The price per share at which the Convertible Loan Payables can be converted through a contribution in kind in the event of an equity financing or sale of the Company will be equal to 75% of the price of the Company's shares as will be reflected in the relevant equity financing or sale. The proposed Transaction would qualify as a relevant equity financing that triggers the right, but not the obligation, for the respective lenders to contribute their Convertible Loan Payables. The lenders can exercise this right until 30 days as from the completion of the Transaction. For the purpose of the full-dilution scenario calculations further below, the following is assumed:

(i) all of the Convertible Loan Payables are contributed in full to the share capital of the Company (taking into account, however, that the lenders are not obliged to contribute their Convertible Loan Payables as a result of the Transaction);

(ii) for the purpose of the interest calculation, the contribution in kind is effected on the day preceding the date of this report, *i.e.* 8 February 2021; and

(iii) in accordance with the relevant provisions set out in the loans, the Convertible Loan Payables will be contributed into the share capital of the Company at a subscription price per share of 75% of the issue price of the new shares to be issued in the framework of the Transaction.

This would lead to the following amounts for the Convertible Loan Payables to be contributed in kind:

	Principal Amount (in EUR)	Accrued Interests (in EUR)	Amount to be contributed (in EUR) (4)	New Shares to be issued upon contribution		
				Subscription price of EUR 6.00 (5)	Subscription price of EUR 6.75 (6)	Subscription price of EUR 7.50 (7)
PMV/z	800,000	21,333.33 (1)	821,333.33	136,888	121,679	109,511
Belfius	500,000	12,430.56 (2)	512,430.56	85,405	75,915	68,324
Sensinnovat	100,000	2,819.44 (3)	102,819.44	17,136	15,232	13,709
Total	1,400,000	36,583.33	1,436,583.33	239,429	212,826	191,544

Notes:

(1) Carries an interest of 5% per annum (360-day period) as from 31 July 2020 and until the day preceding the date of this report, 8 February 2021.

(2) Carries an interest of 5% per annum (360-day period) as from 13 August 2020 and until the day preceding the date of this report, 8 February 2021.

(3) Carries an interest of 5% per annum (360-day period) as from 20 July 2020 and until the day preceding the date of this report, 8 February 2021.

(4) Sum of the principal amount of the relevant Convertible Loan Payable and the accrued interests.

(5) Assuming a subscription price of EUR 6.00, representing a 25% discount to the assumed issue price in the Transaction of EUR 8.00.

(6) Assuming a subscription price of EUR 6.75, representing a 25% discount to the assumed issue price in the Transaction of EUR 9.00.

(7) Assuming a subscription price of EUR 7.50, representing a 25% discount to the assumed issue price in the Transaction of EUR 10.00.

(e) It is assumed that the maximum amount of the capital increase (including issue premium) has been raised in the framework of the Transaction (namely, EUR 25,000,000.00).

8.2. Evolution of the share capital, voting power, and participation in the results and other shareholder rights

Each share in the Company currently represents an equal part of the share capital of the Company and provides for one vote in function of the part of the capital it represents. The issuance of the new shares in the framework of the Transaction will lead to a dilution of the existing shareholders of the Company and of the relative voting power of each share in the Company.

The dilution relating to the voting right also applies, *mutatis mutandis*, to the participation of each share in the profit and liquidation proceeds and other rights attached to the shares of the Company, such as the statutory preferential subscription right in case of a capital increase in cash through the issuance of new shares or in case of the issuance of new subscription rights or convertible bonds.

Specifically, prior to the Transaction (and the issuance of 1,791,130 new shares pursuant to the outstanding Share Options and the issuance of new shares pursuant to the contribution in kind of the Convertible Loan Payables), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. Upon the issuance of the new shares in the framework of the Transaction, 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 the Company at the moment of their issuance and delivery and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of issuance and delivery of the shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shareholders in the profit and liquidation proceeds of the Company and their holder's statutory preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

The evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the proposed Transaction is simulated below. Subject to the methodological reservations noted in paragraph 8.1, the table below reflects the evolution of the number of outstanding shares, assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction.

The table below assumes for the sake of the theoretical computation of the dilutive effect that existing shareholders would subscribe for none of the new shares (maximal dilution).

A similar dilution occurs upon the exercise of existing Share Options and upon contribution in kind of the Convertible Loan Payables.

Evolution of the number of outstanding shares

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Before exercise of outstanding Share Options and the contribution of Convertible Loan Payables and after the Transaction			
Outstanding shares[1]	15,791,376	15,791,376	15,791,376
New shares to be issued in the Transaction	3,125,000	2,777,777	2,500,000
Total shares outstanding	18,916,376	18,569,153	18,291,376
Dilution	16.52%	14.96%	13.67%
After exercise of outstanding Share Options and the contribution of Convertible Loan Payables, but prior to the Transaction[2]			
Outstanding shares[1]	15,791,376	15,791,376	15,791,376
New shares to be issued upon exercise of the Bootstrap Subscription Right	302,804	302,804	302,804
New shares to be issued upon exercise of the Executive Share Options	295,782	295,782	295,782
New shares to be issued upon exercise of the 2018 Share Options	1,192,544	1,192,544	1,192,544
New shares to be issued upon contribution of the Convertible Loan Payables	239,429	212,826	191,544

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Total shares after exercise of outstanding Share Options and after contribution of the Convertible Loan Payables	17,821,935	17,795,332	17,774,050
Dilution	11.39%	11.26%	11.15%
After exercise of outstanding Share Options, after the contribution of the Convertible Loan Payables and after the Transaction[2]			
Outstanding shares[1]...........................	15,791,376	15,791,376	15,791,376
Total shares after exercise of outstanding Share Options and after contribution of the Convertible Loan Payables	17,821,935	17,795,332	17,774,050
New shares to be issued in the Transaction	3,125,000	2,777,777	2,500,000
Total shares outstanding, after exercise of outstanding Share Options, after contribution of the Convertible Loan Payables, and after the Transaction	20,946,935	20,573,109	20,274,050
Dilution	14.92%	13.50%	12.33%

Notes:

(1) As adjusted to take into account the contemplated exercise of 12,810 2018 Share Options, see section 8.1.

(2) For the purpose of this simulation, it is assumed that all of the 1,295,072 existing Share Options (*i.e.*, outstanding and still to be granted) were granted, have vested, are immediately exercisable (regardless of their terms and conditions), and have been fully exercised prior to the completion of the Transaction. For the number of shares issuable upon the exercise of the Share Options outstanding, see section 8.1.

The above simulation demonstrates that, assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction (namely, EUR 25,000,000.00), the shares existing immediately prior to the Transaction (as adjusted to take into account the contemplated exercise of 12,810 2018 Share Options) would no longer represent 1/15,791,376 of the share capital, but 1/18,916,376 of the resulting share capital (at an issue price of EUR 8.00), 1/18,569,153 of the resulting share capital (at an issue price of EUR 9.00) and 1/18,291,376 of the resulting share capital (at an issue price of EUR 10.00). For the shares outstanding immediately prior to the Transaction (as adjusted to take into account the contemplated exercise of 12,810 2018 Share Options), this would represent a dilution of the participation in the share capital and the results of the Company of, respectively, 16.52%, 14.96% and 13.67%.

Assuming that (x) all Share Options would already have been exercised and 1,791,130 new shares would be issued as a result thereof, and (y) the Convertible Loan Payables would have been contributed in kind to the share capital of the Company and 239,429 (at a subscription price of EUR 6.00), 212,826 (at a subscription price of EUR 6.75) or 191,544 (at a subscription price of EUR 7.50) new shares would be issued as a result thereof, each share existing immediately prior to such exercise (as adjusted to take into account the contemplated exercise of 12,810 2018 Share Options) would no longer represent 1/15,791,376 of the share capital, but, respectively, 1/17,821,935, 1/17,795,332 or 1/17,774,050, of the resulting share capital (representing a dilution of, respectively, 11.39%, 11.26%, or 11.15% for the shares outstanding immediately prior to the exercise of all Share Options and the contribution in kind of the Convertible Loan Payables). Assuming that all new shares issued at the occasion of the Transaction (which number depends on the applicable issue price) are fully subscribed for, the existing shares after the exercise of all Share Options and the contribution in kind of the Convertible Loan Payables, would no longer represent 1/17,821,935 (at an issue price of EUR 8.00), 1/17,795,332 (at an issue price of EUR 9.00) or 1/17,774,050 (at an issue price of EUR 10.00) of the share capital, but 1/20,946,935 (at an issue price of EUR 8.00), 1/20,573,109 (at an issue price of EUR 9.00) or 1/20,274,050 (at an issue price of EUR 10.00). For the 17,821,935 (at an issue price of EUR 8.00), 17,795,332 (at an issue price of EUR 9.00) or 17,774,050 (at an issue price of EUR 10.00) shares that are outstanding after the exercise of all Share Options and the contribution in kind of the Convertible Loan Payables but prior to the Transaction, the exercise of all Share Options and the contribution in kind of the Convertible Loan Payables followed by the Transaction would represent a dilution of the participation in the share capital and the results of the Company of, respectively, 14.92%, 13.50% or 12.33%.

Subject to the methodological reservations noted in paragraph 8.1, the table below reflects the evolution of the share capital (as adjusted to take into account the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges)), assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction (namely, EUR 25,000,000.00). The maximum amount of share capital increase (excluding issue premium) is computed by multiplying the number of new shares to be issued (3,125,000 new shares at an issue price of EUR 8.00, 2,777,777 new shares at an issue price of EUR 9.00 and 2,500,000 new shares at an issue price of EUR 10,00) with the fractional value if the shares of the Company, *i.e.*, rounded EUR 0.1036 per share.

Evolution of the share capital(1)

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Before the Transaction			
Share capital (in EUR)(2)	1,636,333.24	1,636,333.24	1,636,333.24
Outstanding shares(2)	15,791,376	15,791,376	15,791,376
Fractional value (in EUR)	0.1036	0.1036	0.1036
Transaction			
Increase of share capital (in EUR)(3)	323,750.00	287,777.70	259,000.00
Number of new shares issued	3,125,000	2,777,777	2,500,000
After the Transaction			
Share capital (in EUR)	1,960,083.24	1,924,110.94	1,895,333.24
Outstanding shares(2)	18,916,376	18,569,153	18,291,376
Fractional value (in EUR)	0.1036	0.1036	0.1036

Notes:

(1) This simulation does not take into account the exercise of the outstanding Share Options, nor the contribution in kind of the Convertible Loan Payables.

(2) As adjusted to take into account the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges), see section 8.1.

(3) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being rounded EUR 0.1036 per share) shall be booked as share capital. The portion of the issue price in excess of the fractional value shall be booked as issue premium.

8.3. Participation in the consolidated accounting net equity

The evolution of the consolidated accounting net equity of the Company as a result of the Transaction is simulated below. The simulation is based on the following elements:

(a) The audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2019 (which have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**")). The consolidated accounting net equity of the Company as at 31 December 2019 amounted to EUR 925,932.00. The simulation does not take into account any changes in the consolidated accounting net equity since 31 December 2019, except, however, that for the purpose of the simulation, the impact of (i) the private placement completed on 27 January 2020 and (ii) the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges), on the consolidated net equity (per share) will be taken into account.

As a result of the abovementioned completion of the private placement completed on 27 January 2020 (not taking into account possible effects of accounting items other than the share capital and the issuance premium (for example the expenses of said private placement)):

(i) the share capital of the Company was increased as a result of which the Company's net equity was increased by an amount of EUR 18,999,996.00, whereby an amount of EUR 328,066.69 was booked as share capital and an amount of EUR 18,671,929.40 was booked as share premium.

(ii) the number of outstanding shares of the Company following the private placement completed on 27 January 2020 amounted to 15,778,566 shares (as 3,166,666 new shares were issued).

As a result of the abovementioned contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges) (not taking into account possible effects of accounting items other than the share capital and the issuance premium (for example the for example the expenses of said exercise)):

(i) the share capital of the Company will be increased as a result of which the Company's net equity will be increased by an amount of EUR 95,562.60, whereby an amount of EUR 1,327.12 will be booked as share capital and an amount of EUR 94,235.48 will be booked as share premium.

(ii) the number of outstanding shares of the Company following the exercise of the 2018 Share Options will be increased to 15,791,376 shares (as 12,810 new shares will be issued).

Consequently, for the purposes of the simulations below, the adjusted consolidated accounting net equity as at 31 December 2019 will be assumed to amount to EUR 20,021,490.60.

(b) The non-audited consolidated interim financial statements of the Company for six months ended on 30 June 2020 (which have been prepared in accordance with the IAS 34 (Interim Financial Reporting), as adopted by the European Union ("IAS 34")). The consolidated accounting net equity of the Company as at 30 June 2020 amounted to EUR 9,523,110.00. This number does not take into account any changes in the net equity since 30 June 2020, except, however, that for the purpose of the simulation, the impact of the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option EUR 7.46 (excluding exercise charges), on the consolidated net equity (per share) will be taken into account. Consequently, for the purposes of the simulations below, the adjusted consolidated accounting net equity as at 30 June 2020 will be assumed to amount to EUR 9,618,672.60.

For further information regarding the Company's net equity position on the aforementioned dates, reference is made to the financial statements of the Company, which are available on the Company's website.

Based on the assumptions set out above, as a result of the Transaction, the Company's accounting net equity on a consolidated basis, would be increased as indicated below:

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Consolidated net equity for FY 2019 (adjusted)			
Net equity (in EUR) (rounded)	20,021,490.60	20,021,490.60	20,021,490.60
Outstanding shares(1)...............	15,791,376	15,791,376	15,791,376
Net equity per share (in EUR) (rounded)	1.27	1.27	1.27
Transaction			
Increase of net equity (in EUR)(2)	25,000,000.00	24,999,993.00	25,000,000.00
Number of new shares issued	3,125,000	2,777,777	2,500,000
After Transaction			
Net equity (in EUR) (rounded)(3)	45,021,490.60	45,021,483.60	45,021,490.60
Outstanding shares(1)..............	18,916,376	18,569,153	18,291,376
Net equity per share (in EUR) (rounded)(3)	2.38	2.42	2.46

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Consolidated net equity for H1 2020 (adjusted)			
Net equity (in EUR) (rounded).	9,618,672.60	9,618,672.60	9,618,672.60
Outstanding shares(1)...............	15,791,376	15,791,376	15,791,376
Net equity per share (in EUR) (rounded)..............................	0.61	0.61	0.61
Transaction			
Increase of net equity (in EUR)(2)	25,000,000.00	24,999,993.00	25,000,000.00
Number of new shares issued...	3,125,000	2,777,777	2,500,000
After Transaction			
Net equity (in EUR) (rounded)(4)	34,618,672.60	34,618,665.60	34,618,672.60
Outstanding shares(1)..............	18,916,376	18,569,153	18,291,376
Net equity per share (in EUR) (rounded)(4)............................	1.83	1.86	1.89

Notes:

(1) As adjusted to take into account the contemplated exercise of 12,810 2018 Share Options, see section 8.1.

(2) Consisting of the amount of the capital increase and the amount of the increase of issue premium, as the case may be, but not reflecting that the accounting of this amount may be subject to further adjustments pursuant to IFRS or IAS 34.

(3) Not taking into account changes in the consolidated net equity after 31 December 2019 other than resulting from the private placement completed on 27 January 2020 and the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges) and other than the proposed Transaction, nor taking into account the potential issuance of new shares upon exercise of outstanding Share Options or upon contribution in kind of the Convertible Loan Payables.

(4) Not taking into account changes in the consolidated net equity after 30 June 2020 (other than the proposed Transaction), nor taking into account the potential issuance of new shares upon exercise of outstanding Share Options or upon contribution in kind of the Convertible Loan Payables.

The table above demonstrates that the Transaction will, from a pure accounting point of view, lead to an increase of the amount represented by each share in the consolidated accounting net equity of the Company. Notably, following the Transaction, the adjusted consolidated accounting net equity as per 31 December 2019 (adjusted to take into account the effects of the private placement completed on 27 January 2020 and the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges)), would amount to, respectively, (rounded) EUR 2.38, EUR 2.42 and EUR 2.46 per share (instead of EUR 1.27 (rounded) per share), depending on the applicable issue price, and the consolidated accounting net equity as per 30 June 2020, would amount to, respectively, (rounded) EUR 1.83, EUR 1.86 and EUR 1.89 per share (instead of EUR 0.61 (rounded) per share), depending on the applicable issue price.

8.4. Financial dilution

The evolution of the market capitalisation as a result of the proposed Transaction is simulated below.

Subject to the methodological reservations noted in paragraph 8.1, the table below reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution at various price levels, assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction (namely, EUR 25,000,000.00).

After close of trading on the day preceding the date of this report, *i.e.*, 8 February 2021, the Company's market capitalisation was EUR 173,705,136.00, on the basis of a closing price of EUR 11.00 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised (*i.e.*, EUR 25,000,000.00 funds raised at an issue price of EUR 8.00, EUR 24,999,993.00 funds raised at an issue price of EUR 9.00 and EUR 25,000,000.00 funds raised at an issue price of EUR 10.00), the new market capitalisation would be (rounded) EUR 10.50 per share (at an issue price of EUR 8.00), EUR 10.70 per share (at an issue price of EUR 9.00), and EUR 10.86 per share (at an issue price of EUR 10.00).

This would represent a (theoretical) financial dilution of respectively 4.55%, 2.73% and 1.27% per share in the event of an issue price of respectively EUR 8.00, EUR 9.00 and EUR 10.00 per share.

Evolution of the market capitalisation and financial dilution

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
Before the Transaction[1]			
Market capitalisation (in EUR)	173,705,136.00	173,705,136.00	173,705,136.00
Outstanding shares................	15,791,376	15,791,376	15,791,376
Market capitalisation per share (in EUR)	11.00	11.00	11.00
Transaction			
Funds raised (in EUR)	25,000,000.00	24,999,993.00	25,000,000.00
Number of new shares issued..	3,125,000	2,777,777	2,500,000

	Transaction		
	Issue price of EUR 8.00	**Issue price of EUR 9.00**	**Issue price of EUR 10.00**
After the Transaction[1]			
Market capitalisation (in EUR)	198,705,136.00	198,705,129.00	198,705,136.00
Outstanding shares................	18,916,376	18,569,153	18,291,376
Market capitalisation per share (in EUR) (rounded)...............	10.50	10.70	10.86
Dilution..................................	4.55%	2.73%	1.27%

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Notes:

(1) At the date of this report and not taking into account the potential issuance of new shares upon exercise of outstanding Share Options (other than the contemplated exercise of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46 (excluding exercise charges)) or upon contribution in kind of the Convertible Loan Payables.

* * *

Done on 9 February 2021.

[*Signature page follows*]

On behalf of the board of directors,

By: ____________________ [illegible]
[illegible]