SEQUANA MEDICAL

Limited Liability Company

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

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

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1. INTRODUCTION

This report has been prepared by the board of directors of Sequana Medical NV (the "**Company**") in accordance with Articles 7:198 *juncto* Article 7:191 of the Belgian Companies and Associations Code (as defined below) and relates to the proposal of the board of directors to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights (stock options), in connection with a proposed increase of the share capital of the Company in the framework of the authorised capital with a maximum amount of EUR 653,296.42 (excluding issue premium, as the case may be) through the issuance of a maximum of 6,305,950 new shares, to be offered via a private placement, through an accelerated bookbuilding procedure, to a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons, and it being understood that, with respect to investors other than qualified investors (as defined in the Regulation 2017/1129 of the European parliament and of the council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**")) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, on the basis of applicable private placement exemptions (the "**Transaction**").

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

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

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

This report must be read together with the report prepared in accordance with Article 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code by the Company's statutory auditor, PwC Bedrijfsrevisoren CVBA, a cooperative company with limited liability organised and existing under the laws of Belgium, with registered office at Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium, represented by Mr. Peter D'hondt, auditor.

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

2. AUTHORISED CAPITAL

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

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

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

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

To date, the board of directors has not used its powers under the authorised capital yet. The board of directors therefore has the authority under the authorised capital to increase the Company's share capital with an aggregate amount of EUR 1,306,939.52 (excluding issue premium, as the case may be).

3. PROPOSED TRANSACTION

3.1. Structure of the Transaction

In accordance with Article 8 of the Company's Articles of Association, the board of directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash of a maximum amount of EUR 653,296.42 (excluding issue premium, as the case may be) by issuing a maximum number of 6,305,950 new shares.

If not all of the offered new shares are subscribed for, the proposed capital increase can nevertheless be completed for up to all or part of the subscriptions that the Company will have received and accepted at the applicable issue price, which will be determined as set forth below, and provided that the board of directors, or the placement committee that shall be established by the board of directors (the "**Placement Committee**"), so decides.

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

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

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

In the framework of the contemplated capital increase, the board of directors proposes to dis-apply the preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights (stock options), in accordance with Article 7:198 *juncto* Article 7:191 of the Belgian Companies and Associations Code, in order to allow KBC Securities NV ("**KBC Securities**"), Van Lanschot Kempen Wealth Management N.V. ("**Kempen & Co**", and together with KBC Securities, the "**Joint Global Coordinators**"), Belfius Bank NV/SA (acting together with its subcontractor Kepler Cheuvreux S.A. ("**Belfius**")), and/or Mirabaud Securities Limited ("**Mirabaud**", and together with Belfius and the Joint Global Coordinators, the "**Underwriters**") to offer the new shares to a broad group of currently unidentified Belgian and foreign institutional, qualified, professional and/or other investors (including, subject to applicable securities law rules and regulations, natural persons and it being understood that, with respect to investors other than qualified investors (as defined in the Prospectus Regulation) in Belgium only, the minimum investment amount per investor will be at least EUR 100,000), in and outside of Belgium, on the basis of applicable private placement exemptions, in the framework of a private placement through an accelerated bookbuilding procedure. No investors have received nor will receive any commitment or undertaking from the Company or the Underwriters as regards allocation of the new shares.

3.3. Issue price of the new shares

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

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

The issue price shall be booked as share capital. However, the amount by which the issue price of the new shares shall exceed the fractional value of the existing shares of the Company (*i.e.*, rounded EUR 0.1036) shall be booked as issue premium, as the case may be. This issue premium will be accounted for on the liabilities side of the company's balance sheet as net equity. The account on which the issue premiums are booked shall, like the share capital, serve as the guarantee for third parties and, save for the possibility of capitalisation of these 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 of association.

3.4. Admission to trading of the new shares

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

To the extent that the Company would ultimately issue more than 2,522,379 new shares, being 20% of the currently outstanding ordinary shares of the Company already admitted to trading on the regulated market of Euronext Brussels, the number of new shares in excess of this threshold of 20% can only be admitted to trading on the regulated market of Euronext Brussels provided that a listing prospectus is prepared and approved in accordance with the Prospectus Regulation, unless an exemption under the Prospectus Regulation is available. While the preparation of a listing prospectus will entail additional costs and expenses, the opportunity of the Company to raise additional funds through the issuance of more than 2,522,379 new shares would substantially outweigh the costs and expenses related to the preparation of a listing prospectus. Certain participating investors (as further referred to below) also already agreed and accepted that, if the Company would be able to offer and allocate an aggregate number of new shares that is greater than the aforementioned 20% of the currently outstanding ordinary shares of the Company already admitted to trading on the regulated market of Euronext Brussels, then (i) the Company and Underwriters will have the right and ability to allocate to those investors new shares that shall not be immediately admitted to listing upon their issuance, and (ii) the Company would use reasonable efforts to obtain the listing of those unlisted new shares within ninety (90) days following their issuance. The Company understands that for the number of new shares in excess of the aforementioned 20% threshold, the Underwriters also intend, as far as needed, to use instead of new shares, existing shares that are already admitted to trading on the regulated market of Euronext Brussels and that are currently held by a number of shareholders of the Company.

3.5. The rights attached to the new shares

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

3.6. Prospectus requirement

In accordance with Article 1(5)(a) of the Prospectus Regulation, no prospectus is required for the admission to trading of up to 2,522,379 new shares, considering that the relevant new shares would represent, over a period of 12 months, less than 20% of the number of shares of the Company already admitted to trading.

In relation to the number of new shares to be issued, as the case may be, in excess of 2,522,379 new shares, the Company shall request the admission to trading of the relevant new shares on Euronext Brussels in accordance with applicable rules and regulations. In this case, the effective listing of the relevant number of new shares will be subject to regulatory approval of a 'listing' prospectus.

As all of the new shares will be offered via a private placement, as aforementioned, the offering will also not qualify as a "public offering" pursuant to the Prospectus Regulation and, hence, not require an 'offering' prospectus.

4. JUSTIFICATION OF THE PROPOSED TRANSACTION

The board of directors believes that the Transaction is in the interest of the Company because the Transaction will further improve the net equity position and working capital of the Company. Notably, the Company currently envisages using the net proceeds to continue to advance its North American pivotal study (POSEIDON) of the alfapump® for the treatment of recurrent and refractory ascites due to liver cirrhosis (interim results are expected in H2 2020, and the primary endpoint results are expected in mid-2021) and its first-in-human repeated dose study of alfapump® DSR (Direct Sodium Removal) for the treatment of diuretic-resistant heart failure patients (RED DESERT) (results are expected in Q2 and Q3 2020), as well as for working capital and other general corporate purposes.

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

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

Finally, the board of directors acknowledges that the proposed Transaction occurs relatively early after the completion of the Company's initial public offering with admission of all of its shares on Euronext Brussels, which was completed on 12 February 2019 (the "**IPO**"). As indicated in the prospectus that was prepared by the Company in connection with the aforementioned IPO, the Company committed towards the Joint Global Coordinators to a standstill pursuant to which the Company agreed not to issue new shares or other securities that are substantially similar to shares during a term ending 360 days after the completion of the IPO, except in certain cases or except with the prior written consent of the Joint Global Coordinators. In the case at hand, the Company understands that there is an opportunity to raise new equity and to strengthen its working capital position. The Company's activities are capital intensive and require further funding on the short term. The Company was only able to raise limited new funds within the framework of the IPO. If the Company is not able to raise new additional funds, it would no longer be able to finance its business and support its going concern. This would not only be detrimental for the Company's staff and shareholders, but also for the patients that the Company believes to benefit from the Company's product. Hence, for the reasons described above, the board of directors believes that it is in the best interest of the Company, its shareholders, its staff, the patients using it product, and other stakeholders to make use of the opportunity to raise new funds in the short term. In view hereof, the board of directors requested and obtained from the Joint Global Coordinators a waiver from the aforementioned standstill for the purpose of the Transaction.

5. JUSTIFICATION OF THE ISSUE PRICE OF THE NEW SHARES

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

6. DIS-APPLICATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT

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

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

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

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

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

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

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

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

7. CERTAIN FINANCIAL CONSEQUENCES

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

7.1. Introductory comments

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

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

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

7.2. Current capital structure of the Company

At the date of this report, the share capital of the Company amounts to EUR 1,306,939.52, represented by 12,611,900 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.

Furthermore, at the date of this report, 1,855,825 shares can still be issued by the Company, of which:

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

- 301,122 new shares can be issued upon the exercise of 104,378 share options that are still outstanding under the "Executive Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire ca. 2.88 shares when exercising one of his or her share options (the "**Executive Share Options**");(1) and

- 1,251,899 new shares can be issued upon the exercise of 1,251,899 share options (each share option having the form of a subscription right) that are still outstanding under the "2018 Share Options" plan for directors, employees and other staff members of the Company and its subsidiaries, entitling the holder thereof to acquire one new share when exercising one of his or her share options (the "**2018 Share Options**").(1)

The Bootstrap Subscription Right, the Executive Share Options and the 2018 Share Options are hereinafter jointly referred to as the "**Share Options**".

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Note:

(1) In this report, when reference is made to any "outstanding" Share Options, this refers to, respectively, Share Options that have not yet been granted but can still be granted and (depending on the terms and conditions of such Share Options) have not yet expired, and Share Options that have already been granted and (depending on the terms and conditions of such Share Options) have not yet expired.

For the purpose of the full-dilution scenario calculations further below, it is assumed that the remaining number of shares that can still be issued pursuant to the outstanding Share Options has indeed been issued.

7.3. Evolution of the share capital and participation in the results

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

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

Specifically, prior to the Transaction (and the issuance of 1,855,825 new shares pursuant to the outstanding Share Options), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. Upon the issuance of the new shares in the framework of the Transaction, the new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and delivery and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance and delivery of the shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shares in the profit and liquidation proceeds of the Company and their holder's statutory preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

The evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the proposed Transaction is simulated below. Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the evolution of the number of outstanding shares, assuming a maximum number of 6,305,950 new shares to be issued in the framework of the Transaction. The table below assumes for the sake of the theoretical computation of the dilutive effect that existing shareholders would subscribe for none of the new shares (maximal dilution).

A similar dilution occurs upon the exercise of existing Share Options.

Evolution of the number of outstanding shares

Before exercise of outstanding Share Options and after the Transaction	
Outstanding shares..................................	12,611,900
New shares to be issued in the Transaction(1)	6,305,950
Total shares outstanding...........................	18,917,850
Dilution...	33.33%
After exercise of outstanding Share Options but prior to the Transaction(2)	
Outstanding shares..................................	12,611,900
New shares to be issued upon exercise of the Bootstrap Subscription Right	302,804
New shares to be issued upon exercise of the Executive Share Options..........................	301,122
New shares to be issued upon exercise of the 2018 Share Options................................	1,251,899
Total shares after exercise of outstanding Share Options	14,467,725
Dilution	12.83%
After exercise of outstanding Share Options and after the Transaction(2)	
Outstanding shares..................................	12,611,900
Total shares after exercise of outstanding Share Options...	14,467,725
New shares to be issued in the Transaction(1)	6,305,950
Total shares outstanding after exercise of outstanding Share Options and after the Transaction..	20,773,675
Dilution...	39.29%

Notes:

(1) The maximum number of new shares that the board of directors envisages to issue in the context of the share capital increase of the Company in the framework of the authorised capital has been capped to a maximum number of 6,305,950 new shares. Therefore, the total issuance price (including issuance

premium) will not impact the dilution in terms of number of shares, which, assuming the maximum number of shares is issued, will be the same.

(2) For the purpose of this simulation, it is assumed that all of the 1,356,278 existing Share Options (*i.e.*, outstanding and still to be granted) were granted, have vested, are immediately exercisable (regardless of their terms and conditions), and have been fully exercised prior to the completion of the Transaction. For the number of shares issuable upon the exercise of the Share Options outstanding, see section 7.2.

The above simulation demonstrates that, assuming an issuance of 6,305,950 new shares, the shares existing immediately prior to the Transaction would no longer represent 1/12,611,900 of the share capital, but 1/ 18,917,850 of the resulting share capital. For the shares outstanding immediately prior to the Transaction, this would represent a dilution of the participation in the share capital and the results of the Company of 33.33%.

Assuming that all Share Options would already have been exercised and 1,855,825 new shares would be issued as a result thereof, each share existing immediately prior to such exercise would no longer represent 1/12,611,900 of the share capital, but 1/14,467,725 of the resulting share capital (representing a dilution of 12.83% for the shares outstanding immediately prior to the exercise of all Share Options). Assuming that all 6,305,950 new shares issued at the occasion of the Transaction are fully subscribed for, the existing shares after the exercise of all Share Options would no longer represent 1/14,467,725 of the share capital but 1/20,773,675. For the 12,611,900 shares that are outstanding prior to the exercise of all Share Options and prior to the Transaction, the exercise of all Share Options followed by the Transaction would represent a dilution of the participation in the share capital and the results of the Company of 39.29%.

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the evolution of the share capital, assuming a maximum number of 6,305,950 new shares and a maximum amount of share capital increase of EUR 653,296.42 (excluding issue premium, as the case may be). The maximum amount of share capital increase is computed by multiplying the number of new shares to be issued with the fractional value of the Company, *i.e.*, rounded EUR 0.1036 per share.

Evolution of the share capital(1)

Before the Transaction	
Share capital (in EUR)	1,306,939.52
Outstanding shares	12,611,900
Fractional value (in EUR)	0.1036
Transaction(2)	
Increase of share capital (in EUR)(3)	653,296.42
Number of new shares issued	6,305,950
After the Transaction	
Share capital (in EUR)	1,960,235.94
Outstanding shares	18,917,850
Fractional value (in EUR)	0.1036

Notes:

(1) This simulation does not take into account the outstanding Share Options.

(2) The maximum number of new shares that the board of directors envisages to issue in the context of the share capital increase of the Company in the framework of the authorised capital has been capped at a maximum number of 6,305,950 new shares. Therefore, the total amount of the share capital increase,

whatever the total issue price level (including issue premium, as the case may be) may be, will never be superior to EUR 653,296.42 (excluding issue premium, as the case may be).

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

7.4. Participation in the (adjusted) consolidated accounting net equity

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

(a) The audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2018 (which have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union). The consolidated accounting net equity of the Company as at 31 December 2018 amounted to EUR -18,759,747. This number does not take into account changes in the net equity since 31 December 2018, except, however, that for the purpose of the simulation, the impact of the IPO (as defined in paragraph 4 above) on the consolidated net equity (per share) will be taken into account. Notably, as a result of the completion of the IPO (not taking into account possible effects of accounting items other than the share capital and the issuance premium (for example the expenses of the IPO)):

(i) the share capital of the Company was increased as follows:

- a capital increase at the occasion of the conversion of a number of convertible loans entered into in 2018, as a result of which the Company's net equity was increased by an amount of EUR 8,616,522.87, whereby an amount of EUR 83,785.59 was booked as share capital and an amount of EUR 8,532,737.28 was booked as share premium, and

- a capital increase at the occasion of the completion by the Company of the IPO, as a result of which the Company's net equity was increased by an amount of EUR 27,500,089.54, whereby an amount of EUR 335,176.46 was booked as share capital and an amount of EUR 27,164,913.08 was booked as share premium.

(ii) consequently, the consolidated net equity of the Company was increased with a total amount of EUR 36,116,612.41, which has as consequence that, for the purpose of below calculations, the consolidated accounting net equity of EUR -18,759,747 will be adjusted to EUR 17,356,865.41 or EUR 1.38 (rounded) per share (based on 12,611,900 outstanding shares as on 30 June 2019;

(iii) the number of outstanding shares of the Company following the IPO amounted to 12,611,900 shares.

(b) The non-audited consolidated interim financial statements of the Company for six months ended on 30 June 2019 (which have been prepared in accordance with the IFRS). The consolidated accounting net equity of the Company as at 30 June 2019 amounted to EUR 8,552,199 or EUR 0.67 (rounded) per share (based on 12,611,900 outstanding shares as on 30 June 2019). This number does not take into account any changes in the net equity since 30 June 2019.

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

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

	Transaction		
	Issue price of EUR 5.50	**Issue price of EUR 6.50**	**Issue price of EUR 7.00**
Consolidated net equity for FY 2018 (adjusted)			
Net equity (in EUR) (rounded)	17,356,865.41	17,356,865.41	17,356,865.41
Outstanding shares	12,611,900	12,611,900	12,611,900
Net equity per share (in EUR) (rounded)	1.38	1.38	1.38
Transaction			
Increase of net equity (in EUR)[1]	34,682,725.00	40,988,675.00	44,141,650.00
Number of new shares issued	6,305,950	6,305,950	6,305,950
After Transaction			
Net equity (in EUR) (rounded)[2]	52,039,590.41	58,345,540.41	61,498,515.41
Outstanding shares	18,917,850	18,917,850	18,917,850
Net equity per share (in EUR) (rounded)[2]	2.75	3.08	3.25
Consolidated net equity for H1 2019			
Net equity (in EUR) (rounded).	8,552,199	8,552,199	8,552,199
Outstanding shares	12,611,900	12,611,900	12,611,900
Net equity per share (in EUR) (rounded).............................	0.68	0.68	0.68
Transaction			
Increase of net equity (in EUR)[1]	34,682,725.00	40,988,675.00	44,141,650.00
Number of new shares issued...	6,305,950	6,305,950	6,305,950
After Transaction			
Net equity (in EUR) (rounded)[3]	43,234,924.00	49,540,874.00	52,693,849.00
Outstanding shares	18,917,850	18,917,850	18,917,850
Net equity per share (in EUR) (rounded)[3]...........................	2.29	2.62	2.79

Notes:

(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.

(2) Not taking into account changes in the consolidated net equity after 31 December 2018 other than resulting from the IPO and other than the proposed Transaction, nor taking into account the potential issuance of new shares upon exercise of outstanding Share Options.

(3) Not taking into account changes in the consolidated net equity after 30 June 2019 (other than the proposed Transaction), nor taking into account the potential issuance of new shares upon exercise of outstanding Share Options.

The table above demonstrates that the Transaction will, from a pure accounting point of view, lead to an increase of the amount represented by each share in the consolidated accounting net equity of the Company. Notably, following the Transaction, the adjusted consolidated accounting net equity as per 31 December 2018 (adjusted to take into account the effects of the IPO), would amount to, respectively, (rounded) EUR 2.75, EUR 3.08 and EUR 3.25 per share (instead of EUR 1.38 (rounded) per share), depending on the applicable issue price, and the consolidated accounting net equity as per 30 June 2019, would amount to, respectively, (rounded) EUR 2.29, EUR 2.62 and EUR 2.79 per share (instead of EUR 0.68 (rounded) per share), depending on the applicable issue price

7.5. Financial dilution

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

Subject to the methodological reservations noted in paragraph 7.1, the table below reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution at various price levels, assuming a maximum number of 6,305,950 new shares and a maximum aggregate amount of gross proceeds of the capital increase of EUR 653,296.42 (excluding issue premium, as the case may be).

After close of trading on the day preceding the date of this report, *i.e.*, 20 January 2020, the Company's market capitalisation was EUR 89,544,490.00, on the basis of a closing price of EUR 7.10 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised (*i.e.*, respectively, EUR 34,682,725.00, EUR 40,988,675.00 or EUR 44,141,650.00) on the basis of an issue price of, respectively, EUR 5.50, EUR 6.50 or EUR 7.00 per share, then the new market capitalisation would, respectively, be (rounded) EUR 6.57, EUR 6.90, and EUR 7.07 per share. This would represent a (theoretical) financial dilution of respectively 7.51%, 2.82% and 0.47% per share in the event of an issue price of respectively EUR 5.50, EUR 6.50 and EUR 7.00 per share.

Evolution of the market capitalisation and financial dilution

	Transaction		
	Issue price of EUR 5.50	**Issue price of EUR 6.50**	**Issue price of EUR 7.00**
Before the Transaction[(1)]			
Market capitalisation (in EUR)	89,544,490.00	89,544,490.00	89,544,490.00
Outstanding shares................	12,611,900	12,611,900	12,611,900
Market capitalisation per share (in EUR)	7.10	7.10	7.10
Transaction[(2)]			
Funds raised (in EUR)	34,682,725.00	40,988,675.00	44,141,650.00
Number of new shares issued..	6,305,950	6,305,950	6,305,950

	Transaction		
	Issue price of EUR 5.50	**Issue price of EUR 6.50**	**Issue price of EUR 7.00**
After the Transaction(1)			
Market capitalisation (in EUR)	124,227,215.00	130,533,165.00	133,686,140.00
Outstanding shares................	18,917,850	18,917,850	18,917,850
Market capitalisation per share (in EUR) (rounded)...............	6.57	6.90	7.07
Dilution..................................	7.51%	2.82%	0.47%

Notes:

(1) At the date of this report and not taking into account the potential issuance of new shares upon exercise of outstanding Share Options.

(2) The board of directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash by issuing a maximum number of 6,305,950 new shares. Therefore, the effect of the Transaction on the market capitalisation will depend on the total amount raised, which depends on the issue price (including issue premium, as the case may be).

* * *

On behalf of the board of directors,

By: ____________________
IAN CROSBIE

By: ____________________
[illegible]