

## **SEQUANA MEDICAL**

### **Limited Liability Company**

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VAT BE 0707.821.866 Register of Legal Entities Ghent, section Ghent

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## **SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 7:199 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE**

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### **1. INTRODUCTION**

This special report has been prepared by the board of directors of Sequana Medical NV (the "**Company**") in accordance with Article 7:199 of the Belgian Companies and Associations Code (as defined below). It relates to the proposal to renew the powers granted to the board of directors of the Company to increase the Company's share capital under the authorised capital within the limits set out in this special board report, and sets out the specific circumstances in which the board of directors will be able to use its powers under the authorised capital and the purposes that it should pursue. This proposal shall be submitted to the extraordinary general shareholders' meeting of the Company to be held before a notary public on Thursday, 23 May 2024 (or on Thursday, 13 June 2024 should the required attendance quorum not be reached at the first meeting).

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. PROPOSAL TO RENEW THE AUTHORISED CAPITAL**

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 10 November 2023, as published by excerpt in the Annexes to the Belgian Official Gazette on 14 November 2023 under number 23426567, the board of directors of the Company has been granted certain powers to increase the Company's share capital in the framework of the authorised capital. The powers under the (current) authorised capital have been set out in Article 8 of the Company's Articles of Association. Pursuant to the authorisation granted by the extraordinary general shareholders' meeting, the board of directors was authorised to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 2,926,295.90 (excluding issue premium, as the case may be). The authorisation is valid for a period of five years as from 14 November 2023.

To date, the board of directors has used its powers under the authorised capital on 25 March 2024 through the issuance of 7,666,667 new shares for an aggregate amount of EUR 794,266.70 (excluding issuance premium). As a result, around 27.14% of the authorised capital granted on 10 November 2023 has already been used under the current authorised capital.

In accordance with Article 7:199 of the Belgian Companies and Associations Code, the board of directors proposes to the extraordinary general shareholders' meeting of the Company to renew the authorisation to the board of directors to increase the share capital of the Company in one or several times, during a period of five (5) years as from the publication in the Annexes to the Belgian Official Gazette of this authorisation, with an aggregate amount equal to up to hundred percent (100%) of the share capital of the Company at the time of the extraordinary general shareholders' meeting approving the authorised capital.

It should be noted that the aforementioned authorisation is not intended as a defence mechanism against a takeover bid, as it does not authorise the board of directors to increase the share capital of the Company with restriction or cancellation of the preferential subscription right of the shareholders after the Financial Services and Markets Authority (FSMA) has notified the Company of a public takeover bid for the Company's shares, subject to the provisions of Article 7:202 of the Belgian Companies and Associations Code.

If approved by the shareholders, Article 8 of the Articles of Association of the Company will read as follows (whereby the amount referred to in the sub-section between square brackets in the first paragraph shall be the amount of the Company's share capital at the time of the general shareholders' meeting approving the authorised capital, the date referred to in the sub-section between square brackets in the third paragraph shall be the date of the general shareholders' meeting approving the renewed authorised capital, and the other provisions of Article 8 remain in place and are re-approved):

**"8. AUTHORISED CAPITAL**

*The board of directors is authorised to increase the share capital of the company on one or several occasions by a maximum aggregate amount of [100% of the company's share capital at the time of the adoption of the new authorised capital].*

*The board of directors may increase the share capital by contributions in cash or in kind, by capitalisation of reserves, whether available or unavailable for distribution, and capitalisation of issue premiums, with or without the issuance of new shares, with or without voting rights, that will have the rights as will be determined by the board of directors. The board of directors is also authorised to use this authorisation for the issuance of convertible bonds or subscription rights, bonds with subscription rights or other securities.*

*This authorisation is valid for a period of five years as from the date of publication in the Annexes to the Belgian Official Gazette of an extract of the minutes of the extraordinary general shareholders' meeting of the company held on [date of the general shareholders' meeting approving the renewed authorised capital].*

*In the event of a capital increase decided by the board of directors within the framework of the authorised capital, all issue premiums booked, if any, will be accounted for in accordance with the provisions of these articles of association.*

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

*The board of directors is authorised, with the right of substitution, to amend the articles of association, after each capital increase that has occurred within the framework of the authorised capital, in order to bring them in conformity with the new situation of the share capital and the shares."*

**3. CIRCUMSTANCES AND PURPOSES FOR THE USE OF THE AUTHORISED CAPITAL**

The board of directors is of the opinion that the renewal of the authorised capital is necessary to meet the needs of the Company as a listed company.

In principle, changes to the share capital are decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements that apply to an amendment of the articles of association. This means that a shareholders' resolution to increase the Company's share capital is only passed provided that at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and provided that the resolution is approved by 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened through a new notice, and the second general shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorise the board of directors, within certain limits, to increase the Company's share capital without further approval of the shareholders. This is the so-called authorised capital.

The technique of the authorised capital offers the board of directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the Company and the financing of its operations. The prior disclosures, formalities and time windows to convene a general shareholders' meeting and obtain a general shareholders' meeting approval to effect a capital increase are elaborate, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the shares is not reached at the first meeting) can take approximately two months for a listed company. During this period, market circumstances can change significantly. If the board of directors is not able to seize potential market opportunities that arise, this could be to the disadvantage of the Company. In addition, if market circumstances no longer allow for a capital increase at favourable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company.

The board of directors intends to use the abovementioned powers under the authorised capital in circumstances where, in the interest of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities; or
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders; or
- a prior convening of a general shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the Company; or
- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the Company.

The board of directors would be able to use its powers under the authorised capital to issue shares, share options, subscription rights, or other securities with disapplication of the preferential subscription right to the benefit of the members of the personnel of the Company or of its subsidiaries, or to the benefit of one or more specified persons other than members of the personnel of the Company or of its subsidiaries.

The board of directors would be able to use its powers under the authorised capital to raise capital, *inter alia*:

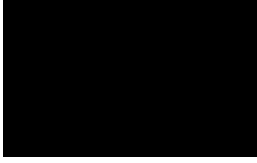
- with a view to strengthening the share capital or net equity of the Company;
- to attract possible new partners, or important shareholders, or specialist investors from one or several selected jurisdictions (in or outside Belgium or the United States) to the share capital structure of the Company. To increase the liquidity in the trading of the Company's shares;
- to finance the existing business activities or new business initiatives of the Company and its subsidiaries;
- to finance the future growth and development of the business activities of the Company and its subsidiaries;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets (such as, but not limited to, intellectual property rights), corporate partnerships, in-licensing deals or other types of mergers, partnerships or strategic alliances;
- for share based compensation plans for members of the personnel, consultants and other service providers of the Company and its subsidiaries (from time to time); and/or
- for other general working capital purposes.

\* \* \*

Done on 22 April 2024,

*[Signature page follows]*

On behalf of the board of directors,



By: \_\_\_\_\_ Ian Crosbie \_\_\_\_\_