

SEQUANA MEDICAL

Limited Liability Company

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VAT BE 0707.821.866 Register of Legal Entities Ghent, section Ghent

REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 7:180, 7:191 AND 7:193 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE

1. INTRODUCTION

On 19 July 2022, Kreos Capital VII (UK) Limited granted a secured loan facility to Sequana Medical NV (the "**Company**") in the amount of up to EUR 10.0 million (which was fully drawn on 5 October 2022) (the "**Loan Facility**") pursuant to a loan agreement entered into on 19 July 2022 between the Company and Kreos Capital VII (UK) Limited (the "**Kreos Loan Agreement**").

In consideration of the willingness of Kreos Capital VII (UK) Limited to provide the Loan Facility within the framework of the Kreos Loan Agreement, the Company entered into a subscription rights agreement on 19 July 2022 with Kreos Capital VII Aggregator SCSp ("**Kreos**") pursuant to which it agreed to propose to the Company's extraordinary general meeting of shareholders (the "**EGM**") to issue a total of 875,000 new subscription rights for new shares in the Company (the "**Kreos Subscription Rights**") to the benefit of Kreos (and its permitted successors and assigns).

The aforementioned 875,000 Kreos Subscription Rights consist of (a) 650,000 Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 650,000.00) exercisable at an exercise price per underlying new share of EUR 5.31, entitling Kreos to a total of 122,410 new shares (the "**Initial Kreos Subscription Rights**"), and (b) 225,000 Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 225,000.00) exercisable at an exercise price per underlying new share of EUR 5.77, entitling Kreos to a total of 38,994 new shares (the "**Subsequent Kreos Subscription Rights**").

In this context, the board of directors will submit to the EGM the proposal to issue the 875,000 Kreos Subscription Rights, at the terms and conditions as further described below in this report, and to dis-apply, in the interest of the Company, the preferential subscription right of the existing shareholders of the Company and, as far as needed, of the holders of outstanding subscription rights (share options), to the benefit of Kreos (and its permitted successors and assigns) (the "**Transaction**").

Shareholders should note that the Transaction is complex, that the Kreos Subscription Rights are complex instruments, and that Kreos may benefit from a discount when exercising its Kreos Subscription Rights and subscribing for new shares in the Company, as described below.

This report has been prepared by the board of directors of the Company in accordance with Articles 7:180, 7:191 and 7:193 of the Belgian Companies and Associations Code (as defined below) for the purpose of the proposed issuance of the Kreos Subscription Rights, with cancellation of the preferential subscription right of the Company's existing shareholders, and

in so far as required, of the Company's existing holders of subscription rights (share options), to the benefit of Kreos (and its permitted successors and assigns).

In accordance with Article 7:180 of the Belgian Companies and Associations Code, the board of directors provides in this report a justification of the proposed Transaction, with notably a justification of the proposed exercise prices of the Kreos Subscription Rights and a description of the consequences of the proposed Transaction for the financial and shareholder rights of the shareholders of the Company.

In accordance with Article 7:191 of the Belgian Companies and Associations Code, the board of directors also provides in this report a justification of the proposed dis-application of the statutory preferential subscription right of the existing shareholders and, in so far as required, of the existing holders of subscription rights (share options) to the benefit of Kreos (and its permitted successors and assigns), and a description of the consequences thereof for the financial and shareholder rights of the shareholders.

In accordance with Article 7:193 of the Belgian Companies and Associations Code, the justification of the proposed Transaction and the proposed exercise prices of the Kreos Subscription Rights takes into account in particular the financial situation of the Company, the identity of Kreos (and its affiliates), and the nature and importance of the contribution of Kreos (and its affiliates).

This report must be read together with the report prepared in accordance with Articles 7:180, 7:191 and 7:193 of the Belgian Companies and Associations Code by the Company's statutory auditor, PwC Bedrijfsrevisoren BV, a private company with limited liability organised and existing under the laws of Belgium, with registered office at Culliganlaan 5, 1831 Diegem, Belgium, represented by Mr. Peter D'hondt, auditor.

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

2. CONTEXT OF THE TRANSACTION

2.1. General

On 19 July 2022, the Company entered into the Kreos Loan Agreement with Kreos Capital VII (UK) Limited, as well as into the related subscription rights agreement with Kreos Capital VII Aggregator SCSp.

Kreos Capital VII (UK) Limited is an affiliate of Kreos Capital. Kreos Capital is a Luxembourg based private lender and is a leading growth debt provider in Europe and Israel, backing high-growth companies through every stage of their life cycle. Kreos Capital targets investments in all areas of the Technology and Healthcare sectors and, to date, has committed in excess of EUR 4 billion in more than 700 portfolio company transactions, across 17 countries.

Kreos Capital VII (UK) Limited (and its affiliates) are not related to the Company and its management (notwithstanding the board observer rights set out below), neither at the date of this report, nor when it granted the Loan Facility and entered into the Kreos Loan Agreement (and related subscription rights agreement).

2.2. Summary of the main features of the Kreos Loan Agreement

The main terms of the Kreos Loan Agreement can, for information purposes, be summarized as follows:

- (a) Term: The Loan Facility, which was available for drawdown until 30 September 2022 in minimum amounts of EUR 1.5 million, matures on 30 September 2025. During the

initial period of six months from the first drawdown (extendable by mutual agreement), the Company shall only pay interest, with the loans amortising thereafter in equal monthly instalments of principal and interest until maturity. On 5 October 2022, the Company made a first drawdown in the amount of EUR 10.0 million. The Kreos Loan Agreement allows the Company to request on an uncommitted basis additional loans of up to EUR 10.0 million at a later date.

- (b) Use of Proceeds: Proceeds from the Loan Facility are used by the Company to finance general working capital requirements.
- (c) Interest: The loans under the Loan Facility accrue interest at a fixed rate of 9.75% per annum.
- (d) Fees: Certain fees will be payable to Kreos Capital VII (UK) Limited, principally consisting of (i) a transaction fee equal to 1.25% of the total Loan Facility amount, and (ii) an end of loan payment, payable upon final repayment of the loan, corresponding to 1.25% of the amount drawn.
- (e) Board observer: Kreos Capital VII (UK) Limited is entitled to appoint a board observer to attend meetings of the Company's board of directors in a non-voting capacity. In December 2022, Maurizio Petibon has been appointed as board observer.
- (f) Collateral: The Loan Facility is secured by the Company's bank accounts, receivables and movable assets, including IP rights.
- (g) Change of control: The Kreos Loan Agreement contains a change of control clause and requires such clause to be approved by the general shareholders' meeting of the Company (at the latest by the date of the annual shareholders' meeting of the Company to be held in 2023). The aforementioned change of control clause will be submitted for approval to the EGM.
- (h) Contractual restrictions: The Kreos Loan Agreement does not contain financial covenants, but does contain other customary restrictions on the business of the Company and its subsidiaries (such as limitations on future disposals, limitations on the incurrence of financial indebtedness, security and acquisitions, subject to certain carve-outs and limitations) and on the ability of the Company to distribute dividends as long as loans are outstanding.
- (i) Consideration: The Company and Kreos Capital VII (UK) Limited agreed that the issuance of the Kreos Subscription Rights to the benefit of Kreos (and its permitted successors and assigns) was a condition for Kreos Capital VII (UK) Limited, an affiliate of Kreos, for providing the Loan Facility on 19 July 2022.

The terms of the Kreos Loan Agreement (of which the proposed issuance of the Kreos Subscription Rights forms a part) have been determined during at arm's length negotiations between the Company and Kreos Capital VII (UK) Limited. The negotiation process was conducted in an objective and independent manner. Kreos Capital VII (UK) Limited (including any of its affiliates) is a third party to the Company and is not related to the Company and its management.

3. PROPOSED TRANSACTION

3.1. Terms and conditions of the Kreos Subscription Rights

In accordance with what was agreed between the Company and Kreos (in consideration of the willingness of Kreos Capital VII (UK) Limited to provide the Loan Facility), the board of

directors of the Company proposes to the EGM to approve the issuance of the Kreos Subscription Rights, and to dis-apply, in the interest of the Company, the preferential subscription right of the existing shareholders of the Company and, as far as needed, of the holders of outstanding subscription rights of the Company, to the benefit of Kreos (and its permitted successors and assigns).

The proposed terms and conditions of the Kreos Subscription Rights (the "**Conditions**") are set out in Annex A to this report. The main Conditions can, for information purposes, be summarised as follows:

- (a) Issuer: The Company (Sequana Medical NV).
- (b) Number of subscription rights issued: An aggregate number of 875,000 Kreos Subscription Rights, consisting of the 650,000 Initial Kreos Subscription Rights, and the 225,000 Subsequent Kreos Subscription Rights.
- (c) Subscription right for ordinary shares: The Kreos Subscription Rights give Kreos the right to subscribe for the following number of new ordinary shares of the Company:
 - (i) The 650,000 Initial Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 650,000.00 at an exercise price per underlying share of EUR 5.31) entitle Kreos to 122,410 new shares of the Company;
 - (ii) The 225,000 Subsequent Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 225,000.00 at an exercise price per underlying share of EUR 5.77) entitle Kreos in aggregate to 38,994 new shares of the Company.

The abovementioned Kreos Subscription Rights may be exercised in whole or in part, it being understood that Kreos Subscription Rights cannot be exercised with respect to fractions of shares. In the event a fraction of a share were to be issued upon the exercise of one or more Kreos Subscription Rights, the relevant number of shares issuable upon such exercise shall be rounded down to the nearest whole number of shares, without further compensation for the fraction of a share that cannot be so issued.

This number of shares to be issued upon exercise of the Kreos Subscription Rights is subject to certain adjustments in case of any sub-division (or stock split) or consolidation (or reverse stock split) of shares of the Company as set out in the Conditions. In any event, it has been agreed that the Company may proceed with all actions that it deems appropriate in relation to its capital, its articles of association, its financial condition, even if such actions lead to a reduction of the benefits allocated to the Kreos Subscription Rights, including but not limited to, mergers or acquisitions, capital increases or reductions (including those subject to conditions precedent), the incorporation of reserves into the capital with or without the issue of new shares, the issue of dividends or other distributions, the issue of other equity securities and the amendment of arrangements or provisions relating to the distribution of profits or liquidation proceeds, provided, however, that the shares issued or issuable under the Kreos Subscription Rights shall not be treated differently (had they already been issued at that time) than other shares already issued.

On one occasion only, in lieu of the payment in cash of the relevant aggregate exercise price for each of the relevant shares issuable, Kreos may in respect of all of the shares that would otherwise be issuable elect to receive a reduced number of shares, to be issued to Kreos as fully paid up, which reduced number of shares shall be determined in accordance with the following formula included in Condition 6.3.3:

$$X = Y (A-B)/A$$

whereby:

X = the reduced number of new shares to be issued.

Y = the number of underlying shares with respect to which the Kreos Subscription Rights are being exercised.

A = the "fair market value" per share (*i.e.*, at any given time this is to be determined, a price per share that is equal to the arithmetic average of the daily volume weighted average price of the Company's shares traded on the regulated market of Euronext Brussels during the period of five consecutive days ending on (and including) the third day before the date on which such price is to be determined).

B = the applicable exercise price of the Kreos Subscription Rights.

The relevant shares will then be issued against an issue price equal to the fractional value of the Company's shares at that time (currently rounded EUR 0.1036 per share). The aforementioned exercise mechanism is referred to hereinafter as the "**Net Issuance Exercise**".

(d) Exercise price: The Kreos Subscription Rights can be exercised by Kreos against the payment in cash of the following exercise prices:

- (i) The 650,000 Initial Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 650,000.00) can be exercised against an exercise price of EUR 5.31 per underlying new share to be issued;
- (ii) The 225,000 Subsequent Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 225,000.00) can be exercised against an exercise price of EUR 5.77 per underlying new share to be issued.

The abovementioned exercise prices of the Kreos Subscription Rights are subject to certain adjustments in case of any sub-division (or stock split) or consolidation (or reverse stock split), as set out in the Conditions.

If Kreos would decide, on one occasion only, to receive a reduced number of shares in lieu of payment in cash of the aggregate exercise price by opting for the aforementioned Net Issuance Exercise mechanism, the relevant shares will be issuable against an issue price equal to the fractional value of the Company's shares at that time (currently rounded EUR 0.1036 per share).

The Conditions also provide that in circumstances where an exercise of the Kreos Subscription Right is specifically in anticipation of, and conditional upon, the occurrence of (i) a public takeover bid with respect to the Company's shares and other outstanding voting securities of the Company or securities granting access to voting rights, or (ii) a sale of the entire issued share capital of the Company to a bona fide third party on arm's length terms for cash consideration (a "**Share Sale**"), the exercise price of the Kreos Subscription Rights can be satisfied and paid in cash by the relevant purchaser (on behalf of Kreos)

- (e) Duration: The Kreos Subscription Rights have an initial term of five years commencing on the date on which the Kreos Subscription Rights have been issued by the EGM and expiring on the day preceding the fifth anniversary of the date of the subscription rights agreement at midnight (i.e., on 18 July 2027, at 12 a.m.), or (if earlier) the completion of a Share Sale. To the extent that the Kreos Subscription Rights have not, or only partly, been exercised at the end of the initial five-year period and provided that no Share Sale has taken place prior to such expiry date, the Company will issue a number of new subscription rights calculated by subtracting the number of subscription rights already exercised, at conditions that shall be *mutatis mutandis* the same as the Conditions, for an additional period of two years, or (if earlier) until the completion of a Share Sale.
- (f) Nature of the shares issuable upon exercise: The Kreos Subscription Rights shall entitle the holder thereof to subscribe for new ordinary shares to be issued by the Company at the occasion of the exercise of the Kreos Subscription Rights. The new ordinary shares shall be issued as fully paid up, shall have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlements to dividends and other distributions, with, the existing and outstanding ordinary shares at the moment of their issuance, and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of issue of the shares.
- (g) Capital increase and allocation of the exercise price: Each time upon an exercise of the Kreos Subscription Rights and the issuance of new shares pursuant to the Conditions, the applicable aggregate subscription price of the shares shall be allocated to the share capital of the Company. If the applicable issue price, per underlying new share issued, is greater than the fractional value of the existing shares immediately prior to the capital increase, then the applicable aggregate issue price shall be allocated in such a manner that per new share issued (i) a part of the applicable aggregate issue price equal to the fractional value of the existing shares immediately prior to the capital increase shall be booked as share capital, and (ii) the balance of the applicable aggregate issue price shall be booked as issue premium. This issue premium will be booked on a separate account as net equity on the liabilities side of the Company's balance sheet and can only be reduced in execution of a valid decision of the Company in accordance with the Belgian Companies and Associations Code. Following the issue of the new shares and the capital increase resulting therefrom, each of the shares (existing and new) shall represent the same fraction of the Company's share capital.
- (h) Listing of the underlying shares: The new shares to be issued upon exercise of the Kreos Subscription Rights shall need to be admitted to trading on the regulated market of Euronext Brussels in accordance with paragraph 3.5 below.
- (i) Form of the Kreos Subscription Rights: The Kreos Subscription Rights are issued in, and should remain in, registered form.
- (j) No listing of the Kreos Subscription Rights: The Kreos Subscription Rights will not be listed at any time on a securities exchange, regulated market or similar securities market.
- (k) Transferability of the Kreos Subscription Rights: Kreos shall be entitled to transfer or assign the Kreos Subscription Rights. Notwithstanding the foregoing, Kreos (i) should notify the Company of its intent to transfer the Kreos Subscription Rights, and (ii) Kreos shall not be entitled to transfer the Kreos Subscription Rights to an entity that is a customer, competitor or supplier of the Company or a group company, or an entity that holds 20% or more of the share capital of any such customer, competitor or supplier.

The board of directors will submit to the EGM the approval and ratification, insofar as required in accordance with Article 7:151 of the Belgian Companies and Associations Code, of all clauses included in the Conditions, which come into effect at the moment a change of control occurs and which fall or could be considered to fall within the scope of Article 7:151 of the Belgian Companies and Associations Code (relating to the granting of rights to third parties that substantially affect the Company's assets and liabilities, or give rise to a substantial debt or commitment on its behalf, when the exercise of these rights is subject to the launching of a public takeover bid on the shares of the Company or to a change in the control exercised over it).

For the sake of completeness, it should be noted that, if the EGM would not approve the issuance and allocation of the Kreos Subscription Rights to Kreos by the annual shareholders' meeting of the Company to be held in 2023 the latest, the Company shall pay Kreos certain fees (as further described in section 6).

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

Within the framework of the contemplated Transaction as described above, in order to allow the Company to allocate the Kreos Subscription Rights to Kreos, as agreed between the Company and Kreos, the board of directors proposes to the EGM to dis-apply the preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights (share options), in accordance with Articles 7:191 and 7:193 of the Belgian Companies and Associations Code, to the benefit of Kreos (and its permitted successors and assigns).

Kreos is a special limited partnership incorporated under the laws of Grand Duchy of Luxembourg, with registered office at 1 Boulevard de la Foire, 1528 Luxembourg, Grand-Duchy of Luxembourg.

As mentioned, Kreos (and its affiliates) are not related to the Company and its management (notwithstanding the board observer rights set out above), neither at the date of this report, nor when it granted the Loan Facility and entered into the Kreos Loan Agreement (and related subscription rights agreement).

As mentioned, Kreos is in principle also entitled to transfer or assign the Kreos Subscription Rights.

The dis-application of the preferential subscription right of the existing shareholders, and, in so far as required, of the existing holders of subscription rights (share options), allows the Company to issue the Kreos Subscription Rights to Kreos (and its permitted successors and assigns).

3.3. Exercise price of the proposed Kreos Subscription Rights

As set out above in paragraph 3.1(d), the 875,000 Kreos Subscription Rights can be exercised by Kreos against the following exercise prices:

- (a) The 650,000 Initial Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 650,000.00) can be exercised at an exercise price of EUR 5.31 per underlying new share to be issued. The aforementioned exercise price has been determined in the Kreos Loan Agreement in function of the arithmetic average of the daily volume weighted average price of the Company's shares traded on the regulated market of Euronext Brussels in a 30 day reference period prior to the closing of the Kreos Loan Agreement;

- (b) The 225,000 Subsequent Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 225,000.00) can be exercised at an exercise price of EUR 5.77 per underlying new share to be issued. The aforementioned exercise price has been determined on the basis of the provisions of the Kreos Loan Agreement in function of the arithmetic average of the daily volume weighted average price per share of the Company's shares traded on the regulated market of Euronext Brussels in a 30 day reference period prior to the drawdown of the funds under the Kreos Loan Agreement.

The abovementioned exercise prices of the Kreos Subscription Rights are subject to certain adjustments in case of any sub-division (or stock split) or consolidation (or reverse stock split), as set out in the Conditions. See also section 3.1(c) above.

Subject to, and in accordance with, the provisions of the Conditions, each time upon an exercise of the Kreos Subscription Rights and the issuance of new shares pursuant to the Conditions, the applicable aggregate subscription price of the shares shall be allocated to the share capital of the Company. If the applicable issue price, per underlying new share issued, is greater than the fractional value of the existing shares immediately prior to the capital increase, then the applicable aggregate issue price shall be allocated in such a manner that per new share issued (i) a part of the applicable aggregate issue price equal to the fractional value of the existing shares immediately prior to the capital increase shall be booked as share capital, and (ii) the balance of the applicable aggregate issue price shall be booked as issue premium. This issue premium will be booked on a separate account as net equity on the liabilities side of the Company's balance sheet and can only be reduced in execution of a valid decision of the Company in accordance with the Belgian Companies and Associations Code. Following the issue of the new shares and the capital increase resulting therefrom, each of the shares (existing and new) shall represent the same fraction of the Company's share capital.

If Kreos would decide, on one occasion only, to receive a reduced number of shares in lieu of payment in cash of the aggregate exercise price by opting for the aforementioned Net Issuance Exercise mechanism (as further described in section 3.1(c) above), the relevant shares will be issuable against an issue price equal to the fractional value of the Company's shares at that time.

3.4. The rights attached to the new shares to be issued upon exercise of the Kreos Subscription Rights

As mentioned above, the Kreos Subscription Rights shall entitle the holder thereof to subscribe for new ordinary shares to be issued by the Company at the occasion of the exercise of the Kreos Subscription Rights. The new ordinary shares shall be issued as fully paid up, shall have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlements to dividends and other distributions, with, the existing and outstanding ordinary shares at the moment of their issuance, and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of issue of the shares.

3.5. Admission to listing and trading of the new shares to be issued upon exercise of the Kreos Subscription Rights

The new shares to be issued upon exercise of the Kreos Subscription Rights shall need to be admitted to listing and trading on the regulated market of Euronext Brussels. For this purpose, the Company is to make the necessary filings and applications, and, as the case may be, prepare a listing prospectus, all as required by applicable regulations, in order to permit an admission to listing and trading on the regulated market of Euronext Brussels following the issuance of the new shares upon exercise of the Kreos Subscription Rights in accordance with the Conditions.

4. JUSTIFICATION OF THE PROPOSED TRANSACTION

The issuance of the Kreos Subscription Rights to the benefit of Kreos (and its permitted successors and assigns) was one of the elements that had been agreed by the Company in consideration of the willingness of Kreos Capital VII (UK) Limited, an affiliate of Kreos, to provide the Loan Facility on 19 July 2022. Had the Company not been willing to agree to submit the issuance of the Kreos Subscription Rights to the EGM, Kreos Capital VII (UK) Limited would probably not have been willing to (or only at terms less favourable to the Company, if at all) provide the Loan Facility to the Company.

The net proceeds paid to the Company by Kreos Capital VII (UK) Limited upon the drawdown by the Company of the Loan Facility (of which the issuance of the Kreos Subscription Rights formed a part) form an important source of funding that allow the Company to finance its development and activities (which is in the interest of the Company and its stakeholders).

Furthermore, while it cannot be guaranteed that the Kreos Subscription Rights will ultimately be exercised, the exercise of the proposed Kreos Subscription Rights by Kreos, and the payment of the relevant exercise price of the Kreos Subscription Rights by Kreos, if any, will enable the Company to obtain additional cash resources, which can be further used to fund the Company's business activities, and to strengthen its balance sheet. The board of directors notes that any dilution resulting from the exercise of the Kreos Subscription Rights is outweighed by the risks and disadvantages if the Company were not able to raise new funds (through the Loan Facility) to support its working capital and its going concern.

Also, the Kreos group is a global debt provider with expertise in complex, cross border transactions worldwide. It has built an important track record in many industries. The fact that Kreos was willing to provide the Loan Facility (of which the issuance of the Kreos Subscription Rights forms a part) can be seen as an additional validation of the Company's strategy and business. This may generate additional interest from other investors, both on a national and an international level, which may improve both the stability of the shareholding, and the diversity of the Company's shareholder structure.

For the justification of the exercise price of the Kreos Subscription Rights, see paragraph 5 of this report.

In view hereof, the board of directors of the Company believes the proposed issuance of the Kreos Subscription Rights to be in the interest of the Company and its stakeholders.

The board of directors notes that the subscription rights agreement of 19 July 2022 provides that in the event that the issuance of Kreos Subscription Rights is not approved by the EGM, the Company will have to pay an additional fee in cash equal to the higher of (i) 0.70% of the difference between the market capitalisation of the shares of the Company on the date of the Kreos Loan Agreement (*i.e.*, EUR 147,228,473.60) and the final repayment date (*i.e.* 30 September 2025), pro rata to the exercised Kreos Subscription Rights, and (ii) an aggregate cash return of 1.35x on the total credit amount under the Kreos Loan Agreement (whether as principal amount, interest, or otherwise). This fee shall be payable within ten business days following the final repayment date of 30 September 2025.

5. JUSTIFICATION OF THE EXERCISE PRICE OF THE KREOS SUBSCRIPTION RIGHTS

The mechanisms pursuant to which the exercise prices of the Kreos Subscription Rights have been determined in the Conditions are the result of negotiations that occurred between the Company and Kreos Capital VII (UK) Limited in an at arm's length manner.

The board of directors considers the proposed exercise prices of the Kreos Subscription Rights (*i.e.*, EUR 5.31 per new share for the Initial Kreos Subscription Rights and EUR 5.77 per new share for the Subsequent Kreos Subscription Rights) to be justified since (amongst other things), as described above, the exercise prices have been determined in function of the arithmetic average of the daily volume weighted average price of the Company's shares traded on the regulated market of Euronext Brussels in a 30 day reference period prior to the closing of the Kreos Loan Agreement (for the Initial Kreos Subscription Rights) and the drawdown of the funds under the Kreos Loan Agreement (for the Subsequent Kreos Subscription Rights). These mechanisms were intended to reflect the relevant market price for the Company's shares at that time. In comparison with the price of the Company's shares on the regulated market of Euronext Brussels on 3 January 2023 (*i.e.*, EUR 6.14 per share), the aforementioned exercise prices represent a discount of, respectively, 13.52% and 6.03%. The board of directors notes that the aforementioned discounts are not unreasonable as they reflect, amongst other things, a compensation for the limited liquidity of the Company's shares notwithstanding the trading of the Company's shares on Euronext Brussels, but also the risks and opportunity cost of Kreos (and its affiliates) to agree to the Loan Facility.

The exercise price of the Kreos Subscription Rights is also subject to customary downward adjustments in case of any sub-division (or stock split) or consolidation (or reverse stock split) set out in the Conditions, it being understood that notwithstanding Article 7:71, §1 of the Belgian Companies and Associations Code, the Company may proceed with all actions that it deems appropriate in relation to its capital, its articles of association, its financial condition, even if such actions lead to a reduction of the benefits allocated to the Kreos Subscription Rights, including but not limited to, mergers or acquisitions, capital increases or reductions (including those subject to conditions precedent), the incorporation of reserves into the capital with or without the issue of new shares of the Company, the issue of dividends or other distributions, the issue of other equity securities and the amendment of arrangements or provisions relating to the distribution of profits or liquidation proceeds, provided, however, that the shares issued or issuable under the Kreos Subscription Rights shall not be treated differently (had they already been issued at that time) than other shares already issued by the Company.

As described in section 3.1(d), if Kreos would decide, on one occasion only, to receive a reduced number of shares in lieu of payment in cash of the aggregate exercise price by opting for the aforementioned Net Issuance Exercise mechanism, the relevant shares will be issuable against an issue price equal to the fractional value of the Company's shares at that time (currently rounded EUR 0.1036 per share). In comparison with the price of the Company's shares on the regulated market of Euronext Brussels on 3 January 2023 (*i.e.*, EUR 6.14 per share), the aforementioned issue price currently represents a discount of 98.31%. The board of directors notes however that as a reduced number of shares is being issued in such case (at a reduced issue price), the resulting financial dilution is conceptually not higher than the financial dilution in a scenario where the Kreos Subscription Rights are being exercised in the framework of a Cash Exercise (as defined below) (see section 7.4 below).

Hence, in view of all of the foregoing, the board of directors believes that the exercise price of the Kreos Subscription Rights can be sufficiently justified and is not prejudicial to the existing shareholders and, in so far as required, of existing holders of subscription rights (share options) of the Company.

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

Within the framework of the contemplated issuance of the Kreos Subscription Rights as described above, the board of directors proposes to the EGM to dis-apply the preferential subscription right of the Company's existing shareholders and, in so far as required, of the

Company's existing holders of subscription rights (share options), in accordance with Articles 7:191 and 7:193 of the Belgian Companies and Associations Code, to the benefit of Kreos (and its permitted successors and assigns as provided for by Conditions).

The dis-application of the preferential subscription right is necessary in order to allow the Company to issue the Kreos Subscription Rights to the benefit of Kreos (and its permitted successors and assigns) in accordance with the Conditions and the contractual arrangement between the Company and Kreos. For an overview of the justification and benefits of the proposed Transaction, reference is made to paragraph 4 above.

For all of the above reasons, the board of directors recommends that the EGM approves the contemplated issuance of Kreos Subscription Rights with dis-application of the preferential subscription right to the benefit of Kreos (and its permitted successors and assigns as provided for by the Conditions), and this notwithstanding the dilution following from the exercise of the Kreos Subscription Rights for the shareholders and, as the case may be, the holders of subscription rights (share options), is in the interest of both the Company and the existing shareholders and holders of subscription rights (share options).

7. CERTAIN FINANCIAL AND OTHER CONSEQUENCES

7.1. Introductory comments

The following paragraphs provide an overview of certain financial consequences of the exercise of the Kreos Subscription Rights. For further information with regard to the financial consequences of the exercise of the Kreos Subscription Rights, reference is also made to the report prepared in accordance with Articles 7:180, 7:191 and 7:193 of the Belgian Companies and Associations Code by the statutory auditor of the Company, PwC Bedrijfsrevisoren BV.

The actual financial consequences resulting from the exercise of the Kreos Subscription Rights cannot yet be determined with certainty, as it is not known at present which of the different agreed exercise mechanisms Kreos will use upon exercise of the Kreos Subscription Rights (see paragraph 3.1(c) above).

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

The board of directors notes that it will also submit to the EGM a proposal for a new revised remuneration policy, allowing for grants of so-called "restricted share units" or "RSUs" to non-executive independent directors (which provide for an annual remuneration in the form of new shares whereby the relevant directors will have an obligation to subscribe for new shares at a value of EUR 0.11 per share (independent of the value of the share at that time)). The full-dilution scenario calculations further below do not reflect the financial consequences of the settlement of such "restricted share units" or "RSUs".

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

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

- (a) At the date of this report, the share capital of the Company amounts to EUR 2,460,486.98, represented by 23,746,528 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, rounded EUR 0.1036. The share capital is entirely and unconditionally subscribed for and is fully paid-up.
- (b) At the date of this report, 2,636,623 shares can still be issued by the Company, of which:
- (i) 261,895 new shares can be issued upon the exercise 90,780 share options that are still outstanding (at the date of this report) under the "Executive Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire ca. 2.88 shares when exercising one of his or her share options (the "**Executive Share Options**");
 - (ii) 1,071,924 new shares can be issued upon the exercise of 1,071,924 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2018 Share Options" plan for directors, employees and other staff members of the Company and its subsidiaries, entitling the holder thereof to acquire one new share when exercising one of his or her share options (the "**2018 Share Options**");
 - (iii) 1,000,000 new shares can be issued upon the exercise of 1,000,000 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2021 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 "**2021 Share Options**"); and
 - (iv) 302,804 new shares can be issued to Bootstrap Europe S.C.SP. upon the exercise of 10 warrants (each warrant having the form of a subscription right) that are still outstanding (at the date of this report) that have been issued by the extraordinary shareholders meeting of 27 May 2022 (the "**Bootstrap Warrants**").

The Executive Share Options, the 2018 Share Options, the 2021 Share Options and the Bootstrap Warrants are hereinafter jointly referred to as the "**Share Options**". In this report, when reference is made to any "outstanding" Share Options, this refers to, respectively, Share Options that have not yet been granted but can still be granted and (depending on the terms and conditions of such Share Options) have not yet expired, and Share Options that have already been granted and (depending on the terms and conditions of such Share Options) have not yet expired. For the purpose of the full-dilution scenario calculations further below, it is assumed that all of the 2,162,714 existing Share Options (*i.e.*, outstanding and still to be granted) were granted, have vested, are immediately exercisable (regardless of their terms and conditions), and have been fully exercised prior to the exercise of the Kreos Subscription Rights.

- (c) In July 2020, the Company entered into a subordinated loan agreement with PMV/z-Leningen NV ("**PMV/z**"), which was amended in December 2021, for an aggregate principal amount of up to EUR 4.3 million, of which a loan for a principal amount of EUR 0.8 million can still 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 payables 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 60 months, and is repayable in full upon expiry of the term. The loan bears an interest of 6.5% per annum, except that the convertible portion of the loan bears an interest of 5.5% 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. Although the proposed Transaction or an exercise of Kreos Subscription Rights would not qualify as a relevant equity financing that triggers the right, but not the obligation, for PMV/z to contribute its Convertible Loan Payable, the full-dilution scenario calculations further below will, in order to reflect the maximum dilution, nevertheless assume that:

- (i) the Convertible Loan Payable is contributed in full to the share capital of the Company (taking into account, however, that PMV/z has no right to contribute its Convertible Loan Payable as a result of the Transaction or an exercise of the Kreos Subscription Rights);
- (ii) for the purpose of the interest calculation, the contribution in kind is effected on 3 January 2023; and
- (iii) the Convertible Loan Payable will be contributed into the share capital of the Company at a subscription price per share of 75% of the closing price of the Company's share on the regulated market of Euronext Brussels on 3 January 2023 (EUR 6.14 per share).

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

	Principal Amount (in EUR)	Accrued Interests (in EUR) ⁽¹⁾	Amount to be contributed (in EUR) ⁽²⁾	New Shares to be issued upon contribution Subscription price of EUR 4.61 ⁽³⁾
PMV/z	800,000.00	108,288.89 ⁽¹⁾	908,288.89	197,025

Notes:

- (1) Carries an interest of 5.5% per annum (360-day period) as from 31 July 2020 and until 3 January 2023.
- (2) Sum of the principal amount of the relevant Convertible Loan Payable and the accrued interests.
- (3) Assuming a subscription price of EUR 4.61, representing a 25% discount to the closing price of the Company's share on the regulated market of Euronext Brussels on 3 January 2023 (EUR 6.14 per share).

- (d) It is assumed that the Kreos Subscription Rights are validly issued by the EGM, have become fully exercisable, and have been validly exercised by Kreos in accordance with the Conditions.

As set out in section 3.1(c), the 875,000 Kreos Subscription Rights consist of (a) 650,000 Initial Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 650,000.00) exercisable at an exercise price per underlying new share of EUR 5.31, entitling Kreos to a total of 122,410 new shares, and (b) 225,000 Subsequent Kreos Subscription Rights (giving the right to subscribe to new shares of the Company for an aggregate maximum issue price of EUR 225,000.00) exercisable at an exercise price per underlying new share of EUR 5.77, entitling Kreos to a total of 38,994 new shares. In other words, upon exercise of all 875,000 Kreos Subscription Rights, 161,404 new shares are issuable. The aforementioned exercise mechanism is referred to hereinafter as the "**Cash Exercise**".

For the illustrative purposes, it is also assumed that Kreos has decided to make use of the Net Issuance Exercise mechanism (set out in Condition 6.3.3. and described in

section 3.1(c)). If the 875,000 Kreos Subscription Rights were fully exercised in accordance with this Net Issuance Exercise mechanism on the date of this report, 17,015 new shares would need to be issued by the Company against an issue price of EUR 0.1036 per new share (*i.e.*, the fractional value of the shares of the Company) (assuming that the reference fair market value of the Company's share on the regulated market of Euronext Brussels used to determine the number of shares to be issued in accordance with the applicable formula set out in Condition 6.3.3 (and described in section 3.1(c)) is equal to EUR 6.06 per share (*i.e.*, the arithmetic average of the daily volume weighted average price per share of the Company's shares traded on Euronext Brussels during the period of five consecutive days ending on (and including) the third day before 3 January 2023)).

Whether the Kreos Subscription Rights will be effectively exercised will ultimately depend on the decision of Kreos. Such decision will likely be in function of the market price of the shares of the Company at the moment of exercise compared to the exercise price of the Kreos Subscription Rights. Kreos could amongst other things realise a capital gain at the time of exercise of the Kreos Subscription Rights if the market price of the shares of the Company at that moment is higher than the exercise price of the Kreos Subscription Rights, and if the shares can be sold at such price on the market. As a result Kreos will likely not exercise the Initial Kreos Subscription Rights if the market price of the shares of the Company is less than EUR 5.31 per share and will likely not exercise the Subsequent Kreos Subscription Rights if the market price of the shares of the Company is less than EUR 5.77 (please note that the market price of the shares of the Company on the regulated market of Euronext Brussels on 3 January 2023 (*i.e.*, EUR 6.14 per share) is higher than the aforementioned exercise price of EUR 5.31 or EUR 5.77 per underlying share). The aforementioned also applies to the exercise of the Share Options.

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

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

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

Specifically, prior to the exercise of the Kreos Subscription Rights (and the issuance of new shares pursuant to the outstanding Share Options and the issuance of new shares pursuant to the contribution in kind of the Convertible Loan Payable), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. Upon the issuance of the new shares within the framework of the exercise of the Kreos Subscription Rights, the new shares to be issued at the occasion of the exercise of the Kreos Subscription Rights shall be issued as fully paid up, shall have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlements to dividends and other distributions, with, the existing and outstanding ordinary shares at the moment of their issuance, and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after

the date of issue of the shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shareholders in the profit and liquidation proceeds of the Company and their holder's statutory preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

The evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the exercise of the Kreos Subscription Rights is simulated below and this in a scenario before exercise of outstanding Share Options, as well as in a scenario in which all Share Options are exercised.

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the evolution of the number of outstanding shares, assuming a number of new shares to be issued to the benefit of Kreos equal to 161,404 new shares in total (comprising 122,410 new shares following the exercise of the Initial Kreos Subscription Rights and 38,994 new shares following the exercise of the Subsequent Kreos Subscription Rights and assuming an issue price of EUR 5.31 and EUR 5.77 per share, respectively) (in the event of a Cash Exercise), and 17,015 new shares (in the event of a Net Issuance Exercise). For more information about the number of new shares to be issued to the benefit of Kreos in the framework of the exercise of the Kreos Subscription Rights, see paragraph 7.1.

Evolution of the number of outstanding shares

	<u>Cash Exercise</u>	<u>Net Issuance Exercise</u>
Before exercise of outstanding Share Options, the contribution of the Convertible Loan Payable, and after the exercise of the Kreos Subscription Rights		
Outstanding shares.....	23,746,528	23,746,528
New shares to be issued upon exercise of the Kreos Subscription Rights.....	161,404	17,015
Total shares outstanding.....	23,907,932	23,763,543
Dilution	0.68%	0.07%
After exercise of outstanding Share Options and the contribution of the Convertible Loan Payable, but prior to the exercise of the Kreos Subscription Rights		
Outstanding shares.....	23,746,528	23,746,528
New shares to be issued upon exercise of the Executive Share Options.....	261,895	261,895
New shares to be issued upon exercise of the 2018 Share Options	1,071,924	1,071,924
New shares to be issued upon exercise of the 2021 Share Options	1,000,000	1,000,000
New shares to be issued upon exercise of the Bootstrap Warrants	302,804	302,804
New shares to be issued upon contribution of the Convertible Loan Payable	197,025	197,025
Total shares after exercise of outstanding Share Options and after contribution of the Convertible Loan Payable.....	26,580,176	26,580,176
Dilution	10.66%	10.66%

	Cash Exercise	Net Issuance Exercise
After exercise of outstanding Share Options, after contribution of the Convertible Loan Payable, and after the exercise of the Kreos Subscription Rights		
Outstanding shares.....	23,746,528	23,746,528
Total shares after exercise of outstanding Share Options and after contribution of the Convertible Loan Payable.....	26,580,176	26,580,176
New shares to be issued upon exercise of the Kreos Subscription Rights.....	161,404	17,015
Total shares outstanding, after exercise of outstanding Share Options, after contribution of the Convertible Loan Payable, and after exercise of the Kreos Subscription Rights	26,741,580	26,597,191
Dilution	0.60%	0.06%

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the evolution of the share capital, assuming a number of new shares to be issued to the benefit of Kreos equal to the aggregate of 161,404 new shares in total (comprising 122,410 new shares following the exercise of the Initial Kreos Subscription Rights and 38,994 new shares following the exercise of the Subsequent Kreos Subscription Rights and assuming an issue price of EUR 5.31 and EUR 5.77 per share, respectively) (in the event of a Cash Exercise), and 17,015 new shares (in the event of a Net Issuance Exercise). The maximum amount of share capital increase (excluding issue premium) is computed by multiplying the relevant number of new shares to be issued to Kreos with the fractional value of the shares of the Company, *i.e.*, currently rounded EUR 0.1036 per share.

Evolution of the share capital⁽¹⁾

	Cash Exercise	Net Issuance Exercise
Before the exercise of the Kreos Subscription Rights		
Share capital (in EUR).....	2,460,486.98	2,460,486.98
Outstanding shares.....	23,746,528	23,746,528
Fractional value (in EUR) (rounded).....	0.1036	0.1036
Exercise of the Kreos Subscription Rights		
Increase of share capital (in EUR) ⁽²⁾	16,721.45	1,762.75
Number of new shares issued.....	161,404	17,015
After the exercise of the Kreos Subscription Rights		
Share capital (in EUR).....	2,477,208.43	2,462,249.73
Outstanding shares, after exercise of the Kreos Subscription Rights.....	23,907,932	23,763,543
Fractional value (in EUR) (rounded).....	0.1036	0.1036

Notes:

- (1) This simulation does not take into account the exercise of the outstanding Share Options, nor the contribution in kind of the Convertible Loan Payable.
- (2) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being rounded EUR 0.1036 per share) shall be booked as share capital. The portion of the issue price in excess of the fractional value shall be booked as issue premium.

7.3. Participation in the consolidated accounting net equity

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

- (a) The audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2021 (which have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS")) and which have been approved by the annual general shareholders' meeting of 27 May 2022. The consolidated accounting net equity of the Company as at 31 December 2021 amounted to EUR -786,919.00. The simulation does not take into account any changes in the consolidated accounting net equity since 31 December 2021, except, however, that for the purpose of the simulation, the impact of the private placement completed on 10 March 2022, on the consolidated net equity (per share) will be taken into account.

As a result of the aforementioned completion of the private placement on 10 March 2022 (not taking into account possible effects of accounting items other than the share capital and the issuance premium (for example the expenses of said private placement)):

- (i) the share capital of the Company was increased as a result of which the Company's net equity was increased by an amount of EUR 28,419,974.00, whereby an amount of EUR 535,328.96 was booked as share capital and an amount of EUR 27,884,645.04 was booked as share premium; and
- (ii) the number of outstanding shares of the Company following the private placement completed on 10 March 2022 amounted to 23.746.528 shares (as 5.167.268 new shares were issued).

Consequently, for the purposes of the simulations below, the adjusted consolidated accounting net equity as at 31 December 2021 will be assumed to amount to EUR 27,633,055.00.

- (b) The non-audited consolidated interim financial statements of the Company for six months ended on 30 June 2022 (which have been prepared in accordance with the IAS 34 (Interim Financial Reporting), as adopted by the European Union ("IAS 34")). The consolidated accounting net equity of the Company as at 30 June 2022 amounted to EUR 12,987,657. This number does not take into account any changes in the net equity since 30 June 2022.

For further information regarding the Company's net equity position on 31 December 2021 and 30 June 2022, reference is made to the financial statements and interim financial statements of the Company, which are available on the Company's website.

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

Evolution of the consolidated accounting net equity

	<u>Cash Exercise</u>	<u>Net Issuance Exercise</u>
Consolidated net equity for FY 2021 (adjusted)		
Net equity (in EUR) (rounded)	27,633,055.00	27,633,055.00
Outstanding shares.....	23,746,528	23,746,528
Net equity per share (in EUR) (rounded)	1.16	1.16
Exercise of the Kreos Subscription Rights		
Increase/decrease of net equity (in EUR) ⁽¹⁾	875,000.00	1,762.75
Number of new shares issued	161,404	17,015
After the exercise of the Kreos Subscription Rights		
Net equity (in EUR) (rounded)	28,508,055.00	27,634,817.75
Outstanding shares, after exercise of the Kreos Subscription Rights.....	23,907,932	23,763,543
Net equity per share (in EUR) (rounded)	1.19	1.16
Consolidated net equity for H1 2022		
Net equity (in EUR) (rounded)	12,987,657.00	12,987,657.00
Outstanding shares.....	23,746,528	23,746,528
Net equity per share (in EUR) (rounded)	0.55	0.55
Exercise of the Kreos Subscription Rights		
Increase/decrease of net equity (in EUR) ⁽¹⁾	875,000.00	1,762.75
Number of new shares issued	161,404	17,015
After the exercise of the Kreos Subscription Rights		
Net equity (in EUR) (rounded)	13,862,657.00	12,989,419.75
Outstanding shares, after exercise of the Kreos Subscription Rights.....	23,907,932	23,763,543
Net equity per share (in EUR) (rounded)	0.58	0.55

Note:

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

7.4. Financial dilution

The evolution of the market capitalisation as a result of the exercise of the Kreos Subscription Rights is simulated below.

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the impact of the exercise of the Kreos Subscription Rights on the market capitalisation and the resulting financial dilution, assuming a number of new shares to be issued to the benefit of Kreos equal to 161,404 new shares in total (comprising 122,410 new shares following the exercise of the Initial Kreos Subscription Rights and 38,994 new shares following the exercise of the Subsequent Kreos Subscription Rights and assuming an issue price of EUR 5.31 and

EUR 5.77 per share, respectively) (in the event of a Cash Exercise), and 17,015 new shares (in the event of a Net Issuance Exercise).

After close of trading on 3 January 2023, the Company's market capitalisation was EUR 145,803,681.92, on the basis of a closing price of EUR 6.14 per share. Assuming that, following the exercise of the Kreos Subscription Rights, the market capitalisation increases exclusively with the funds raised (*i.e.*, EUR 875,000.00 funds raised in the event of a Cash Exercise and EUR 1,762.75 funds raised in the event of a Net Issuance Exercise), the new market capitalisation would be (rounded) EUR 6.135 per share (in case of a Cash Exercise) and EUR 6.136 per share (in case of Net Issuance Exercise). This would represent a (theoretical) financial dilution of (rounded) 0.08% per share (in case of a Cash Exercise) and (rounded) 0.07% (in case of Net Issuance Exercise). This also shows that the effect of the different forms of exercise (Cash Exercise and Net Issuance Exercise) from a financial dilution perspective is conceptually similar.

Evolution of the market capitalisation and financial dilution

	Exercise of the Kreos Subscription Rights	
	Cash Exercise	Net Issuance Exercise
Before the exercise of the Kreos Subscription Rights⁽¹⁾		
Market capitalisation (in EUR)	145,803,681.92	145,803,681.92
Outstanding shares.....	23,746,528	23,746,528
Market capitalisation per share (in EUR)	6.140	6.140
Exercise of the Kreos Subscription Rights		
Funds raised (in EUR)	875,000.00	1,762.75
Number of new shares issued.....	161,404	17,015
After the exercise of the Kreos Subscription Rights⁽¹⁾		
Market capitalisation (in EUR)	146,678,681.92	145,805,444.67
Outstanding shares, after exercise of the Kreos Subscription Rights	23,907,932	23,763,543
Market capitalisation per share (in EUR) (rounded).....	6.135	6.136
Dilution	0.08%	0.07%

Note:

- (1) At the date of this report and not taking into account the potential issuance of new shares upon exercise of outstanding Share Options or upon contribution in kind of the Convertible Loan Payable.

7.5. Other financial consequences

It is expected that within the framework of the Company's consolidated financial statements in accordance with IFRS (as defined above), the Kreos Subscription Rights will be accounted for in accordance with (amongst others) International Accounting Standard 32 ("*Financial Instruments: Presentation*"), as adopted by the European Union. The actual application of the reporting standard, the initial recognition moment, and the valuation of the Kreos Subscription Rights is still to be determined and assessed. The accounting impact of the Kreos Subscription Rights, if any, will be reported in the FY22 consolidated financial statements of the Company.

At the date of this report, the financial impact of the Kreos Subscription Rights is not expected to be material.

8. EFFECT OF THE EXERCISE OF THE KREOS SUBSCRIPTION RIGHTS ON THE SHAREHOLDING OF KREOS

Following the issuance of new shares pursuant to the exercise of the Kreos Subscription Rights, subject to the assumptions set out below, Kreos will hold the number of shares in the Company as illustrated below.

	Exercise of the Kreos Subscription Rights	
	Cash Exercise	Net Issuance Exercise
Before exercise of the Kreos Subscription Rights		
Number of shares held of the Company	0.00	0.00
Percentage on a non-diluted basis	0.00%	0.00%
Percentage on a fully-diluted basis	0.00%	0.00%
After exercise of the Kreos Subscription Rights		
Number of shares held of the Company ⁽¹⁾	161,404	17,015
Percentage on a non-diluted basis ⁽²⁾	0.68%	0.07%
Percentage on a fully-diluted basis ⁽³⁾	0.60%	0.06%

Notes:

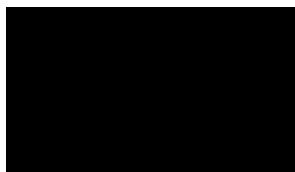
- (1) Assuming a number of new shares to be issued to the benefit of Kreos upon exercise of the Kreos Subscription Rights equal to 161,404 new shares (in the event of a Cash Exercise) and 17,015 new shares (in the event of a Net Issuance Exercise). For further information on the elements used to calculate these numbers, reference is made to paragraph 7.1 of this report.
- (2) Based on a total number of shares equal to the sum of the 23,746,528 existing shares of the Company and the relevant number of new shares to be issued to the benefit of Kreos as set out in note (1) above.
- (3) Based on a total number of shares equal to the sum of the 23,746,528 existing shares of the Company, the relevant number of new shares to be issued to the benefit of Kreos as set out in note (1) above, the 2,636,623 new shares to be issued upon exercise of the outstanding Share Options, and the 197,025 new shares to be issued upon contribution in kind of the Convertible Loan Payable. For further information on the elements used to calculate these numbers, reference is made to paragraph 7.1 of this report.

* * *

[signature page follows]

Done on 10 January 2023.

On behalf of the board of directors,



By:

Director

Annex A

Conditions of the Kreos Subscription Rights

Note: The Conditions below reflect the proposed terms and conditions of the Kreos Subscription Rights. The Conditions have been prepared in English with a Dutch translation. In case of discrepancies between the English and the Dutch version, the Dutch version of the Conditions must be construed in accordance with the English version of the Conditions.

SEQUANA MEDICAL NV

Public Limited Liability Company under Belgian law
Kortrijksesteenweg 1112, box 102, 9051 Ghent, Belgium,
Register of Legal Persons VAT BE 0707.821.866 (RLE Ghent, division Ghent)

KREOS SUBSCRIPTION RIGHTS

On 19 July 2022, Sequana Medical NV (further defined as the "Company") entered into a Subscription Rights Agreement (as further referred to below) with Kreos Capital VII Aggregator SCSp (as further referred to below) pursuant to which the Company agreed to issue and allocate to Kreos, subscription rights for new shares to be issued by the Company, named the "Kreos Subscription Rights". The present terms and conditions contain the issue and exercise conditions of the subscription rights to be issued by the Company to Kreos as contemplated by the aforementioned contractual arrangements.

1. DEFINITIONS AND INTERPRETATION

1.1 In these Conditions, the following words and expressions shall (unless the context requires otherwise) have the following meanings:

"Adjustment Event" means any or all of the following, at any time, or by reference to any record date, when any Subscription Rights remain unexercised: any sub-division (or stock split) or consolidation (or reverse stock split) of Shares;

"Affiliates" has the meaning attributed thereto in article 1:20, 1° and 2° of the Companies and Associations Code;

"Agreement" means the Subscription Rights Agreement, dated 19 July 2022, by and between the Company and Kreos;

"Articles" means the articles of association of the Company as may be amended or replaced from time to time for the time being;

"Business Day" means a day (which for these purposes ends at 5.30 p.m.) on which banks are open for commercial business in Belgium and the United Kingdom other than a Saturday or Sunday;

"Certificate" means a certificate stating that a Subscription Rights Holder has been registered in the Register as the owner of Subscription Rights, in the form set out in Schedule 1 (*Form of Certificate*) to these Conditions;

"Companies and Associations Code" means the Belgian Companies and Associations Code as adopted by the law of 23 March 2019, as amended from time to time, including its implementing royal decrees;

"Company" means Sequana Medical NV, a public limited liability company under Belgian law, having its seat at Kortrijksesteenweg 1112, box 102, 9051 Ghent, Belgium, registered with the Crossroads Banks of Enterprises under number VAT BE 0707.821.866 (RLE Ghent, division Ghent);

"Conditions" means the present issuance and exercise conditions of the Subscription Rights;

"Consent" means the consent in writing of the Subscription Rights Holder(s);

"Euronext Brussels" means the regulated market of Euronext Brussels SA/NV;

"Exempted Financial Institution" means a bank, trust, fund or investment firm (including venture capital and private equity funds) and Affiliates of any such person, in each case who is regularly engaged in, or established for the purpose of making, purchasing or investing in loans, securities and other financial assets;

"Exercise Account" has the meaning ascribed thereto in clause 6.2.2.1;

"Exit Event" means a Share Sale;

"Exit Notification" means a notice from the Company to each of the Subscription Rights Holders, informing them of an Exit Event, or an anticipated Exit Event, and containing (to the extent permitted by applicable rules and regulations, and taking into account the provisions of clause 10.4):

- a) details of the nature of the Exit Event, or anticipated Exit Event;
- b) the anticipated earliest date on which such Exit Event could occur;
- c) the anticipated number of Shares to be issued in relation to the relevant Subscription Rights Holder if the Subscription Rights are exercised, and the anticipated aggregate Subscription Price payable by such Subscription Rights Holder to exercise such rights; and
- d) all other information available to the Company which is or would reasonably be considered to be material to the Subscription Right Holder(s) for the purposes of deciding whether or not (and if so when) to exercise their Subscription Rights;

"Expert" means an independent audit firm of international repute that is a member of the Belgian Institute of Auditors (*Instituut van de Bedrijfsrevisoren*) to be agreed between the Parties or, in the absence of such agreement, by the President of the Enterprise Court of Ghent (division Ghent), upon the request of the most diligent Party;

"Extraordinary General Meeting" means an extraordinary general meeting of the Company to be held before a Belgian notary public;

"Fair Market Value" means, at any given time this is to be determined, a price per Share that is equal to the arithmetic average of the daily volume weighted average price per Share of the Company's Shares traded on Euronext Brussels during the period of five (5) consecutive days ending on (and including) the third day before the date on which such price is to be determined;

"Final Date" means the earlier of: (i) five (5) years from the date of the Agreement; or (ii) completion of a Share Sale;

"Group" means the Company and its subsidiaries (if any) from time to time, and **"Group Company"** means any member of the Group;

"Initial Subscription Price" means the subscription price per Share, being EUR 5.31, which is an amount equal to the arithmetic average of the daily volume weighted average price per Share of the Company's Shares traded on Euronext Brussels during the period of thirty (30) consecutive trading days ending on (and including) the third trading day prior to the date of closing of the Loan Agreement;

"Initial Subscription Right(s)" means 650,000 Subscription Rights to be issued and allocated to Kreos in accordance with these Conditions;

"Kreos" means Kreos Capital VII Aggregator SCSp, a special limited partnership under the laws of Luxembourg with registered number B264706 and having its registered office at 1 Boulevard de la Foire, 1528, Luxembourg, Grand Duchy of Luxembourg;

"Loan Agreement" means the loan agreement dated the same date as the Agreement, between the Company and Kreos Capital VII (UK) Limited as Lender;

"Net Cash Return" means the income paid by the Company (in the form of dividend distributions, repurchase of shares, or otherwise) in relation to the Shares resulting from the exercise of the Subscription Rights by the Subscription Rights Holder(s);

"Net Issuance" has the meaning given in clause 6.3.3;

"New Holding Company" has the meaning given in clause 12.1;

"New Shares" has the meaning given in clause 12.1.1;

"Notice of Subscription" means the notice addressed to the Company's board of directors by a Subscription Rights Holder exercising its Subscription Rights in the form, or substantially in the form, set out in the Schedule 2 (*Notice of exercise of Subscription Rights*) to these Conditions;

"Old Shares" has the meaning given in clause 12.1.1;

"Register" has the meaning given in clause 2.5;

"Share Sale" means (i) the completion of a public takeover bid in respect of the Company's Shares and other outstanding voting securities (*effecten met stemrecht*) or securities granting access to voting rights (*effecten die toegang geven tot stemrecht*), or (ii) the sale of the entire issued share capital of the Company to a bona fide third party on arm's length terms for cash consideration;

"Shareholder" means a holder of Shares;

"Shares" means any and all shares in the capital of the Company, from time to time;

"Subscription Price" means each of (i) the Initial Subscription Price, (ii) the Subsequent Subscription Price, or (iii) the par value of the Shares issuable in case of a Net Issuance;

"Subscription Rights" means the 875,000 subscription rights, named "Kreos Subscription Rights", issued by the Company in accordance with these Conditions to Kreos, and all rights conferred by them, and consisting of the Initial Subscription Rights and the Subsequent Subscription Rights;

"Subscription Rights Holder" means, in relation to a Subscription Right, the person whose name appears in the Register as the holder of the Subscription Right being, at the date of the issuance of the Subscription Rights, Kreos;

"Subsequent Subscription Price" means the subscription price per Share, being an amount equal to the arithmetic average of the daily volume weighted average price per Share of the Company's Shares traded on Euronext Brussels during the period of thirty (30) consecutive trading days ending on (and including) the third trading day prior to each Drawdown (as defined in the Loan Agreement);

"Subsequent Subscription Right(s)" means 225,000 Subscription Rights to be issued and allocated to Kreos in accordance with these Conditions; and

"Total Loan Economics" means all amounts due and payable under (including the End of Loan Payment (as defined in the Loan Agreement)) by any Group Company under the Finance Documents.

- 1.2 In these Conditions, unless the context otherwise requires:
- 1.2.1 words and expressions defined in the Companies and Associations Code or the Articles shall have the same meanings in these Conditions (unless otherwise expressly defined in these Conditions);
 - 1.2.2 headings are used for convenience only and shall be ignored in interpreting these Conditions;
 - 1.2.3 reference to a clause or Schedule is a reference to a clause of, or Schedule to, these Conditions;
 - 1.2.4 reference to (or to any specific provision of) these Conditions or any other document or instrument shall be construed as a reference to these Conditions, that provision or that document or instrument as in force for the time being and as amended from time to time in accordance with its terms and the prior sanction of a Consent (where consent is required by the terms of these Conditions as a condition to such amendment being made);
 - 1.2.5 reference to any gender includes all genders, references to the singular includes the plural (and vice versa) and reference to persons includes bodies corporate, unincorporated associations and partnerships (whether or not any of the same have a separate legal personality);
 - 1.2.6 when using the expressions "shall use its best efforts" or "shall use its best endeavours" (or any similar expression or any derivation thereof), these Conditions intend to refer to the Belgian legal concept of "*middelenverbintenis*" / "*obligation de moyens*";
 - 1.2.7 when using the words "shall cause" or "shall procure that" (or any similar expression or any derivation thereof), these Conditions intend to refer to the Belgian legal concept of "*sterkmaking*" / "*porte-fort*";
 - 1.2.8 reference to a statutory provision includes reference to:
 - 1.2.8.1 the statute or statutory provision as modified or re-enacted from time to time; and
 - 1.2.8.2 any subordinate legislation made under the statutory provision (as modified or re-enacted as set out in clause 1.2.8.1 above),except to the extent that any modification or re-enactment or subordinate legislation coming into force after the date of the Agreement would increase or extend the liability of either the Company or the Subscription Rights Holder to each other;
 - 1.2.9 any words following the terms "including", "include", "in particular", "for example" or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
 - 1.2.10 the original version of these Conditions has been drafted in English. In case of a translation of these Conditions into any other language, the English version shall prevail, provided, however that English terms to which another language translation has been added in italics shall be interpreted in accordance with such other language translation, disregarding the English term to which such other language translation relates; and
 - 1.2.11 unless expressly indicated otherwise, or except when applicable law provides otherwise in a mandatory manner, any period of time or term referred to herein shall be calculated or determined as follows:
 - 1.2.11.1 any reference to a day shall be a reference to a calendar day, running from midnight to midnight local time in Brussels, Belgium;

- 1.2.11.2 any reference to a time of the day is to that time in Brussels, Belgium;
- 1.2.11.3 any term shall start on the subsequent day after the day on which the event triggering such period of time has occurred. The expiry day of a term shall be included in the term. If such expiry day is not a Business Day, then the term shall be extended to the first next Business Day following such day.
- 1.3 Unless otherwise specifically provided, where any notice, resolution or document is required by these Conditions to be signed by any person, the reproduction of the signature of such person by e-mail shall suffice, provided that confirmation by registered letter is despatched by close of business on the next following Business Day, in which case the effective notice, resolution or document shall be that sent by e-mail (served in accordance with paragraphs 10 and 11 of Schedule 3 (*Register of Subscription Rights*) to these Conditions), not the confirmatory letter.
- 1.4 These Conditions incorporate the Schedules to them.
- 1.5 References to "euro", "€" or "EUR" are to the lawful currency on the date of the Agreement of the member states of the European Union who have adopted and retain the euro as their lawful currency in accordance with the legislation of the European Union relating to Economic and Monetary Union and for the avoidance of doubt this definition shall not extend to any new currency of any member state which ceases to use the euro as its only lawful currency.
- 1.6 For the purpose of these Conditions, the par value (*fractiewaarde / pair comptable*) of the Company's shares from time to time shall be determined as a fraction, (a) the numerator of which is the amount of the Company's share capital at that time, and (b) the denominator of which is the aggregate number of actually issued and outstanding Shares of the Company at that time.
- 2. CONSTITUTION AND FORM OF SUBSCRIPTION RIGHTS**
- 2.1 All of the Subscription Rights are, subject to a valid decision of the Extraordinary General Meeting, issued on the date of the Extraordinary General Meeting.
- 2.2 All of the Initial Subscription Rights shall be allocated to Kreos, free of charge, on the date of the Extraordinary General Meeting.
- 2.3 The Subsequent Subscription Rights shall only be allocated to Kreos, free of charge, upon, and subject to, a Drawdown (as defined in the Loan Agreement) pursuant to the Loan Agreement, provided that (a) the number of Subsequent Subscription Rights to be delivered to Kreos upon such Drawdown shall be equal to 225,000 multiplied by a fraction, (i) the numerator of which is the amount of the relevant Drawdown, and (ii) the denominator of which is the amount of the Total Loan Facilities (as defined in the Loan Agreement), and (b) the maximum number of Subsequent Subscription Rights that can be delivered to Kreos is 225,000. For the purpose of determining the number of Shares issuable upon exercise of such Subsequent Subscription Rights in accordance with clause 3.2 and the relevant Subsequent Subscription Price of such Subsequent Subscription Rights, the relevant Subsequent Subscription Rights that are to be delivered in the event of a Drawdown shall be identified by a separate series indication (Series A, Series B, etc.). If the Drawdown occurred prior to the date of the Extraordinary General Meeting, the relevant Subsequent Subscription Rights will be allocated to Kreos on the date of the Extraordinary General Meeting.
- 2.4 The Subscription Rights in aggregate give the Subscription Rights Holder(s) the right, upon the terms and subject to the conditions set forth in these Conditions, to subscribe in cash (subject to clause 6.3) at a price per Share equal to the Initial or Subsequent Subscription Price (as relevant) for such number of Shares calculated in accordance with clause 3.
- 2.5 The Subscription Rights shall be in registered form, shall be recorded in a subscription right register book that will be kept at the registered office of the Company (the "**Register**"), and cannot be converted into a bearer instrument or in dematerialized form.

- 2.6 The Subscription Rights are issued subject to the Articles and otherwise on the terms of these Conditions.
- 2.7 The terms of these Conditions shall be binding upon the Company and each Subscription Rights Holder and all persons claiming through or under either of them.

3. **CALCULATION OF NUMBER OF SHARES**

- 3.1 The Initial Subscription Rights entitle the Subscription Rights Holder(s) in aggregate to a maximum number of Shares as is calculated by dividing EUR 650,000 by the Initial Subscription Price (subject to adjustment as set forth in these Conditions).
- 3.2 The Subsequent Subscription Rights that are allocated to Kreos upon a Drawdown entitle the Subscription Rights Holder(s) thereof in aggregate to such number of Shares as is equal to "Y" divided by the relevant Subsequent Subscription Price in relation to such Drawdown (subject to adjustment as set forth herein), where:

$$Y = (X\% * \text{EUR } 225,000)$$

where:

$$X = (A / 10,000,000) \times 100$$

and where:

A = the relevant Drawdown amount (as defined the Loan Agreement)

4. **CERTIFICATES**

- 4.1 The Company shall issue to each relevant Subscription Rights Holder, a Certificate in respect of that number of Subscription Rights to which it is entitled as soon as reasonably practicable following a Subscription Rights Holder becoming entitled to such Subscription Rights in accordance with these Conditions.
- 4.2 If a Certificate is mutilated, defaced, lost, stolen or destroyed, the Company will replace it on such terms as to evidence an indemnity as the Company may reasonably require and subject to the Subscription Rights Holder who is seeking the replacement, paying the Company's reasonable costs (if any) in connection with the issue of the replacement.
- 4.3 Mutilated or defaced Certificates must be surrendered before replacements will be issued.

5. **TIMING FOR EXERCISE OF SUBSCRIPTION RIGHTS**

- 5.1 The Initial Subscription Rights may be exercised at any time without condition prior to the Final Date and shall be exercised in accordance with clause 6 (*Exercise of Subscription Rights*).
- 5.2 The Subsequent Subscription Rights that are granted to Kreos upon a Drawdown pursuant to the Loan Agreement may be exercised at any time following the relevant Drawdown prior to the Final Date and shall be exercised in accordance with clause 6 (*Exercise of Subscription Rights*).
- 5.3 Subject to, and to the extent permitted by, applicable rules and regulations, and taking into account the provisions of clause 10.4, the Company undertakes to send to each Subscription Rights Holder an Exit Notification not less than thirty (30) days prior to the expected date of an Exit Event which takes place prior to the fifth anniversary of the date of the Agreement, or, if the Company does not become aware of such an Exit Event, until a time which is less than thirty (30) days prior to the expected date of such Exit Event, as soon as reasonably practicable after becoming aware of the same but in any event no later than twenty (20) days prior to the expected date of such Exit Event.

5.4 Subject to, and to the extent permitted by, applicable rules and regulations, and taking into account the provisions of clause 10.4, the Company undertakes to send as soon as reasonably practicable to the Subscription Rights Holder(s) such further information which it reasonably considers material relating to the progress of an Exit Event including, but not limited to, information relating to the increased or decreased likelihood of the same occurring, any change in the anticipated terms of or timetable and/or the failure or lapse (whether temporary or permanent) of the same, to the intent that the Subscription Rights (s) shall be kept informed at all times of any changes or other circumstances material to the Exit Event.

6. EXERCISE OF SUBSCRIPTION RIGHTS

6.1 The Subscription Rights may be exercised in whole or in part, it being understood that no fractions of Subscription Rights may be exercised, and Subscription Rights cannot be exercised with respect to fractions of Shares. In the event a fraction of a Share were to be issued upon the exercise of one or more Subscription Rights, the relevant number of Shares issuable upon such exercise shall be rounded down to the nearest whole number of Shares, without further compensation for the fraction of a Share that cannot be so issued. Subscription Rights that cannot be exercised for a whole number of Shares shall not be exercisable.

6.2 In order to exercise its Subscription Rights validly, a Subscription Rights Holder must:

6.2.1 provide to the Company at its registered office a Notice of Subscription that has been duly completed and signed on behalf of the relevant Subscription Rights Holder;

6.2.2 if payment is satisfied in accordance with:

6.2.2.1 clause 6.3.1, wire the relevant Subscription Price for each of the Shares issuable upon exercise of the relevant Subscription Rights (as determined by these Conditions) to the blocked account in the Company's name (as provided for in the Companies and Associations Code) (the "**Exercise Account**") in immediately available funds in euro, the details of which account shall be provided in writing by the Company at the latest three (3) Business Days following receipt by the Company of the Notice of Subscription; and

6.2.2.2 clause 6.3.2, (a) provide a signed payment direction letter between the Subscription Rights Holder and the purchaser pursuant to the Exit Event for the relevant Subscription Price for each of the Shares issuable upon exercise of the relevant Subscription Rights (as determined by these Conditions) and (b) deliver evidence that the purchaser pursuant to the Exit Event has wired, on behalf of the Subscription Rights Holders, the relevant Subscription Price for each of the Shares issuable upon exercise of the relevant Subscription Rights (as determined by these Conditions) to the Exercise Account in immediately available funds in euros, the details of which account shall be provided in writing by the Company at the latest three (3) Business Days following receipt by the Company of the Notice of Subscription,

provided, in any event, that the Company shall not be obliged to issue any of the Shares if the relevant Subscription Price shall not have been wired onto the Exercise Account; and

6.2.3 provide the Company with the name and address of the person to whom the Shares to be issued on exercise of Subscription Rights are to be delivered (being the Subscription Rights Holder).

6.3 The relevant Subscription Price for each of the Shares issuable upon exercise of the Subscription Rights shall, at the absolute discretion of the Subscription Rights Holder, be satisfied by any of the following:

6.3.1 the payment in cash of the relevant aggregate Subscription Price for each of the relevant Shares issuable; or

6.3.2 only in circumstances where the exercise of the Subscription Right and Notice of Subscription is specifically in anticipation of, and conditional upon, the occurrence of an Exit Event, the payment in cash by the purchaser pursuant to the Exit Event on behalf of the Subscription Rights Holder of the relevant aggregate Subscription Price for each of the relevant Shares issuable (provided, in any event, that the Company shall not have any responsibility for the payment of such amount in cash by the purchaser, and that the relevant Shares shall only be issued to the extent that the relevant Subscription Price has been received onto the Exercise Account as set out in clause 6.2.2.2); or

6.3.3 in lieu of the payment in cash of the relevant aggregate Subscription Price for each of the relevant Shares issuable, the Subscription Rights Holder may on one occasion only in respect of all of the Shares that would otherwise be issuable elect to receive a reduced number of Shares, to be issued to the Subscription Rights Holder as fully paid up, which reduced number of Shares shall be determined as follows (such exercise being the "**Net Issuance**"):

$$X = Y (A-B)/A$$

where:

X = the reduced number of Shares to be issued to the Subscription Rights Holder

Y = the number of Shares with respect to which the Subscription Rights are being exercised by the Subscription Rights Holder

A = the Fair Market Value of one Share

B = the relevant Initial or Subsequent Subscription Price of the relevant Shares with respect to which the Subscription Rights are exercised, as the case may be

provided always that the Subscription Rights Holders shall nevertheless be required to pay in cash the applicable par value of each of the Shares issuable following such Net Issuance (which par value shall then be the relevant Subscription Price for such reduced number of Shares).

6.4 The Notice of Subscription delivered pursuant to clause 6.2.1 can, at the election of the Subscription Rights Holder, be conditional upon the consummation of an Exit Event. If no such election is made, the Notice of Subscription shall automatically be deemed unconditional.

6.5 In the case of a conditional Notice of Subscription:

6.5.1 if the Exit Event does not occur within the time period upon which the Notice of Subscription is expressed to be conditional, such Notice of Subscription may be cancelled by the Subscription Rights Holder;

6.5.2 if the Exit Event does not occur within sixty (60) days after the date of the Notice of Subscription, such Notice of Subscription may be cancelled by the Subscription Rights Holder; and

6.5.3 if the Exit Event does not occur before the Final Date, the Notice of Subscription shall be deemed cancelled and the relevant Subscription Rights shall be deemed not exercised.

- 6.6 The cancellation of a Notice of Subscription in accordance with clause 6.5 shall be without prejudice to the relevant Subscription Rights Holder's Subscription Rights, which will remain in full force and will be available for subsequent exercise by the Subscription Rights Holder in accordance with the provisions of these Conditions.
- 6.7 If a Notice of Subscription is cancelled, no issuance of Shares as is referred to in clause 7.1 shall take place and the Company will immediately return to the relevant Subscription Rights Holder any payment of Subscription Price originally paid. A subsequent unconditional exercise of the Subscription Rights shall be deemed to override and supersede any such conditional exercise.
- 6.8 Upon the occurrence of the Final Date, any Subscription Rights which have not been exercised shall lapse and such Subscription Rights will be cancelled.

7. COMPLETION OF EXERCISE

- 7.1 Following a valid exercise of Subscription Rights by a Subscription Rights Holder in accordance with the terms of these Conditions, the Company shall in accordance with clause 7.2:
- 7.1.1 issue to the Subscription Rights Holder the relevant number of Shares to which the Subscription Rights Holder is entitled by exercising the Subscription Rights ("**Allotted Shares**"), at a meeting before a Belgian notary public;
- 7.1.2 immediately following the issue of the Allotted Shares in accordance with clause 7.1.1, enter, or procure the entry of, the Allotted Shares in the Subscription Rights Holder's name in the share register of the Company as the holder of the Allotted Shares (provided that as long as the Allotted Shares have not been admitted to trading on the regulated market operated by Euronext Brussels the Allotted Shares cannot be converted into dematerialised form); and
- 7.1.3 apply to Euronext Brussels for the admission to trading on the regulated market operated by Euronext Brussels of the Allotted Shares and use all reasonable endeavours to procure that admission occurs within forty-five (45) Business Days following the issue of the Allotted Shares.
- 7.2 The obligations of the Company under clause 7.1.1 shall be fulfilled on the following date (unless agreed otherwise between the Company and the relevant Subscription Rights Holder):
- 7.2.1 in the case of Subscription Rights expressed to be conditional on the occurrence of an Exit Event, on the Business Day prior to the occurrence of the Exit Event; and
- 7.2.2 in any other case, on a date determined by the Company on or prior to the later of (i) the tenth (10) Business Days after the Notice of Subscription is received at the seat of the Company, and (ii) one (1) Business Day after the relevant Subscription Price for the Shares issuable has been received on the Exercise Account in accordance with the provisions of clause 6.2.2.
- 7.3 The Allotted Shares shall:
- 7.3.1 be issued as fully paid up;
- 7.3.2 have the same rights and benefits as, and rank *pari passu* in all respects including as to entitlement to dividends and other distributions, with the existing and outstanding ordinary shares at the moment of their issue and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of their issue; and
- 7.3.3 provided the Allotted Shares are issued in accordance with the terms of these Conditions, be free from all claims, liens, charges, encumbrances, equities and third party rights including pre-emption rights (other than third party rights, including pre-emption rights, applying to all Shares which arise by virtue of the provisions of the

Articles, and other than any claims, liens, charges, encumbrances, equities and third party rights that find their origin with the relevant Subscription Rights Holder).

- 7.4 If following allotment of Shares pursuant to the exercise of some of the Subscription Rights, some Subscription Rights remain, the Company shall issue a Certificate to the Subscription Rights Holder for the balance of the Subscription Rights Holder's Subscription Rights.
- 7.5 Each time upon an exercise of the Subscription Rights and the issue of Shares pursuant to these Conditions, the applicable aggregate Subscription Price of the Shares shall be allocated to the share capital of the Company. If the applicable Subscription Price per Share issued is greater than the fractional value of the existing Shares immediately prior to the capital increase, then the applicable aggregate Subscription Price shall be allocated in such a manner that per Share issued (i) a part of the applicable aggregate Subscription Price equal to the fractional value of the existing Shares immediately prior to the capital increase shall be booked as share capital, and (ii) the balance of the applicable aggregate Subscription Price shall be booked as issue premium. Such issue premium shall be accounted for on the liabilities side of the Company's balance sheet as net equity. The account on which the issue premium shall be booked shall, like the share capital, serve as the guarantee for third parties and, save for the possibility of a capitalisation of those reserves, can only be reduced on the basis of a valid resolution of the general shareholders' meeting passed in the manner required for an amendment to the Company's Articles. Following the issue of new Shares and the capital increase resulting therefrom, each of the Shares (existing and new) shall represent the same fraction of the Company's share capital.
- 7.6 The Company shall only be obliged to issue Shares upon an exercise of the Subscription Rights provided that (i) the relevant Notice of Subscription has been received by the Company, (ii) the relevant Notice of Subscription is, is deemed, or has become unconditional and has not been cancelled, and (iii) the applicable subscription price for the Shares has been paid, in each case in accordance with the provisions of these Conditions.

8. **TRANSFER OF SUBSCRIPTION RIGHTS**

- 8.1 The Subscription Rights may be transferred in whole or in part by any Subscription Rights Holder to any of its Affiliates or to an Exempted Financial Institution provided that in either case the transferee is not a customer, competitor or supplier of the Company or any Group Company, or holds 20% or more of the issued share capital of any such customer, competitor or supplier.
- 8.2 The provisions of Schedule 3 (*Register of Subscription Rights*) to these Conditions shall regulate the transfer of Subscription Rights.

9. **ADJUSTMENT OF SUBSCRIPTION RIGHTS**

- 9.1 The number of the Shares to be issued upon exercise of Subscription Rights and/or the Initial or Subsequent Subscription Price, as the case may be, shall be adjusted to take into account any Adjustment Event on the terms set out in this clause 9 (*Adjustment of Subscription Rights*).
- 9.2 In the event of an Adjustment Event,
- 9.2.1 the relevant Subscription Price of the Subscription Rights (on a per Share basis) shall be multiplied by a fraction (i) the numerator of which is equal to the fractional value of the outstanding Shares of the Company immediately before to the Adjustment Event, and (ii) the denominator of which is equal to the fractional value of the outstanding Shares of the Company immediately after the Adjustment Event (the "**Adjustment Fraction**");
- 9.2.2 the number of shares issuable upon exercise of the Subscription Rights shall be multiplied by the Adjustment Fraction; and
- 9.2.3 (subject to the provisions of clause 9.3.2) the aforementioned adjustment shall become effective immediately after the effective date of the relevant Adjustment Event that gives rise to such adjustment.

9.3 The Company shall:

9.3.1 notify each Subscription Rights Holder in writing as soon as reasonably practicable after the relevant board of directors of the Company or general meeting of Shareholders (whichever is the earliest) has resolved to consider or implement an Adjustment Event and, in any event, at least ten (10) Business Days prior to the date on which an Adjustment Event is to occur ("**Adjustment Notification Date**") specifying the prospective or actual date of the Adjustment Event and the proposed or actual terms of it;

9.3.2 if within five (5) Business Days of the Adjustment Notification Date, the Company and the Subscription Rights Holders cannot agree such adjustment then, upon request in writing from a Subscription Rights Holder, the Company shall instruct as soon as practicable the Expert to determine the appropriate adjustment (*bindende derdenbeslissing*). The Company shall procure that an adjustment in accordance with clause 9.1 shall be effected as soon as reasonably practicable after the Company has either agreed the adjustment with the Subscription Rights Holders or received the certification from the Expert and then send notice of any such adjustments to each Subscription Rights Holder as soon as practicable (and in any event within ten (10) Business Days) following the later of the Adjustment Event and receipt of the certification together with a copy of the Expert's certificate (if applicable), together with a replacement Certificate referring to such Subscription Rights Holders' adjusted Subscription Rights against the Subscription Rights Holder delivering to the Company the previous Certificate for cancellation.

9.4 Notwithstanding Article 7:71, §1 of the Companies and Associations Code, the Company may proceed with all actions that it deems appropriate in relation to its capital, its articles of association, its financial condition, even if such actions lead to a reduction of the benefits allocated to the Subscription Rights, including but not limited to, mergers or acquisitions, capital increases or reductions (including those subject to conditions precedent), the incorporation of reserves into the capital with or without the issue of new Shares, the issue of dividends or other distributions, the issue of other equity securities and the amendment of arrangements or provisions relating to the distribution of profits or liquidation proceeds, provided, however, that the Shares issued or issuable under the Subscription Rights shall not be treated differently (had they already been issued at that time) than other Shares already issued. If the rights of a Subscription Rights Holder are affected by an action or transaction permitted by the immediately preceding sentence, the Subscription Rights Holder will not be entitled to a change of the terms and conditions of the Subscription Rights or any other form of compensation (financial or otherwise) unless (i) specifically provided for in clauses 9.1 to 9.3, and/or (ii) such action or transaction was undertaken with the purpose of adversely affecting the rights or value of the Subscription Rights.

10. **INFORMATION AND RIGHTS OF SUBSCRIPTION RIGHTS(S)**

10.1 Unless such information is made available at the same time to the public on the Company's website, in which case the Company shall immediately inform the Subscription Rights Holder(s) thereof, the Company shall:

10.1.1 send to each Subscription Rights Holder a copy of its annual reports and accounts (including, where applicable, audited accounts) together with all documents required by law to be annexed to that report at the same time as they are sent to any other investor in the Company;

10.1.2 send to each Subscription Rights Holder copies of any statements, notices or circulars sent to the holders of the Shares at the same time as they are sent to any other investor in the Company; and

10.1.3 give to each Subscription Rights Holder not less than fifteen (15) days' prior written notice of its intention to declare or pay a dividend or other distribution on the Shares.

- 10.2 To the extent permitted by applicable law, the Subscription Rights Holder(s) may attend all general meetings of holders of Shares but may not, except as permitted by applicable law, vote at those meetings by virtue of or in respect of their holdings of Subscription Rights.
- 10.3 Each Subscription Rights Holder shall keep confidential and not divulge or use any information received by it in its capacity as a Subscription Rights Holder which is of a confidential nature except:
- 10.3.1 as required by law or any applicable regulations;
 - 10.3.2 to the extent the information is in the public domain through no default of the Subscription Rights Holder; and
 - 10.3.3 each Subscription Rights Holder will be entitled to divulge such information to any other Subscription Rights Holder, to its limited partners, management company or shareholders and to any proposed transferee of Subscription Rights on the same terms as to confidentiality as contained in this clause 10.3.
- 10.4 Notwithstanding any other provision of these Conditions, the Company shall not be required to provide any information to a Subscription Rights Holder, to the extent that (a) doing so would constitute a breach of any applicable law, including Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 and its delegating and implementing regulations, each as amended or replaced from time to time, or (b) absent a legal obligation to provide the same information to all or other holders of securities issued by the Company, providing such information to a Subscription Rights Holder would nevertheless require the Company to provide the same information also to such other holders of securities issued by the Company.

11. LIQUIDATION

- 11.1 If an order is made or an effective resolution is passed for the winding-up or dissolution of the Company or if any other dissolution of the Company by operation of law is to be effected, then the provisions of clause 11.2 shall apply.
- 11.2 The Company shall immediately notify the Subscription Rights Holder(s) in writing that such an order has been made or resolution has been passed or other dissolution is to be effected.
- 11.3 Subject to the provisions of this clause 11 (*Liquidation*), any Subscription Rights which have not been exercised when the order has been made or resolution passed or other dissolution is effected shall lapse absolutely.

12. COMPANY REORGANISATIONS AND EXCHANGE OF SUBSCRIPTION RIGHTS

- 12.1 A company reorganisation occurs if there is a qualifying exchange of Shares so that a company (the "**New Holding Company**") acquires all the Shares of the Company and the following conditions are met:
- 12.1.1 consideration for all the Shares in the Company (the "**Old Shares**") consists wholly of shares ("**New Shares**") in the New Holding Company;
 - 12.1.2 consideration for Old Shares is of New Shares of the same class and carrying the same rights; and
 - 12.1.3 New Shares are issued to the holders of Old Shares in proportion to their holding.
- 12.2 Where there is a company reorganisation and the Company requires the Subscription Rights Holders to release the Subscription Rights and the Company from all liabilities and obligations in respect of the Subscription Rights in consideration of, and subject at all times to, the grant to the Subscription Rights Holders of new subscription rights with equivalent rights over the share capital of the New Holding Company and on terms applying in these Conditions *mutatis mutandis*, the Subscription Rights Holders shall execute such release.

13. **NOTICES**

Any notice to the Subscription Rights Holder(s) required for the purpose of any provision of these Conditions shall be given in accordance with the provisions of paragraphs 12 to 14 (inclusive) of Schedule 3 (*Register of Subscription Rights*) to these Conditions.

14. **COSTS AND EXPENSES**

14.1 Each Subscription Rights Holder shall pay any stamp, issue, registration, documentary or any taxes and duties, including interest and penalties, payable on or in connection with the exercise, issue or delivery of the relevant Shares upon each exercise of the relevant Subscription Rights.

14.2 Any other costs and expenses related with the issuance or exercise of the Subscription Rights or with the issuance, delivery and listing of the Shares shall be borne by the Company.

15. **GOVERNING LAW**

The provisions of the Conditions and any dispute or claim arising out of or in connection with them (including any dispute or claim relating to non-contractual obligations) shall be subject to and governed by Belgian law and the Company and the Subscription Rights Holder(s) submit to the exclusive jurisdiction of the courts of Brussels (Belgium) and, if permitted by law, using the Dutch language or, if not so permitted, the French language, in relation to any such dispute or claim.

16. **BINDING EFFECT ON SUCCESSORS**

These Conditions shall be binding upon any entity succeeding the Company by merger, consolidation or otherwise. All of the obligations of the Company relating to the Shares issuable upon the exercise of the Subscription Rights shall survive the exercise and termination of these Conditions. All of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the Subscription Rights Holder(s).