

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 2020

Dear shareholders,

We are pleased to present to you the statutory financial statements for the fiscal year ended December 31, 2020 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 treatment of fluid overload in liver disease, malignant ascites and heart failure where diuretics are no longer effective. The **alfapump®**, is a fully implantable, programmable, wirelessly charged, battery-powered system that is CE-marked for the treatment of refractory ascites due to liver cirrhosis and malignant ascites.

Over 800 **alfapump®** systems have been implanted. The **alfapump®** has been endorsed by key independent third parties in Europe and has received Breakthrough Device status from the US FDA.

The Company has leveraged our **alfapump®** technology experience and are developing **alfapump DSR®**, a novel and proprietary approach to the treatment of volume overload in patients suffering from heart failure.

2 Discussion and analysis of the statutory financial statements

The annual accounts cover the accounting period from January 1, 2020 to December 31, 2020.

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 10,712,897 euro per 31 December 2020.
- The non-current assets represent an amount of 3,132,416 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. In 2020, an amount (5,171,014 euro) was capitalized on R&D.
- The current assets, excluding the cash at bank and in hand, amount to 2,749,627 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 1.635.006 euro and the share premium accounts amounts to 119,332,864 euro;
- Accumulated losses reached 118,544,703 euro per 31 December 2020.
- The liabilities of 12,995,061 euro mainly consist of financial debts from subordinated loans (7,472,701 euro); trade payables (2,026,964 euro), customer advances (789,311 euro), liabilities in respect of remuneration and social security obligations (1,387,441 euro) and accrued charges (1,318,644 euro).

Results of the fiscal year

The operating income amounts to 6,122,830 euro and relates to revenues generated from the sale of the **alfapump** for an amount of 963,280 euro, the inventory movement of finished products (-51,645 euro) and other revenues for 41,467 euro. Since this year, costs for research and development have been capitalized as intangible fixed assets resulting in produced fixed assets amounting to 5,169,728 euro.

The operating charges of 21,868,925 euro mainly consist of:

- Cost of goods sold for an amount of 202,412 euro, in line with 2019 (197,756 euro) and more or less in line with the turnover of 2020.
- Services and other goods for an amount of 12,349,848 euro, significantly higher than in 2019 (9,416,801 euro) mainly as a result of external advice regarding the POSEIDON (North American pivotal) study and the DSR RED DESERT studies as well as the preparation for the new Medical Devices Regulation (Regulation 2017/745).
- Total personnel costs of 5,522,096 euro, higher than in 2019 (4,914,521 euro) as a result of the expansion of the team.

The non-recurring operational charges amount to 1,197,729 euro, lower than in 2019 (2,347,414 euro) mainly relating to costs associated with the capital increase in January 2020. In 2019 the IPO took place.

The financial charges of 1,219,477 euro mainly relate to the financial charges on the Bootstrap loan (repaid on July 16, 2020) and attributed interest charges on the new subordinated loan agreements concluded at the end of July 2020.

The operating losses before taxes amount in 2020 to 16,868,025 euro.

The Company has closed its annual accounts with respect to the financial year 2020 with a loss of 16,994,508 euro.

Statutory and non-distributable reserves

The Company has a share capital of 1,635,006 euro. The Company has 637,670 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 development phase conducting clinical trials in order to achieve regulatory marketing approvals, which incurs various risks and uncertainties, including but not limited to the uncertainty of the development process and the timing of achieving profitability. 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 remains 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 2020 shows a positive equity in the amount of EUR 3.06 million and an ending cash balance of EUR 10.7 million. The Company will continue to require additional financing in the near future and in that respect already successfully raised EUR 22.50 million in February 2021 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 into Q2 2022. The Company continues to evaluate equity and non-dilutive financing options, including discussions with existing and/or new investors.

As a result, the board of directors remains confident that the liquidity requirements for the next twelve months can be secured based upon its current assessment of the COVID-19 situation and its impact on our ability to conduct clinical trials. The executive management and the board of directors remain confident about the strategic plan, which comprises additional financing measures including equity and/or other 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

As announced in the press release dated 9 February 2021, the Company has successfully raised an amount of EUR 22.5 million in gross proceeds by means of a private placement via an accelerated bookbuild offering of 2,647,059 new shares (being approximately 16.78% of the Company's outstanding shares) at an issue price of EUR 8.50 per share (the "Offering"). The Offering was upsized from EUR 17.5 million to EUR 22.5 million due to strong demand from new and existing local and international investors. The capital increase has been completed on 15 February 2021. For the impact on the current cash runway, refer to section 3 *Principles of financial reporting and going concern*.

The Company announced, in the press release dated 16 February 2021, that a number of holders of share options (having the form of subscription rights), in the context of the '2018 Share Option Plan' for directors, employees and other staff members of the Company and its subsidiaries (the "2018 Share Options"), have exercised a total number of 12,810 2018 Share Options at an exercise price per 2018 Share Option of EUR 7.46. As a result of this exercise of the 2018 Share Options, on 15 February 2021 the share capital of the Company has increased to EUR 1,910,568.55 and the number of issued and outstanding shares has increased to 18,438,435 ordinary shares, through the issuance of a total of 12,810 new shares.

On 25 March 2021, two of the three convertible loans that were entered into with the Company in July 2020 have been converted for an aggregate amount of EUR 618,916.67 (representing principal and interests) into an aggregate of 97,084 new shares in accordance with the terms of the aforementioned convertible loans.

When preparing this report, the Company noted that, as per 31 December 2020, due to losses incurred, the ratio of the Company's net assets (on a non-consolidated basis and as determined in accordance with Belgian generally accepted accounting principles) to the Company's share capital had fallen below the relevant thresholds as referred to in article 7:228 of the Belgian Companies and Associations Code (the "BCAC"). In accordance with article 7:228 of the BCAC, a general shareholders' meeting of the Company must be convened if the ratio of the Company's net assets to share capital has fallen below 50% in order to deliberate and resolve upon the dissolution of the Company or any other measures announced in the agenda of such general shareholders' meeting. The same requirement applies when the ratio has fallen below 25%. However, subsequent to 31 December 2020, the Company carried out

three capital increases in February and March (cf. supra), as a result of which the ratio of the Company's net assets (on a non-consolidated basis and as determined in accordance with Belgian generally accepted accounting principles) to the Company's share capital again exceeds the relevant thresholds as referred to in article 7:228 of the BCAC. As a result, the procedure as described in article 7:228 of the BCAC is not applicable

5 Circumstances that could impact the Company's further development

Brexit – business exposure

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. has negotiated the terms of their future relationship.

The transition period has ended on 31 December 2020. The impact of the Brexit on Sequana Medical is limited in Q1-2021, however at this moment there remain several items unclear regarding the agreements closed between the U.K. and E.U. in December 2020. Therefore, the long-term impact of Brexit on medical device companies and Sequana Medical in particular is uncertain and has to be assessed in the coming months.

COVID-19

The impact of COVID-19 has been described in section 3 *Principles of financial reporting and going concern* and 6 *Major Risks and Uncertainties*.

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 coronavirus (COVID-19) or any other infectious disease outbreak or other serious public health concern could result in delays to Sequana Medical's 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 has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of this document but will require additional funds beyond this period in order to meet its capital and expenditure needs.
- Changes in currency exchange rates could have a material negative impact on the profitability of Sequana Medical.

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 (i.e. physicians at clinical study centres that maintain overall responsibility for the conduct of a clinical study), 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.

- Adverse events may result in delays to the completion of clinical studies regarding the **alfapump®** or the **alfapump DSR®**.

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 is and will be subject to certain post-approval regulatory obligations in relation to the **alfapump®** and **alfapump DSR®**.
- Sequana Medical intends to develop proprietary DSR Infusate 2.0 to be used in the U.S. feasibility study for the **alfapump DSR®** for the management of volume overload due to heart failure in 2022. DSR (Direct Sodium Removal) Infusate is Sequana's proprietary formulation for use in the **alfapump®**. The DSR Infusate will likely be regulated as a drug in the United States, requiring approval by the FDA.
- Sequana Medical's manufacturing facility 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.
- Sequana Medical is subject to the risk of product liability claims or claims of defectiveness, which could result in uninsured losses for Sequana Medical or recalls of the relevant product.
- Compliance with regulations and standards for quality systems for medical device companies is complex, time consuming and costly. Sequana Medical may be found to be non-compliant, for example as a result of future changes in or interpretation of the regulations regarding quality systems in certain jurisdictions.
- The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about medical devices. If Sequana Medical is found to have made false or misleading claims about the **alfapump®** and/or the **alfapump® DSR** and/or any future products, or otherwise have violated promotion or advertising restrictions, it may become subject to significant fines and/or other liabilities.
- Sequana Medical is subject to healthcare fraud and abuse and other laws applicable to Sequana Medical's business activities. If Sequana Medical is unable to comply with such laws, it could face substantial penalties.
- Sequana Medical faces risks related to environmental matters and animal testing activities.

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.
- For the marketing of the **alfapump®**, Sequana Medical will be largely dependent on Fresenius in Belgium and the Netherlands, Vingmed in Denmark and Gamida in Israel.

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 and it could fail to achieve or maintain reimbursement levels sufficient to support commercialisation on a large scale.
- Sequana Medical is reliant on the Neue Untersuchungs- und Behandlungsmethoden (the "NUB") (New Research and Treatment Methods) reimbursement mechanism in Germany and will seek to obtain a German Diagnosis Related Group ("G-DRG") code for the **alfapump®** when its operations in Germany reach sufficient scale, which may not be granted.
- Sequana Medical's future financial performance will depend on the commercial acceptance of the **alfapump®**, the **alfapump DSR®** and/or any future products in target markets.
- The success of the **alfapump®**, the **alfapump DSR®** and/or any future products depends on their acceptance and adoption by physicians.
- Sequana Medical may not be able to manufacture or outsource manufacturing of the **alfapump®**, the **alfapump DSR®** and/or any future products in sufficient quantities, in a timely manner or at a cost that is economically attractive.
- If Sequana Medical is unable to expand its sales, marketing and distribution capabilities for the **alfapump®**, the **alfapump DSR®** and/or any future products, whether it be with internal infrastructure or an arrangement with a commercial partner such as the ones that Sequana Medical has entered into with Fresenius, Vingmed and Gamida, Sequana Medical may not be successful in commercialising the **alfapump®**, the **alfapump DSR®** and/or any future products in its target markets, if and when they are approved.

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.
- Sequana Medical could become subject to intellectual property litigation that could be costly, result in the diversion of management's time and efforts, require Sequana Medical to pay damages, prevent Sequana Medical from marketing the **alfapump®**, the **alfapump DSR®** and/or any future products, and/or reduce the margins for the **alfapump®** and/or the **alfapump DSR®** and/or any future products.
- Intellectual property rights do not necessarily address all potential threats to Sequana Medical's competitive advantage.

Risks relating to business activities

- Security breaches and other disruptions could compromise Sequana Medical's information and expose Sequana Medical to liability, which would cause Sequana Medical's business and reputation to suffer.
- Information technology forms a key support requirement within Sequana Medical's business. Any failure of Sequana Medical's IT systems could present a substantial risk to its business continuity.

Risks relating to surgical procedures

- Active implantable medical devices such as the **alfapump®** and the **alfapump DSR®** carry risks associated with the surgical procedure for implant or removal of the device, use of the device, or the therapy delivered by the device.

Risks relating to the market in which Sequana Medical operates

- Competition from medical device companies, pharmaceutical and biotechnology companies, and medical device subsidiaries of large healthcare and pharmaceutical companies is intense and expected to increase.

Risks relating to the shares of Sequana Medical

- 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.
- Future sales of substantial amounts of Sequana Medical's shares, or the perception that such sales could occur, could adversely affect the market value of the Shares.
- 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.
- Any future capital increases by the Company could have a negative impact on the price of the Company's shares and could dilute the interests of existing shareholders.

7 Research and Development

The following R&D programs have been undertaken in the course of 2020 with the objective to further develop the alfapump:

- POSEIDON (North American pivotal study of the **alfapump** in recurrent and refractory ascites due to liver cirrhosis) reported positive interim results from the first 13 patients in the Roll-In Cohort. The interim data showed positive outcomes against all primary endpoints of the study¹, as well as indications of clinically relevant improvements in quality of life measures. The mean reduction in frequency of therapeutic paracentesis (TP) post-**alfapump** implant versus pre-implant was over 90%. All patients had at least a 50% reduction in the average frequency of TP per month and the safety profile was in line with expectations. The study is designed to demonstrate in Pivotal Cohort patients 1) a 50% reduction in average monthly frequency of TP post-**alfapump** implant versus pre-implant and that 2) at least 50% of patients to achieve a 50% reduction in the requirement for TP post-**alfapump** implant versus pre-implant.
- RED DESERT (repeated dose proof-of-concept study of the **alfapump** DSR® in diuretic-resistant heart failure patients) reported positive interim results from the first five patients. The results showed that during the course of the six-week therapy, no loop diuretics were required, demonstrating the ability of the **alfapump** DSR® system to remove sodium and fluid from these patients, and there were no clinically significant changes in serum sodium levels or progressive hyponatremia. Following the six-week study, the diuretic response of these patients was restored to near normal levels with the majority of patients requiring low or no diuretics for months after completion of DSR therapy.

8 Number of shares and share capital

The share capital of the Company is EUR 1,635,006 and is represented by 15,778,566 common shares. The share capital is fully paid-in. During 2020, a capital increase took place.

(EUR, except number of shares)	Shares	Share capital	Share premium	Total
31 December 2019	12,611,900	1,306,940	100,660,934	101,967,874
January 2020 Equity Placement	3,166,666	328,066	18,671,929	18,999,996
31 December 2020	15,778,566	1,635,006	119,332,864	120,967,870

At 31 December 2019, the share capital of the Company was EUR 1,306,940. It was divided into 12,611,900 shares

¹ Pre- and post-implant periods for this analysis of the Roll-In Cohort differ from those that will be used for the Pivotal Cohort analysis

without nominal value and without name.

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.

In this context, the Company prepared a listing prospectus to have the 644,287 unlisted shares admitted to trading on the regulated market of Euronext Brussels. The 644,287 shares were admitted to trading on the regulated market of Euronext Brussels on 25 June 2020.

On 31 December 2020, 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 total number of outstanding subscription rights amounts to 1,308,733, which entitles their holders (if exercised) to subscribe to 1,804,791 new shares with voting rights in total, namely:

- 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. ("**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**");
- 295,782 new shares can be issued upon the exercise of 102,527 share options that are still outstanding 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
- 1,206,205 new shares can be issued upon the exercise of 1,206,205 2018 share options that are still outstanding under the "2018 Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his or her share options (the "**2018 Share Options**").

On 17 July 2020, the Company entered into a subordinated loan agreement with PMV/z-Leningen ("**PMV/z**") for an aggregate principal amount of maximum EUR 4.3 million, of which a loan for a principal amount of EUR 0.8 million can be converted by PMV/z 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 payable due by the

Company under the loan (whether as principal amount or as interest) (the "**Convertible Loan Payable**") to the share capital of the Company. The loan has a term of 36 months, and is repayable in full upon expiry of the term. The loan bears an interest of 6% per annum, except that the convertible portion of the loan bears an interest of 5% per annum. The price per share at which the Convertible Loan Payable 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. PMV/z can exercise this right until 30 days as from the completion of such equity financing or sale of the Company.

As of 31 December 2020, the Company does not hold any Treasury shares.

Authorised capital

In 2020, the board of directors of the Company did not issue any convertible bonds or subscription rights in the framework 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 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.

On 15 February 2021, 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 2,647,059 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 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.

On 25 March 2021, two of the three convertible loans that were entered into with the Company in July 2020 have been converted for an aggregate amount of EUR 618,916.67 (representing principal and interests) into an aggregate of 97,084 new shares in accordance with the terms of the aforementioned convertible loans. In this context, the board of directors prepared a report in accordance with Article 7:198 *juncto* Article 7:179 and 7:197 of the Belgian Companies and Associations Code in relation to the contribution in kind, 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, and (iii) a description of the contribution in kind, together with a justified valuation thereof. This board report must be read together with the relating reports prepared 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.

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

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 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.

1.11.1. 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."

[...]

4. DELIBERATION AND RESOLUTIONS

[...]

After deliberation, it was unanimously:

(a) *RESOLVED to approve in principle the issue of the new shares within the context of the Transaction, subject to the finalisation of the terms of the Transaction and the Documents, taking into account, however, the following:*

(i) *The maximum number of shares to be issued will range between maximum 2,522,379 and 6,305,950 new shares, which maximum number is still to be determined, at an issue price for the new shares that is still to be determined as a result of the accelerated bookbuilding procedure;*

(ii) *the new shares are to be offered by the Underwriters 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 (as defined in the Prospectus Directive) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, on the basis of applicable private placement exemptions, with dis-application of the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights, and whereby (a) any final allocation of new shares to investors (as the case may be) must be made on the basis of customary objective and pre-identified criteria, and (b) no guarantee shall be given, by or on behalf of the Company or the Underwriters, as to any allocation of new shares to any party;*

(iii) *an application will be made and all steps will be taken as shall be required (including, as the case may be, the preparation of a listing prospectus as required by the Prospectus Regulation) to admit the new shares to trading on Euronext Brussels in accordance with the applicable rules and regulations.*

(b) *RESOLVED to approve, or, in so far as required, ratify, the following:*

(i) *the Documents, the execution thereof (where relevant), and the performance of the obligations that the Company is to assume and perform in that regard;*

(ii) *the Board Report and the execution thereof;*

(iii) *the negotiation and execution of all other documentation and agreements to which the Company is or must become a party in the framework of the Transaction, including, but not limited to, the Placement Agreements;*

in each case in accordance with the substantive terms set out in the Documents submitted to the board of directors or, as the case may be, as further negotiated, finalised or changed in accordance with the provisions in section (e) below.

(c) *RESOLVED to confirm the assignment to the statutory auditor to draw up a report in accordance with Article 7:198 juncto Articles 7:179 and 7:191 of the Belgian Companies and Associations Code with respect to the private placement and notes that, to the extent necessary and applicable, in accordance with Article 3:63, §5 of the Belgian Companies Code, the members of the audit committee agree that this assignment, in accordance with the rules and conditions necessary for such reports, is given to the statutory auditor of the Company.*

(d) *RESOLVED, subject to the finalisation of the Board Report and the report of the statutory auditor of the Company in relation thereto and subject to a final decision to be taken by the Placement Committee (as defined under section (e) below), to approve the passing of the Notarial Board Resolutions before a notary public.*

[...]"

1.11.2. 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."

[...]

DELIBERATION – DECISIONS

FIRST DECISION: Reports

The report of the board of directors of the Company in accordance with Articles 7:198 juncto Articles 7:179 and 7:191 of the Belgian Companies and Associations Code with respect to the proposal of the board of directors of the Company to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights, in connection with the proposed increase of the share capital of the Company in the framework of the authorised capital with a maximum amount ranging between EUR 261,318.46 and EUR 653,296.42 (without issue premium), through the issuance of new shares with a maximum ranging between 2,522,379 and 6,305,950 new shares, which maximum number is still to be determined, 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 (as defined in the Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, on the basis of applicable private placement exemptions, is submitted to the board of directors.

The board of directors declares to have approved this report prior to the board meeting. It takes again note of it, and no comments are formulated.

The board of directors approves this report again.

The board of directors subsequently takes note of the report of the statutory auditor of the Company in accordance with Articles 7:198 juncto Articles 7:179 and 7:191 of the Belgian Companies and Associations Code with respect to the proposal of the board of directors of the Company to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights, in connection with the proposed increase of the share capital of the Company in the framework of the authorised capital with a maximum amount ranging between EUR 261,318.46 and EUR 653,296.42 (without issue premium), through the issuance of new shares with a maximum ranging between 2,522,379 and 6,305,950 new shares, which maximum number is still to be determined.

The directors declare to have receive a draft of this report prior to the meeting, and declare to have taken note of it. They declare to not have any comments thereon.

[...]

SECOND DECISION: Increase of the share capital in the framework of the authorised capital

The board of directors decides to increase of the share capital of the Company in cash in the framework of the authorised capital as set out in Article 8 of the articles of association of the Company with a maximum amount ranging between EUR 261,318.46 and EUR 653,296.42 (without issue premium), through the issuance of new shares with a maximum ranging between 2,522,379 and 6,305,950 new shares, which maximum number is still 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 of the Company (in each case not in favour of one or more persons), subject to the following terms and conditions:
[...]"*

10 Financial risk management (at group level)

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.

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.

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.

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.

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

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 / ISO 14971:2019. 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 **Error! Reference source not found.** of the Corporate governance statement.

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:

	31.12.2020 CHF
Assets	
Inventory	1,664,476
Cash and cash equivalents	625,392
Liabilities	
Long term debt	0
Short term debt	0

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 2020	
(EUR)	Impact on income statement and equity
5% decrease of average foreign exchange rate	-370,773
5% increase of average foreign exchange rate	+370,773
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 of 31 December 2020, 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 370,773 EUR higher (2019: 321,532 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 370,773 EUR lower (2019: 322,082 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 2020

(EUR)	Impact on income statement and equity
50 basis points increase / decrease	-/+ 2,860
As at 31 December 2019	
(EUR)	Impact on income statement and equity
50 basis points increase / decrease	-/+ 53,309

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 3 Principles of financial reporting and going concern 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 at least 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 2020 and 2019.

11 Transactions under 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 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.

On 15 February 2021, 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 2,647,059 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 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.

On 25 March 2021, two of the three convertible loans that were entered into with the Company in July 2020 have been converted for an aggregate amount of EUR 618,916.67 (representing principal and interests) into an aggregate of 97,084 new shares in accordance with the terms of the aforementioned convertible loans. In this context, the board of directors prepared a report in accordance with Article 7:198 *juncto* Article 7:179 and 7:197 of the Belgian Companies and Associations Code in relation to the contribution in kind, 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, and (iii) a description of the contribution in kind, together with a justified valuation thereof. This board report must be read together with the relating reports prepared 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.

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 2020.

13 Corporate Governance

Corporate governance statement

13.1. 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 2020 (dated 22 April 2021) in accordance with Article 3:6, §2 of the Belgian Companies and Associations Code of 23 March 2019 (as amended) (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 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. The 2020 Belgian Corporate Governance Code applies to reporting years beginning on or after 1 January 2020.

On 23 April 2020, the board of directors approved an amended and restated version of the Company's corporate governance charter to align it with the provisions of the 2020 Belgian Corporate Governance Code and the Belgian Companies and Associations Code.

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

13.2. Corporate Governance Charter

In 2020, the Company applied a corporate governance charter that was in line with the 2020 Belgian Corporate Governance Code. The Company's board of directors approved this charter on 23 April 2020. 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 2020, the Company applied the provisions set forth in the 2020 Belgian Corporate Governance Code except in relation to following:

- Pursuant to Article 7:91 of the Belgian Companies and Associations Code and provision 7.11 of the 2020 Belgian Corporate Governance Code, shares should not vest and share options should not be exercisable within three years as of their granting. Insofar as necessary, it is recalled that following the extraordinary shareholders' meeting of 28 May 2020, it has been expressly provided in the articles of association that the board of directors is explicitly authorised to deviate from the provisions of Article 7:91 of the Belgian Companies and Associations Code, for all persons who fall within the scope of these provisions (whether directly or pursuant to Articles 7:108 and 7:121 of the Belgian Companies and Associations Code, or otherwise). 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.
- In accordance with provision 7.6 of the 2020 Belgian Corporate Governance Code, non-executive directors should receive a part of their remuneration in the form of shares of the Company. The Company has however no distributable reserves and therefore does not meet the legal requirements to proceed to a shares buy-back. As a result, the Company does not own treasury shares and is unable to grant existing shares to non-executive directors as part of their remuneration. The interests of the non-independent non-executive directors

are however considered to be sufficiently oriented to the creation of long-term value for the Company. The directors are also paid in cash, leaving it their own initiative whether or not they wish to use such funds (in whole or in part) to acquire existing shares of the Company.

- In accordance with provision 7.9 of the 2020 Belgian Corporate Governance Code, the board of directors should set a minimum threshold of shares to be held by the members of the executive management. A part of the remuneration of the members of the executive management consists of options to subscribe for the Company's shares, which should allow the members of the executive management over time to acquire shares of the Company, in line with the objectives of the option plans.
- In accordance with provision 7.12 of the Belgian Corporate Governance Code, the board of directors should include provisions in the contracts of the members of the executive management that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. There are currently no contractual provisions in place between the Company and the chief executive officer 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. The board of directors does not consider that it is necessary to apply claw-back provisions as (x) the pay-out of the variable remuneration, based on the achievement of corporate targets as set by the board of directors, is paid only upon achievement of those corporate targets, and (y) the Company does not apply any other performance based remuneration or variable compensation. Furthermore, the share option plans do contain bad leaver provisions that can result in the share options, whether vested or not, automatically and immediately becoming null and void. Notwithstanding the Company's position that share options are not to be qualified as variable remuneration, the board of directors is of the opinion that such bad leaver provisions sufficiently protect the Company's interests and that it is therefore currently not necessary to provide for additional contractual provisions that give the Company a contractual right to reclaim any (variable) remuneration from the members of the executive management.

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.

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.

13.3. Composition Board of Directors, Executive Management and Senior Management Team

13.3.1. 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	57	Chair, Independent Non-Executive Director	2019	2022
Mr Ian Crosbie	53	CEO, Executive Director	2019	2022
Mr Rudy Dekeyser	59	Non-Executive Director	2019	2022
Mr Erik Amble	69	Non-Executive Director	2019	2022
Mr Wim Ottevaere ⁽¹⁾	64	Independent Non-Executive Director	2019	2022
Mr Jason Hannon	49	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 EUR 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 and CFO of Biotalys. 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.

13.3.2. Executive Management and Senior Management Team

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

Name	Age	Position
Mr Ian Crosbie	53	Chief Executive Officer
Mrs Kirsten Van Bockstaele ⁽¹⁾	46	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 Oliver Gödje	56	Chief Medical Officer
Dr Gijs Klarenbeek	44	Senior Medical Advisor
Mr Timur Resch	39	Global Vice President QM/QA/RA
Dr Andreas Wirth ⁽¹⁾	52	Vice President Engineering
Mr Martijn Blom	47	Chief Commercial Officer

Note

(1) Dr Andreas Wirth joined Sequana Medical NV as of 4 January 2021.

Dr. Oliver Gödje is the Chief Medical Officer of the Company. Dr. Gödje has a highly experienced clinician and medtech industry executive with 18 years of international experience in medical and commercial roles. Prior to joining Sequana Medical, Oliver served as Chief Medical Officer at Humedics GmbH, Medical Director and VP Sales & Marketing at Hepa Wash GmbH, Chief Medical Officer and Chief Marketing Officer at Tensys Medical Inc., and Medical & Marketing Director of PULSION Medical Systems AG, all medtech companies in the liver or cardiovascular field. He holds a PhD and Professorship in Human Medicine and built an extensive knowledge of cardiology during his time as a Cardiac Surgeon at leading German Universities. He was a Consultant and Vice Chairman of the Department of Cardiac Surgery at the University Hospital of Ulm until 2002.

Dr Gijs Klarenbeek is the Senior Medical Advisor 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 Timur Resch is the Global Vice President QM/QA/RA of Sequana Medical. Mr Resch has over 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.

Dr Andreas Wirth is the Vice President Engineering of the Company. Mr. Wirth has over 12 years of experience within leading R&D departments in regulated industries. Most recently he was Director of R&D at Carl Zeiss Meditec and responsible for refractive surgery products. Previous to his time at Carl Zeiss Meditec he was the Head of metrology development at Schott and responsible for pharmaceutical primary packaging across 17 plants worldwide. Prior to this, he was head of R&D at medi Group managing seven small R&D groups in Germany, France and the US and project

manager at Amaxa / Lonza Biologics of medical and laboratory devices. Andreas holds a PhD in applied science and studied physics at the University of Osnabrück, Germany.

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.

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.

13.4. 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 corporate governance charter (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 Company's articles of association, the board of directors must consist of at least three directors. The Company's corporate governance charter (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 2020 Belgian Corporate Governance Code, 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 2020 Belgian Corporate Governance Code. 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 2020, 17 meetings of the board of directors were held.

13.4.1. Committees of the Board of Directors

The board of directors has established two board committees 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 and provision 4.10 of the 2020 Belgian Corporate Governance Code) and the remuneration and nomination committee (in accordance with Article 7:100 of the Belgian Companies and Associations Code and provision 4.17 and 4.19 of the 2020 Belgian Corporate Governance Code). The terms of reference of these board committees are primarily set out in the corporate governance charter of the Company (approved by the board of directors on 23 April 2020).

13.4.1.1. 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 2020 Belgian Corporate Governance Code, 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 2020, 4 meetings of the audit committee were held.

13.4.1.2. 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 2020 Belgian Corporate Governance Code (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 2020, 2 meetings of the remuneration and nomination committee were held.

13.4.2. Activity Report and Attendance at Board and Committee Meetings during 2020

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	17 out of 17 meetings	4 out of 4 meetings	1 out of 2 meetings ⁽⁶⁾
Mr Ian Crosbie	16 out of 17 meetings	4 out of 4 meetings ⁽⁵⁾	2 out of 2 meetings ⁽⁵⁾
Mr Rudy Dekeyser	16 out of 17 meetings	N/A ⁽²⁾	2 out of 2 meetings
Mr Erik Amble	16 out of 17 meetings	4 out of 4 meetings	N/A ⁽²⁾
Mr Wim Ottevaere ^{(1) (3)}	17 out of 17 meetings	4 out of 4 meetings	2 out of 2 meetings
Mr Jason Hannon ⁽⁴⁾	15 out of 17 meetings	N/A ⁽²⁾	2 out of 2 meetings

Notes:

- (1) Acting as permanent representative of WIOT BV.
- (2) The board member is not a member of the specific committee .
- (3) The board member is chairman of the Audit Committee
- (4) The board member is chairman of the Nomination and Remuneration Committee
- (5) The CEO is invited to the Audit Committee and Nomination and Remuneration Committee by the chair of the relating committee.
- (6) The board member attended the meeting as an observer.

13.4.3. 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 Corporate Governance Code.

13.4.4. 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.

13.5. Executive management and Chief Executive Officer

13.5.1. 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.

13.5.1.1. 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.

13.6. 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 corporate governance charter of the Company (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 corporate governance charter (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.

13.7. 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.

13.8. Internal Control and Risk Management

13.8.1. 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.

13.8.2. 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.

13.8.3. 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.

13.8.4. 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.

13.8.5. 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.

13.8.6. 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 / ISO 14971:2019. 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 2.4.1. of this Corporate Governance Statement.

13.8.7. 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>.

13.9. 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 31 December 2020. 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. The most recent update of principal shareholders is available on Sequana Medical's website (www.sequanamedical.com)

	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 ⁽⁴⁾	N/A ⁽⁴⁾
GRAC Société Simple ⁽⁵⁾	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).

13.10. Share Capital and Shares

On 31 December 2020, 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 total number of outstanding subscription rights amounts to 1,308,733, which entitles their holders (if exercised) to subscribe to 1,804,791 new shares with voting rights in total, namely:

- 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. ("**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**");
- 295,782 new shares can be issued upon the exercise of 102,527 share options that are still outstanding 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
- 1,206,205 new shares can be issued upon the exercise of 1,206,205 2018 share options that are still outstanding under the "2018 Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his or her share options (the "**2018 Share Options**").

On 17 July 2020, the Company entered into a subordinated loan agreement with PMV/z-Leningen ("**PMV/z**") for an aggregate principal amount of maximum EUR 4.3 million, of which a loan for a principal amount of EUR 0.8 million can be converted by PMV/z 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 payable due by the Company under the loan (whether as principal amount or as interest) (the "**Convertible Loan Payable**") to the share capital of the Company. The loan has a term of 36 months, and is repayable in full upon expiry of the term. The loan bears an interest of 6% per annum, except that the convertible portion of the loan bears an interest of 5% per annum. The price per share at which the Convertible Loan Payable 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. PMV/z can exercise this right until 30 days as from the completion of such equity financing or sale of the Company.

13.10.1. 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.

In this context, the Company prepared a listing prospectus to have the 644,287 unlisted shares admitted to trading on the regulated market of Euronext Brussels. The 644,287 shares were admitted to trading on the regulated market of Euronext Brussels on 25 June 2020.

On the date of this report, all of the Company's shares have been admitted to trading on the regulated market of Euronext Brussels.

13.10.2. 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.

13.10.3. 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/droits réels) on, except in the event a single representative is appointed for the exercise of the voting right vis-à-vis the Company;
- 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.

Generally, the general shareholders' meeting has sole authority with respect to:

- the approval of the annual financial statements of the Company;
- the distribution of profits (except interim dividends);
- the appointment (at the proposal of the board of directors and upon recommendation by the remuneration and nomination committee) and dismissal of directors of the Company;
- the appointment (at the proposal of the board of directors and upon recommendation by the audit committee) and dismissal of the statutory auditor of the Company;
- the granting of release from liability to the directors and the statutory auditor of the Company;
- the determination of the remuneration of the directors and of the statutory auditor for the exercise of their mandate;
- the advisory vote on the remuneration report included in the annual report of the board of directors, the binding vote on the remuneration policy that the Company intends to submit for the first time to the general shareholders' meeting to be held on 27 May 2021, and subsequently upon every material change to the remuneration policy and in any case at least every four years, and the determination of the following features of the remuneration or compensation of directors, members of the executive management and certain other executives (as the case may be): (i) in relation to the remuneration of executive and non-executive directors, 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 executive directors, 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, (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), and (iv) any service agreements to be entered into with executive directors, members of the executive management and other executives providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration and nomination committee, eighteen (18) months' remuneration);
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganisations of the Company; and
- the approval of amendments to the articles of association.

13.10.4. 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 2020 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, the aforementioned loan agreements entered into with PMV/z in July 2020, also include protective covenants, which may limit the Company's ability (and require PMV/z's prior consent) to make distributions by way of dividends or otherwise and this so long as any monies or obligations, actual or contingent, are outstanding under the aforementioned loan agreements.

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

13.11. 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 (at the date of this report) of the Company amounts to EUR 1,920,626.45 and is fully paid-up. It is represented by 18,535,519 ordinary shares, each representing a fractional value of (rounded) EUR 0.1036 and representing one 18,535,519th 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 14.7 Terms

and conditions of the share option plans 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 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:
- the subordinated loan agreements entered into, at the end of July 2020, between the Company and several shareholders, including PMV/z (the "Lenders") (the "**Subordinated Loan Agreements**") provide that the Lenders may declare all outstanding amounts under the Subordinated Loan Agreements due and payable within 30 business days if a change of control occurs. For the purposes of the Subordinated Loan Agreements, "change of control" is to be understood as the holders of the shares at the date of the Subordinated Loan Agreements ceasing to directly or indirectly control the Company, whereby "control" means the power to (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at the shareholders' meeting; (ii) appoint or remove all, or the majority of, the directors; or (iii) give directions with respect to the operating and financial policies. These change of control provisions are subject to the approval of shareholders at the first annual general meeting to be held in May 2021.
 - 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.

13.12. Diversity & Inclusiveness

Due to the fact that the Company has only been listed for two years, 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.

14 REMUNERATION REPORT

14.1. 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 2020 (dated 22 April 2021) 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 27 May 2021 for approval.

14.2. Remuneration policy

On 16 May 2020 the new article 7:89/1 of the Belgian Companies and Associations Code, which provides that listed companies must establish a remuneration policy with respect to directors, other officers and delegates for day-to-day management, entered into force. This article details the objectives of, as well as the information that needs to be included in, the remuneration policy. The remuneration policy must be approved by a binding vote of the general shareholders' meeting and must be submitted to the general shareholders' meeting for approval whenever there is a material change and in any case at least every four years. In view hereof, in accordance with article 7:89/1 of the Belgian Companies and Associations Code, the nomination and remuneration prepared a new remuneration policy that the board of directors intends to submit to the shareholders for approval at the occasion of the annual general shareholders' meeting to be held on 27 May 2021. The aforementioned remuneration policy can be consulted on the Company's website and has been included in the Section "*Remuneration Policy*" of the 2020 Annual Report.

No significant change to the remuneration policy is envisaged for 2021 or the following accounting years. However, the Company will continuously review the remuneration of directors and members of the executive management against market practice.

14.3. Directors

14.3.1. 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;
- (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); and
- (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 3.6. 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 articles of association, the board of directors is explicitly authorised to deviate from the rule of Article 7:91 of the Belgian Companies and Associations Code in connection with share-based incentive plans, compensation, awards or issues to employees, directors and service providers of the Company and/or its subsidiaries. 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.

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 (other than non-executive independent directors) is in principle entitled to receive share options or subscription rights. Part of the 2018 Share Options and 2021 Share Options (to be approved by the extraordinary shareholders' meeting of the Company of 27 May 2021) can be used for this purpose.

The abovementioned possibility to grant share options to non-executive directors (other than to non-executive independent directors) is contrary to provision 7.6 of the 2020 Code, which provides that no share options should be granted to non-executive directors. The Company believes that this provision of the 2020 Code is 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 (other than the non-executive independent directors) with share options allows 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-independent non-executive directors the opportunity to be remunerated in part in share-based incentives rather than all in cash enables the non-independent 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. The Company believes that this is in the interest of the Company and its stakeholders. Furthermore, the Company believes that this is customary for directors active in companies in the life sciences industry. The Company is still considering whether share options or subscription rights will be granted to non-executive independent directors, but has not yet formally concluded on this matter.

In accordance with provision 7.6 of the 2020 Code, non-executive directors should receive a part of their remuneration in the form of shares of the Company. The Company has however no distributable reserves and therefore does not meet the legal requirements to proceed to a shares buy-back. As a result, the Company does not own treasury shares and is unable to grant existing shares to non-executive directors as part of their remuneration. The interests of the non-independent non-executive directors are however currently considered to be sufficiently oriented to the creation of long-term value for the Company. The directors are also paid in cash, leaving it at their own initiative whether or not they wish to use such funds (in whole or in part) to acquire existing shares of the Company.

As mentioned, a revised (stand-alone) remuneration policy will be submitted for approval to the annual general shareholders' meeting of the Company to be held on 27 May 2021 in order to align the current remuneration policy of the Company with the requirements of Article 7:89/1 of the Belgian Companies and Associations Code.

The Company also reimburses reasonable out of pocket expenses of directors (including travel and accommodation 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.

14.3.2. Remuneration and compensation in 2020

During 2020, the non-executive directors received the following compensation, based on the approved fees in 1.3.1.

	Gross amount (in €)	Share options awarded
Pierre Chauvineau	70,000.00	0
Wim Ottevaere (WIOT BV)	50,000.00	0
Jason Hannon	40,000.00	0

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

14.4. Executive Management

14.4.1. 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 Article 7:91 of the Belgian Companies and Associations Code in connection with share-based incentive plans, compensations, awards and issuances to employees, directors and

service providers of the Company and/or its subsidiaries. The Company believes that this allows for more flexibility when structuring share-based awards.

In relation to point (ii) above, under the former Belgian Companies Code of 7 May 1999, 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;
- a performance bonus in cash; and
- other (fringe) benefits in whatever form (such as contribution for pension plan, insurance plan, car lease, transport allowance or medical plan).

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. This policy contributes to aligning the interests of the members of the executive management with those of the Company, amongst other things, by involving them in the risks and prospects of its activities in a long-term perspective. Their remuneration contributes to the Company's long-term performance.

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.

As mentioned, a revised (stand-alone) remuneration policy will be submitted for approval to the annual general shareholders' meeting of the Company to be held on 27 May 2021 in order to align the current remuneration policy of the Company with the requirements of Article 7:89/1 of the Belgian Companies and Associations Code. The Company will continuously review the remuneration of members of the executive management against market practice.

14.4.2. Remuneration and compensation in 2020

In 2020, the following remuneration, compensation and other benefits were paid to the two members of the executive management. All amounts included in the table are gross amounts.

	Chief executive officer (€)		Other member of the executive management (€)	
	Amount (1)	%	Amount	%
Annual base salary	280.993,59	62,91%	246.000,00	83,56%
Pension plan(2)	14.049,68	3,15%	N/A	N/A
Insurance plan(3)	1.130,40	0,25%	N/A	N/A
Car lease/transport allowance	10.790,15	2,42%	N/A	N/A
Medical plan.....	4.809,79	1,08%	N/A	N/A
Bonus plan(4)	134.876,92	30,20%	48.384,00	16,44%
Total	446.650,55	100,00%	294.384,00	100,00%

Notes:

(1) The amount is paid in GBP to the CEO. The conversion applied to EUR is performed on the average GBP/EUR rate of 2020 of the ECB.

(2) The pension plan amounts to 5% of the annual base salary of the CEO.

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

(4) The bonus has been paid in cash

(5) Acting through Fin-2K BV

In 2020, the board of directors has decided to establish the Company's performance at 80% (reflecting the level of achievement of the Company's 2019 objectives based on the progress made in our clinical programs and the financial performance). In function thereof, variable remuneration (in the form of a cash bonus) has been paid out in the course of 2020 to the members of the executive management.

In 2020, 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 EUR 72,060.25.

14.4.3. Annual evolution in remuneration, performance and average annual remuneration of employees

Evolution of the remuneration of the directors and executive managers on a full-time equivalent basis									
	2016	2017		2018		2019		2020	
	EUR	EUR	% vs prior year						
Directors and executive managers	216.514	422.470	95%	586.794	39%	834.090	42%	901.035	8%

Note:

- No remuneration was in place for the non-executive directors prior to the Company's IPO of 2019.

- The remuneration is partially dependent on the fluctuation of the exchange rate of GBP/EUR.

Evolution of the remuneration of the average remuneration on a full-time equivalent basis of employees other than directors and members of the executive management									
	2016	2017		2018		2019		2020	
	EUR	EUR	% vs prior year						
Employees	148.621	120.508	-19%	114.071	-5%	109.695	-4%	109.886	0%

Note:

- The average remuneration on a full-time basis of 2016, 2017 and 2018 is less comparable to 2019 and 2020 as this was prior to the seat transfer to Belgium and the subsequent IPO (February 2019).

- In 2019 and 2020, some key positions were fulfilled by persons working via a consulting agreement. The consultancy fees of such positions are not reflected in the above average remuneration of employees.
- The remuneration is partially dependent on the fluctuation of the exchange rate of GBP/EUR and CHF/EUR.

Evolution of the performance of the Company									
Performance Criteria	2016	2017		2018		2019		2020	
	EUR	EUR	% vs prior year	EUR	% vs prior year	EUR	% vs prior year	EUR	% vs prior year
Net loss for the period	- 13.975.000	- 8.225.189	-41%	-13.983.224	70%	- 14.977.445	7%	-19.106.205	28%
Total Equity	- 6.667.000	-4.610.672	-31%	-18.759.747	307%	925.932	-105%	112.761	-88%
Paid dividends	0	0	0	0	0	0	0	0	0
Market capitalisation at 31 December	NA	NA	NA	NA	NA	78.950.494	NA	186.305.079	136%

Ratio between the highest and the lowest remuneration

The ratio between the highest and lowest remuneration in 2020 was equal to 9 in the European Union and 7 outside the European Union.

14.4.4. Claw-back right relating to variable remuneration

In accordance with provision 7.12 of the Belgian Corporate Governance Code, the board of directors should include provisions in the contracts of the members of the executive management that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. There are currently no contractual provisions in place between the Company and the chief executive officer 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. The board of directors does not consider that it is necessary to apply claw-back provisions as (x) the pay-out of the variable remuneration, based on the achievement of corporate targets as set by the board of directors, is paid only upon achievement of those corporate targets, and (y) the Company does not apply any other performance based remuneration or variable compensation. Furthermore, the share option plans do contain bad leaver provisions that can result in the share options, whether vested or not, automatically and immediately becoming null and void. Notwithstanding the Company's position that share options are not to be qualified as variable remuneration, the board of directors is of the opinion that such bad leaver provisions sufficiently protect the Company's interests and that it is therefore currently not necessary to provide for additional contractual provisions that give the Company a contractual right to reclaim any (variable) remuneration from the members of the executive management.

14.4.5. 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.

14.5. 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.

14.6. Description of share option plans

The Company, as per 31 December 2020, has a number of outstanding options that are exercisable into ordinary shares, consisting of:

- 295,782 new shares can be issued upon the exercise of 102,527 share options (each share option having the form of a subscription right) that are still outstanding 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
- 1,206,205 new shares can be issued upon the exercise of 1,206,205 2018 Share Options (each share option having the form of a subscription right) that are still outstanding 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 addition, the Company will submit a new share option plan (the '2021 Share Options' plan) for members of the personnel of the Company, entitling the holder thereof to acquire one share when exercising one of his or her share options, for approval by the extraordinary shareholders' meeting of 27 May 2021.

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 31 December 2020.

Name	Number of Shares issuable	
	Executive Share Options	2018 Share Options
Ian Crosbie	216,442	80,839
Kirsten Van Bockstaele ⁽¹⁾	6,226	40,419

Notes:

(1) Acting through Fin-2K BV.

In financial year 2020, 51.034 share options lapsed as a result of the termination of a number of employment contracts.

14.7. 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.

The key features of the 2021 Share Options (to be submitted for approval to the extraordinary shareholders' meeting of the Company of 27 May 2021) can be summarised as follows:

- The 2021 Share Options are subscription rights in registered form.
- The 2021 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 2021 Share Options that have vested prior to the time of death can be transferred.
- Each 2021 Share Option can be exercised for one new ordinary share.
- If a 2021 Share Option which is not exercisable or which cannot be exercised pursuant to the issuance conditions (as determined in the 2021 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 2021 Share Options shall not be transferable, unless explicitly agreed upon by the board of directors, until the time the underlying 2021 Share Options would have become exercisable in accordance with the 2021 Share Option Plan, the relevant sub-plan or share option agreement.
- The exercise price of the 2021 Share Options shall be determined by the board of directors of the Company, taking into account applicable laws.
- The 2021 Share Options are granted for free, *i.e.* no consideration is due upon the grant of the 2021 Share Options, unless the grant agreement provides otherwise.
- Pursuant to Belgian company law, the 2021 Share Options have a maximum term of 10 years as of their issuance.
- Unless stipulated otherwise in the grant agreement, one third of the 2021 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 2021 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 2021 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 2021 Share Options and determine the conditions of such accelerated vesting.

- The 2021 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 2021 Share Option Plan is governed by the laws of Belgium.

14.8. Shareholding and Share Options

As per 31 December 2020, 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). No share options were granted to non-executive directors in 2020.

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".

15 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, 2020.

16 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, 2020.

17 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, 2020 and to determine the result allocation as disclosed in the statutory annual accounts for the year ended 31 December 2020.

22 April 2021

On behalf of the board of directors,

By:

A handwritten signature in black ink, appearing to be 'P. Chauvineau', written over a horizontal line.

Pierre Chauvineau
Director

By:

A handwritten signature in blue ink, appearing to be 'Ian Crosbie', written over a horizontal line.

Ian Crosbie
Director