FREE TRANSLATION

To the Board of Directors
Sequana Medical NV

Statutory auditor's report on review of consolidated condensed financial information for the period ended June 30, 2019

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Sequana Medical NV and its subsidiaries (the "Group") as of June 30, 2019 and the related consolidated condensed statement of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

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Material Uncertainty Related to Going Concern

We draw attention to Note 8.4 in the consolidated condensed financial information, which indicates that the Group is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process. The Group's ability to continue operations also depends on its ability to raise additional capital in order to fund operations and assure the solvency of the Group until revenues reach a level to sustain positive cash flows. These events or conditions as set forth in Note 8.4 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Antwerp, September 24, 2019

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren cvba
Represented by

Peter D'hondt
Bedrijfsrevisor

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2019

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1. Statement of the Board of Directors

The Board of Directors of Sequana Medical NV certifies in the name and on behalf of Sequana Medical NV, that to the best of their knowledge the Condensed Consolidated Financial Statements, for the six-month period ended 30 June 2019, which has been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union, (a) give a true and fair view of the assets, liabilities, financial position and results of Sequana Medical NV and of the entities included in the consolidation, (b) include a fair view of the important events that have occurred during the first six months of the financial year, (c) as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

The condensed consolidated financial report gives an accurate overview of the information that needs to be disclosed pursuant to Article 12, paragraph 2 of the Royal Decree of 14 November 2007.

The amounts in this document are presented in euros (EUR), unless noted otherwise. Due to rounding, numbers presented throughout these Condensed Consolidated Financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

2. Statutory auditor's report on review of the Condensed Consolidated Financial Statements for the six-month period ended 30 June 2019

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Sequana Medical NV and its subsidiaries (the "Group") as of June 30, 2019 and the related consolidated condensed statement of profit and loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Material Uncertainty Related to Going Concern

We draw attention to Note 8.4 in the consolidated condensed financial information, which indicates that the Group is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process. The Group's ability to continue operations also depends on its ability to raise additional capital in order to fund operations and assure the solvency of the Group until revenues reach a level to sustain positive cash flows. These events or conditions as set forth in Note 8.4 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Antwerp, September 24, 2019

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren cvba
Represented by

Peter D'hondt
Bedrijfsrevisor

3. Condensed consolidated income statement

EUR	Notes	HY 2019	HY 2018
Revenues	8.5	**413,020**	**447,259**
Costs of goods sold		(85,783)	(95,707)
Gross Margin		**327,236**	**351,552**
Sales & Marketing		(1,306,122)	(976,728)
Clinical		(1,450,840)	(748,987)
Quality & Regulatory		(929,803)	(563,748)
Supply Chain		(368,398)	(514,344)
Engineering		(534,348)	(548,244)
General & administration	8.6.1	(2,582,215)	(1,762,680)
Other income		6,162	-
Total Operating Expenses		**(7,165,565)**	**(5,114,729)**
Earnings before interests and taxes (EBIT)		**(6,838,329)**	**(4,763,177)**
Finance income	8.6.2	13,200	133,813
Finance cost	8.6.2	(470,833)	(391,430)
Net Finance Cost		**(457,633)**	**(257,617)**
Income Tax Expense		(7,001)	(24,286)
Net loss for the period		**(7,302,962)**	**(5,045,081)**
Attributable to Sequana shareholders		(7,302,962)	(5,045,081)
Basic loss per share	8.6.3	(0.61)	(0.50)

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

4. Condensed consolidated statement of comprehensive income for the six-month period ended June 30

EUR			HY 2019			HY 2018
	Notes					
Net loss for the period			**(7,302,962)**			**(5,045,081)**
Components of other comprehensive income (OCI) items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit plans	9.4		217,933			-
Items that may be reclassified subsequently to profit or loss:						
Currency translation adjustments			(8,688)			99,547
Total other comprehensive income/(loss)-net of tax			**209,245**			**99,547**
Total comprehensive income			**(7,093,717)**			**(4,945,533)**
Attributable to Sequana shareholders			(7,093,717)			(4,945,533)

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

5. Condensed consolidated statement of financial position

EUR		June 30, 2019			December 31, 2018	
	Notes					
Property, Plant and Equipment			**510,048**			**183,696**
Laboratory		70,948			5,768	
Information Technology (IT)		128,893			138,234	
RD Tools		5,799			7,421	
Right-of-use assets		304,408				
Assets under construction		-			32,274	
Financial assets			**58,353**			**58,008**
Financial assets - Rental deposit		58,353			58,008	
Loans to related parties		-				
Total non-current assets			**568,400**			**241,705**
Trade Receivables			**122,067**			**96,608**
Trade Receivables - Third parties		122,067			96,608	
Other Receivables			**1,055,254**			**449,720**
Other Receivables - Third parties		445,089			333,347	
Other Receivables - Related parties		-			-	
Other Receivables - prepaid expenses		610,165			116,372	
Inventory			**1,519,122**			**1,235,426**
Inventory		1,519,122			1,235,426	
Cash and cash equivalents			**12,876,900**			**1,317,697**
Cash and cash equivalents	9.1	12,876,900			1,317,697	
Total current assets			**15,573,343**			**3,099,450**
TOTAL ASSETS			**16,141,743**			**3,341,155**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed consolidated statement of financial position (continued)

Total Equity			**8,552,199**			**(18,759,746)**
Share Capital	9.2	1,306,940			887,977	
Other equity		-			184,478	
Own shares		-			-	
Share premium		100,660,934			64,963,284	
Reserves		(1,784,300)			(451,652)	
Loss brought forward		(92,299,533)			(85,003,302)	
Cumulative Translation Adjustment		668,157			659,469	
Long term financial debts			**2,281,741**			**2,582,087**
Long term financial debts	9.3	2,281,741			2,582,087	
Long term lease debts			**153,667**			**-**
Long term lease debts		153,667			-	
Retirement benefit obligation			**493,502**			**792,225**
Retirement benefit obligation	9.4	493,502			792,225	
Total non-current liabilities			**2,928,910**			**3,374,312**
Short term financial debts			**294,874**			**12,072,571**
Short term financial debts	9.3	294,874			12,072,571	
Short term lease debts			**137,413**			**-**
Short term lease debts		137,413			-	
Trade Payables			**2,379,682**			**2,753,182**
Trade Payables - Third parties	9.5	1,578,656			1,907,992	
Contract liabilities		801,026			845,189	
Other payables			**640,269**			**1,095,136**
Other payables - Third parties		640,269			1,095,136	
Accrued liabilities			**1,208,396**			**2,805,700**
Accrued liabilities - Provision warranty	9.5	45,025			67,090	
Accrued liabilities - Third parties	9.5	1,163,371			2,738,610	
Total current liabilities			**4,660,635**			**18,726,588**
TOTAL EQUITY AND LIABILITIES			**16,141,743**			**3,341,155**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

6. Condensed consolidated statement of changes in equity

EUR	Notes	Share capital	Other Equity	Own shares	Share premium	Reserves	Loss brought forward	Currency translation differences	Total shareholder equity
January 1, 2018		**954,577**	**-**	**(193,275)**	**65,156,559**	**(182,510)**	**(71,081,972)**	**735,948**	**(4,610,672)**
Net loss for the period							(5,045,081)		**(5,045,081)**
Other comprehensive income	9.4							(99,547)	**(99,547)**
Transaction costs for equity instruments	8.6.1					(93,262)			**(93,262)**
Conversion rights on convertible loans	9.3		184,478						**184,478**
Share-based compensation	9.6					18,333			**18,333**
June 30, 2018		**954,577**	**184,478**	**(193,275)**	**65,156,559**	**(257,439)**	**(76,127,052)**	**636,401**	**(9,645,751)**
December 31, 2018		**887,977**	**184,478**	**-**	**64,963,284**	**(451,652)**	**(85,003,302)**	**659,469**	**(18,759,746)**
Change in accounting policy	8.3						6,732		**6,732**
Restated total equity at 1 January 2019		**887,977**	**184,478**	**-**	**64,963,284**	**(451,652)**	**(84,996,571)**	**659,469**	**(18,753,014)**
Net loss for the period							(7,302,962)		**(7,302,962)**
Other comprehensive income	9.4					217,933		8,688	**226,620**
Capital increase IPO (convertible loans)	9.2	83,786			8,532,737				**8,616,523**
Capital increase IPO (contribution in cash)	9.2	318,902			25,845,840				**26,164,743**
Capital increase IPO (contribution in kind)	9.2	16,274			1,319,073				**1,335,347**
Transaction costs for equity instruments	8.6.1					(1,798,590)			**(1,798,590)**
Conversion rights on convertible loans	9.3		(184,478)						**(184,478)**
Share-based compensation	9.6					248,010			**248,010**
June 30, 2019		**1,306,940**	**-**	**-**	**100,660,934**	**(1,784,300)**	**(92,299,533)**	**668,157**	**8,552,199**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

7. Condensed consolidated statement of cash flows

EUR	Notes	HY 2019	HY 2018
Net loss for the period		**(7,302,962)**	**(5,045,081)**
Income tax expense		7,001	24,286
Financial result	8.6.2	41,989	263,104
Depreciation		110,896	4,635
Change in defined benefit plan	9.4	(90,920)	-
Share-based compensation	9.6	248,010	18,333
Changes in trade and other receivables		(630,993)	(200,930)
Changes in inventories		(283,696)	63,749
Changes in trade and other payables / accrued liabilities	9.5	(4,281,310)	820,891
Taxes paid		(7,001)	(24,286)
Cash flow from operating activities		**(12,188,986)**	**(4,075,299)**
Investments in tangible fixed assets		(138,386)	-
Investments in financial assets		-	-
Cash flow used for investing activities		**(138,386)**	**-**
Proceeds from capital increase	9.2	26,164,837	-
(Repayments)/Proceeds from financial debts	9.3	(1,375,004)	3,714,456
Interest paid	9.3	(911,945)	-
Cash flow from financing activities		**23,877,889**	**3,714,456**
Net change in cash and cash equivalents		**11,550,516**	**(360,842)**
Cash and cash equivalents at the beginning of the period		**1,317,697**	**1,683,828**
Net effect of currency translation on cash and cash equivalents		8,688	(99,547)
Cash and cash equivalents at the end of the period		**12,876,900**	**1,223,438**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

8. Notes to the Condensed Consolidated Financial Statements

8.1. Corporate Information

The Condensed Consolidated Financial Statements of Sequana Medical NV ("Sequana" or "Sequana Group" or "Group" of the "Company") for the first six months ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board on September 3, 2019.

Sequana Medical NV is a limited-liability company incorporated in the form of a *naamloze vennootschap* under Belgian law. Sequana Medical NV has its registered office at Technologiepark 122, AA Tower, 9052 Ghent, Belgium. The shares of Sequana Medical NV are listed on the regulated market of Euronext Brussels.

The consolidated financial statements of Sequana Group include: Sequana Medical NV, Sequana Medical branch (Switzerland), Sequana Medical GmbH (Germany) and Sequana Medical Inc. (USA).

8.2. Basis of preparation of the Condensed consolidated financial statements

8.2.1. Basis of preparation

The Condensed Consolidated Financial Statements of Sequana Group for the half year ended June 30, 2019 have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 of Sequana Group, that can be found on the website: http://www.sequanamedical.com

The Condensed Consolidated Financial Statements are presented in Euro ("EUR") and have been rounded to the next EUR.

A summary of the significant accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2018 of Sequana Medical NV that can be found in the Annual Report 2018 on the website (www.sequanamedical.com), from page 114 through page 126. The accounting policies have been consistently applied to all the periods presented.

The accounting policies used to prepare the Condensed Consolidated Financial Statements for the period from January 1, 2019 to June 30, 2019 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2018 of Sequana Medical NV, except for the adoption of new and amended standards as set out below.

8.2.2. New and amended standards adopted by the Group

New standards or interpretations applicable from 1 January 2019 do not have any significant impact on the Condensed Consolidated Financial Statements, except for IFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 8.3 below.

8.3. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 8.3.2. below.

The Group has adopted IFRS 16 as from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

8.3.1. Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The interest rate implicit in the lease is not readily determinable. The lessee's annual incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 12%.

The associated right-of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of use at the date of initial application.

The recognised right-of-use assets (net amounts) relate to the following types of assets:

	30 June 2019	1 January 2019
Buildings	177,596	253,157
Vehicles	126,812	53,239
Total right-of-use assets	**304,408**	**306,395**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by EUR 306,395
- Lease liabilities – increase by EUR 299,664

The effect of the change in accounting policy in EBITDA is immaterial.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, if applicable.

The amount of the non-lease components is not explicitly determined in the contracts of the buildings. In view of materiality (minimum amounts overall), Sequana decided not to separate the lease and non-lease components.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

8.3.2. The accounting treatment of the Group's leasing activities

The Group leases various company cars and buildings. Rental contracts for the cars are typically made for fixed periods of 4 years and the rental contracts for the offices are typically made for 2 to 3 years. The contracts have no extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.
From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments, if material:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs (if material); and
- Restoration costs (if material).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

8.3.3. Significant accounting judgments, estimates and assumptions

For the preparation of the Condensed Consolidated Financial Statements it is necessary to make judgments, estimates and assumptions to form the basis of presentation, recognition and measurement of the Group's assets, liabilities, items of income statements, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these Condensed Consolidated Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2018.

8.3.4. Issued standards, amendments or interpretations adopted and not yet adopted

We refer to note 2.3.3 under the 'Notes to the consolidated financial statements' in the financial report section of the Annual Report 2018.

8.3.5. Information regarding major risks and uncertainties

We refer to the risk factors described in the Prospectus dated 30 January 2019 related to Sequana Medical's Initial Public Offering and to note 3 under the 'Notes to the consolidated financial statements' in the financial report section of the Annual Report 2018.

8.4. Going concern

The Company is still in its start-up phase and subject to various risks and uncertainties, including but not limited to the timing of achieving profitability and the substantial uncertainty of the development process. The Company's ability to continue operations also depends on its ability to raise additional capital in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows. These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

The consolidated balance sheet as at 31 December 2018 showed a negative equity in the amount of EUR 18.8 million. In the meantime, the Company successfully launched its Initial Public Offering (IPO) resulting in a positive equity at 30 June 2019 of EUR 8.5 million. As a result of that, the board of directors remains confident that the liquidity requirements for 2019, estimated to be EUR 14.8 million can be secured. The Company continues to evaluate equity and debt financing options, including discussions with existing and/or new investors. Based on the above, the executive management and the board of directors remain confident about the strategic direction, comprising financing measures such as additional financing rounds or capital market transactions, and therefore consider the preparation of the present financial statements on a going concern basis as appropriate.

8.5. Segment information

Operating segments requiring to be reported are determined on the basis of the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors.

Based on the Group's structure Sequana's only entity, which performs production and procurement of its only product, alfapump® is located in Switzerland. All other entities are either administration or distribution entities and are not able to operate on a stand-alone basis. Therefore, Sequana constitutes only one reportable segment, which is represented by the whole Group.

Nevertheless, the EMB monitors all revenues on a country basis.

An overview of revenue by primary geographic market for the Group's reportable segment is included below:

EUR	HY 2019	HY 2018
Switzerland	83,520	14,002
Germany	276,375	297,225
UK	-	67,966
Rest of the world	53,125	68,067
Total revenue	**413,020**	**447,259**

All revenue is recognized at a point in time, being when the device has been implanted into the patient. There are no significant concentrations of credit risk through exposure to individual customers.

8.6. Detailed information on profit or loss items

8.6.1. Operating Expenses – general and administration

Expenses (EUR)	HY 2019	HY 2018
IPO related expenses	548,824	390,076

The total amount of known and accrued IPO related expenses for the first half year of 2019 is 2,347,414, of which 548,824 EUR has been recognized in the Profit and Loss statement as G&A expenses and 1,798,590 EUR has been reported under equity. The IPO expenses accounted for in equity relate to the issuance of equity instruments and represent the incremental costs attributed to new shares.

8.6.2. Financial result

The financial result is split into the following categories:

EUR	2019	2018
Finance income	**13,200**	**133,813**
Interest income	94	-
Foreign exchange gains	13,106	133,813
Finance cost	**(470,833)**	**(391,430)**
Interest costs	(383,232)	(263,104)
Foreign exchange losses	(87,601)	(128,326)
Net financial result	**(457,633)**	**(257,617)**

8.6.3. Loss per share

The calculation of the basic earnings per share is based on the loss/profit attributable to the holders of ordinary shares and the weighted average number of ordinary shares outstanding during the period.

The Group offers its employee's share-based compensation benefits (see note 9.6), which may have a dilutive effect on the basic earning per share.
For the purpose of calculating diluted earning per share, the number of ordinary shares shall be the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued in case of conversion into ordinary shares of all instruments that can be converted into ordinary shares.

Due to the losses incurred by the Group, these instruments had an anti-dilutive effect on the loss per share. Instruments that can be converted into ordinary shares shall only be treated as when their conversion into ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

(EUR, except number of shares)	2019	2018
Net loss attributable to shareholders	(7,302,962)	(5,045,081)
Weighted average number of shares - basic	11,980,185	10,029,885
Basic loss per share	(0.61)	(0.50)

9. Detailed information on balance sheet items

9.1. Cash and cash equivalents

The Group held cash and cash equivalents of EUR 12,876,900 at 30 June 2019 (31 December 2018: EUR 1,317,697). The increase is mainly due to the IPO Proceeds.

9.2. Share capital

The share capital of the Company is EUR 1,306,940 and is represented by 12,611,900 common shares. The share capital is fully paid-in. During 2019, a number of capital increases and a share consolidation took place.

(EUR, except number of shares)	Shares	Share capital	Share premium	Total
31 December 2018	**9,930,784**	**887,977**	**64,963,284**	**65,851,261**
Capital increase IPO (convertible loans)	937,199	83,786	8,532,737	**8,616,523**
IPO share consolidation	(1,491,377)	-	-	-
Subtotal	***9,376,606***			
Capital increase IPO (contribution in cash)	3,078,205	318,902	25,845,840	**26,164,743**
Capital increase IPO (contribution in kind)	157,089	16,274	1,319,073	**1,335,347**
Subtotal	***3,235,294***			
June 30, 2019	**12,611,900**	**1,306,940**	**100,660,934**	**101,967,874**

At 31 December 2018, the share capital of the Company was EUR 887,977. It was divided into 543,682 registered preferred A-shares, 2,167,115 registered preferred B-shares, 1,724,337 registered preferred C-shares, 205,501 registered preferred D-shares, 2,099,236 registered preferred E-shares and 3,194,913 registered common shares of EUR 0.096 nominal value each.

At 12 February 2019 - closing of the offering(IPO) - the outstanding Convertible Loans were converted into series E preferred Shares. The preference triggered upon the closing of the Offering (IPO) and resulted in a conversion and consolidation of the outstanding Shares into a new number of outstanding Shares reflecting the priority among the current shareholders of the Company as a result of the Offering (IPO) (not including the Offered Shares blank to be issued upon the closing of the Offering (including pursuant to the conversion of the Bridge Loans) and the exercise of the Over-allotment Option).

Upon closing of the Offering and after conversion of the convertible loans, a share consolidation was accomplished. A consolidation ratio was applied so that the existing shares after the IPO share consolidation was equal to the IPO price that was determined in the context of the IPO capital increase. The IPO share consolidation was realized with regard to all outstanding shares and warrants of the Company. The share capital of the Company, after IPO share consolidation, was represented by 9,376,606 (common) shares that each represent an equal part of the share capital.

The capital increase through contribution in cash and in kind resulted in 3,235,294 new common shares at the IPO price of EUR 8.50 per new share. The IPO price of the new shares was allocated to the share capital of the Company in such a way that per share issued a part of the IPO price equal to the fractional value of the existing shares of the Company immediately prior to the IPO capital increase (taking into account the IPO share consolidation) was booked as share capital (being EUR 0.1036 rounded per new share), and the balance of the IPO price was booked as share premium.

The new shares issued within the framework of the IPO capital increase are common shares with the same rights and benefits, and in all respects a grade equivalent, including dividend rights, as the existing and outstanding shares of the Company at the time of their issue (taking into account the IPO share consolidation).

As of 30 June 2019 the Company does not hold any Treasury shares.

Authorised capital
The Extraordinary General Meeting decided on 18 January 2019 to grant the Board of Director's authorisation to increase the authorised share capital, such within the limits of the existing authorisation as set out in Article 8 of the Articles of Association, in one or more rounds by a maximum amount of EUR 1,306,939.52, such within a period of five years from the date of announcing such a decision in the Annexes of the Belgian Bulletin of Acts, Orders and Decrees.

9.3. Financial debts / net debt

On October 1, 2018, the agreement for the Bootstrap Loan (CHF 5,000,000) was amended to provide that 5% of the proceeds of an Initial Public Offering must be used for a partial repayment of the principal outstanding under the facility, which would lead to a maximum partial repayment of the Bootstrap loan of EUR 1.5 million. The final amount repaid based on the gross proceeds of EUR 27,500,089 was EUR 1,375,004 (CHF 1,560,768).

In addition, Sequana Medical granted Bootstrap additional rights to subscribe to new shares in the Company. The New Shares in the Offering could also be subscribed for through a contribution in kind by Bootstrap of the payable due by the Company upon the closing of the Offering as "Exit Fee" pursuant to the Bootstrap Loan. The exit fee mentioned above amounts to CHF 663,996.83. Half of this (being CHF 331,998.41) is converted into shares. The applicable conversion price was CHF 1.1351 for EUR 1.00. Based on this, 34,409 new shares could be issued at EUR 8.50 (being EUR 292,476.50 in total). The remaining amount of CHF 663,996.83 minus EUR 292,476.50, being EUR 292,491.19 (based on the aforementioned exchange rate) has been paid in cash by the Issuer following the closing of the Offering.

With the exception of the event described above, no repayments of the principal amount are due until 31 December 2020. After that period, the entire outstanding principal amount shall be due in four substantially equal consecutive instalments on each of 31 December 2020, 31 January 2021, 28 February 2021 and 31 March 2021. As a result of this modification, these amounts have been classified as non-current debt.

Interest remains at the contractually agreed 12% per annum, with payments due on a monthly basis beginning in October 2018 through March 2021. In accordance with the revised contract, the unpaid interest from 1 January 2018 through 31 October 2018 amounting to EUR 0.41 million were due at the time of the Offering, including the balance of unpaid interest from 1 May 2017 to 31 December 2017 in the amount of EUR 0.44 million are paid in equal monthly instalments over the six-month period on the last day of each month following the completion of the Offering, starting 28 February 2019 to 31 July 2019.

9.4. Post-employment benefits

The Group operates different employee benefit plans. For Switzerland, the defined benefit plan has switched from AXA to PKG resulting in a plan amendment as of the 1st of January 2019. For Germany, the defined contribution plan remained unchanged. In Belgium, the defined contribution plan was not yet finalized as per 30 June 2019.

Related plan assets are measured at fair value.

Reconciliation of the amount recognised in the statement of financial position at the end of period (EUR)	**HY 2019**	**December 31, 2018**
Defined benefit obligation	1,744,426	2,748,405
Fair value of plan assets	1,250,924	1,686,189
Deficit	493,502	792,217
Net defined benefit liability	**493,502**	**792,217**

Pension plan in Switzerland

This pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivor’s and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan’s most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.
Plan participants are insured against the financial consequences of old age, disability and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, various measures can be taken, such as a reduction of the interests or compensation premiums by the employees.

Sequana has entered into an agreement with PKG Joint Foundation. PKG is responsible for the governance of the plan; the Board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. PKG has set up investment guidelines, defining in particular the strategic allocation with margins. PKG has taken out reinsurance for the pure risk benefits, like disability pension, spouse and orphans pension as well as lump sum in case of death.

The decrease in net defined benefit liability is partially related to the plan amendment/ past service cost of EUR 112,409, which is recognized in P&L.

Components of defined benefit cost in profit or loss (EUR)	**HY 2019**	**December 31, 2018**
Current service cost (employer)	69,343	154,776
Plan amendment / Past Service Cost	(112,409)	0
Interest expense on defined benefit obligation	10,934	16,201
Interest income on plan assets	(7,884)	(11,114)
Administration cost excl. cost for managing plan assets	2,289	1,435
Defined benefit cost recognized in profit or loss	**(37,727)**	**161,298**
thereof service cost and administration cost	(40,778)	156,211
thereof net interest on the net defined benefit liability (asset)	3,051	5,087

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Given the change of the plan to PKG, a mid-year calculation has been performed.

Defined benefit obligation (DBO)

For each leaver, the savings capital was transferred to their new pension fund. This led to an actuarial gain (experience adjustment) of EUR 246,917 because the transferred savings capital was lower than the DBO considered. This is partially offset by the change in financial assumptions, which led to an actuarial loss of EUR 113,634. These two components led to a total actuarial gain of EUR 133,283.

The plan assets are carried forward until 30 June 2019 taking into consideration employee's and employer's contributions as well as paid benefits and are compared with the assets of the pension fund. The difference between the carried forward plan assets and the plan assets as of 30 June 2019 corresponds to an actuarial gain of EUR 84,650.

The total actuarial gains of EUR 217,933 (gains on defined benefit obligations of EUR 133,283 and gains on plan assets of EUR 84,650) have been recognized in OCI.

Components of defined benefit cost in OCI (EUR)	**HY 2019**	**December 31, 2018**
Actuarial (gain) / loss on defined benefit obligation	(133,283)	(131,998)
Return on plan assets excl. interest income	(84,650)	29,745
Defined benefit cost recognised in OCI	**(217,933)**	**(102,253)**

Components of actuarial gain/losses on obligations (EUR)	**HY 2019**	**December 31, 2018**
Actuarial (gain) / loss arising from changes in financial assumptions	113,634	(61,499)
Actuarial (gain) / loss arising from changes in demogr. assumptions	0	(45,953)
Actuarial (gain) / loss arising from experience adjustments	(246,917)	(24,547)
Actuarial (gain) / loss on defined benefit obligation	**(133,283)**	**(131,998)**
Reconciliation in net defined benefit liability	**HY 2019**	**December 31, 2018**
Net defined benefit liability at 1 January	792,217	818,583
Defined benefit cost recognised in profit or loss	(37,727)	161,298
Defined benefit gain recognised in OCI	(217,933)	(102,253)
Contributions by the employer	(53,198)	(117,910)
Currency translation adjustments	10,143	32,499
Net defined benefit liability at 30 June / 31 December	493,502	792,217

Significant actuarial assumptions:

Actuarial assumptions	**HY 2019**	**December 31, 2018**
Discount rate (DR) at 1 January	0.90%	0.60%
Discount rate (DR) at 30 June / 31 December	0.45%	0.90%
Interest rate on retirement savings capital (IR) at 30 June / 31 December	0.45%	0.90%
Future salary increases (SI) at 30 June / 31 December	1.00%	1.00%
Future pension increases (PI) at 30 June / 31 December	0.00%	0.00%
Future inflation at 30 June / 31 December	0.00%	0.00%
Mortality tables	BVG2015 GT	BVG2015 GT
Date of last actuarial valuation	30-06-2019	31-12-2018

There are no retired plan participants in 2018 and upon June 2019. For the reporting year 2019 employer contributions of EUR 130,889 are expected. The contributions paid to the defined contribution plan in Germany amounted to EUR 4,387 (FY 2018: EUR 7,652). The contributions paid to the defined contribution plan in Belgium amounted to EUR 0 in 2019, as the plan is not yet finalised.

9.5. Trade payables, other payables and accrued liabilities

(EUR)	June 30, 2019	December 31, 2018
Trade Payables	2,379,682	2,753,183
Other Payables	640,269	1,095,136
Accrued liabilities:	1,208,396	2,805,700
Provision Warranty	45,025	67,090
Third Parties	1,163,371	2,738,610

Other payables relate mainly to VAT, social security, employee insurances and other employee provisions (e.g. holiday pay and bonus).

The current accrued liabilities-Third parties in the Balance Sheet are mainly accruals related to clinical expenses and other liability related. The decrease compared to December 31, 2018 mainly relates to IPO accruals that were included in prior year.

9.6. Share-based compensation

9.6.1. Executive Share Options

Early October 2018, Sequana implemented an option plan for a certain Group of employees and granted 111,177 share options, which each entitle the holder for a subscription of one share. The options are accounted for as equity-settled share-based payments.

Below table summarizes the main parameters.

Warrants	2019
Number of warrants granted	111,177
Number of warrants forfeited	(6,799)
Number of warrants not vested at 30 June 2019	46,390
Exercise price (in Euro)[1]:	
CEO[2]	0.92
Other	9.19
Expected dividend yield	0%
Expected stock price volatility[3]	49%
Risk-free interest rate[4]	0.76%
Expected duration in years	10
Fair value (in Euro) at grant date	
CEO	8.33
Other	1.00

The Group used the Black & Scholes model for share-based payment calculation purposes in order to determine the fair value of the Executive share-based option plan. The volatility parameter has been based on the volatility of peer shares, listed on the STOXX Medtech stock exchange.

[1] equals the market value of the underlying shares on the grant date

[2] the actual Market Value and Unrestricted Market Value per Preferred E-share of CHF 1.05 or EUR 0.92 for the purposes of granting EMI (Enterprise Management Incentives) options has been agreed upon and accepted by the HM Revenue & Customs in the UK on August 2, 2018

[3] based on peer companies listed on the STOXX Medtech stock exchange

[4] represents the interest rate on government bonds on 10 year

The share price considered per 31 December 2018 was EUR 9.25 and was the lowest based on the expected gross amount of IPO proceeds of EUR 30.0 million, whereas probability weighted scenarios between EUR 9.25 and EUR 10.50 per share have been applied.

The effect of the share-based payment transactions on the profit & loss of the Group in HY 2019 is an expense of 200,121 EUR. The same amount goes through reserves in equity so that the net effect on the Group's equity is zero.

9.6.2. 2018 Share Option Plan

The extra-ordinary shareholders meeting of 18th of January 2019 approved the new Share options for directors, employees and other staff members of Sequana Medical (the ''2018 Share Options''). There was no obligation for the holders of the 2011 Share Options and Executive Share Options to exercise the Share options prior to the closing of the Offering. The number of options is equal to 10% of the total number of New Shares outstanding after the closing of the Offering and after the allocation of the over-allotment option.

Below table summarizes the main parameters.

Warrants	**2019**
Number of warrants granted	304,734
Number of warrants forfeited	(24,970)
Number of warrants not vested at 30 June 2019	279,764
Exercise price (in Euro)[5]:	
Grant date 13/02/2019	7.46
Grant date 24/05/2019	6.22
Expected dividend yield	0%
Expected stock price volatility[6]	49%
Risk-free interest rate[7]	0.07%
Expected duration in years	10
Fair value (in Euro) at grant date	
Grant date 13/02/2019	0.62
Grant date 24/05/2019	1.15

The Group used the Black & Scholes model for share-based payment calculation purposes in order to determine the fair value of the Executive share-based option plan. The volatility parameter has been based on the volatility of peer shares, listed on the STOXX Medtech stock exchange.

The effect of the share-based payment transactions on the profit & loss of the Group in HY 2019 is an expense of 47,889 EUR. The same amount goes through reserves in equity so that the net effect on the Group's equity is zero.

10. Commitments

10.1. Capital commitments

The Group has no material contracted expenditures for the acquisition of property, plant and equipment at 30 June 2019.

10.2. Asset pledges

[5] equals the market value of the underlying shares on the grant date

[6] based on peer companies listed on the STOXX Medtech stock exchange

[7] represents the interest rate on government bonds on 10 year

As a security for the fulfilment of the financial obligation, the Company has pledged Intellectual Property as well as the related assets to the venture debt provider Bootstrap Europe S.C.Sp. Total outstanding debt due to Bootstrap amounts to 2,576,615 EUR as per 30 June 2019.

11. Transactions with related parties

Related parties primarily comprise members of Executive Management, members of the Board of Directors and significant shareholders. The remuneration of the members of the Board of Directors and key management is determined on an annual basis, therefore no further details are included in this interim report. For more details, we refer to the corporate governance section of the Annual Report 2018.

12. Events after the reporting period

There were no significant events that occurred after the end of the reporting period.