sequanamedical

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2020

Contents

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 2020, 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 euro (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 2020

Introduction
We have reviewed the accompanying condensed consolidated statement of financial position of Sequana Medical NV and its subsidiaries (the "Group") as of June 30, 2020 and the related condensed consolidated income statement and 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 condensed consolidated financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated 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 8.3 in the condensed consolidated financial statement, which indicates that the Group is still in its development phase conducting clinical trials in order to achieve regulatory marketing approvals, which incurs various risks and uncertainties, including but not limited to the uncertainty of the development process and the timing of achieving profitability. The Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows. The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions remains unclear at this point in time and will remain under review by the executive management and the board of directors. These events or conditions as set forth in Note 8.3 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, 2 September 2020

The statutory auditor
PwC Reviseurs d'Entreprises SRL / Bedrijfsrevisoren BV
Represented by

Peter D'hondt
Bedrijfsrevisor

3. Condensed Consolidated Income Statement

EUR	Notes	HY 2020	HY 2019
Revenue	8.5	**594,655**	**413,020**
Costs of goods sold		**(125,653)**	(85,783)
Gross Margin		**469,001**	**327,236**
Sales & Marketing		**(1,372,610)**	(1,306,122)
Clinical		**(3,137,641)**	(1,450,840)
Quality & Regulatory		**(1,022,835)**	(929,803)
Supply Chain		**(805,760)**	(368,398)
Engineering		**(771,481)**	(534,348)
General & administration	8.6.1	**(2,313,266)**	(2,582,215)
Other income		**26,866**	6,162
Total Operating Expenses		**(9,396,728)**	**(7,165,565)**
Earnings before interests and taxes (EBIT)		**(8,927,726)**	**(6,838,329)**
Finance income		47,493	13,200
Finance cost		(570,229)	(470,833)
Net Finance Cost		**(522,736)**	**(457,633)**
Income Tax Expense		**(103,240)**	(7,001)
Net loss for the period		**(9,553,702)**	**(7,302,962)**
Attributable to Sequana Medical shareholders		(9,553,702)	(7,302,962)
Basic loss per share	8.6.2	(0.62)	(0.61)

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

4. Condensed Consolidated Statement of Comprehensive Income

EUR			HY 2020			HY 2019
	Notes					
Net loss for the period			**(9,553,702)**			**(7,302,962)**
Components of other comprehensive income (OCI) items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit plans			-			217,933
Items that may be reclassified subsequently to profit or loss:						
Currency translation adjustments			78,115			(8,688)
Total other comprehensive income/(loss)-net of tax			**78,115**			**209,245**
Total comprehensive income			**(9,475,587)**			**(7,093,717)**
Attributable to Sequana Medical shareholders			(9,475,587)			(7,093,717)

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

5. Condensed Consolidated Statement of Financial Position

EUR	Notes	30 June 2020		31 December 2019	
Property, Plant and Equipment			**701,670**		**765,396**
Laboratory		66,129		70,684	
Information Technology (IT)		159,291		158,694	
RD Tools		2,409		4,129	
Right-of-use assets		457,549		510,453	
Other tangible Fixed Assets		16,291		21,436	
Assets under construction		-		-	
Financial assets			**63,826**		**63,149**
Financial assets - Rental deposit		63,826		63,149	
Total non-current assets			**765,496**		**828,545**
Trade Receivables			**130,750**		**117,520**
Trade Receivables - Third parties		130,750		117,520	
Other Receivables			**1,143,822**		**1,219,983**
Other Receivables - Third parties		429,721		507,130	
Other Receivables - prepaid expenses		714,100		712,853	
Inventory			**1,384,101**		**1,597,623**
Inventory		1,384,101		1,597,623	
Cash and cash equivalents			**14,881,587**		**5,586,470**
Cash and cash equivalents	9.1	14,881,587		5,586,470	
Total current assets			**17,540,259**		**8,521,597**
TOTAL ASSETS			**18,305,755**		**9,350,142**

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

Condensed Consolidated Statement of Financial Position (continued)

EUR		30 June 2020		31 December 2019	
	Notes				
Total Equity			**9,523,110**		**925,932**
Share Capital	9.2	1,635,006		1,306,940	
Share premium	9.2	119,332,864		100,660,934	
Reserves		(2,422,932)		(1,651,931)	
Loss brought forward		(109,527,717)		(99,974,015)	
Cumulative Translation Adjustment		505,890		584,005	
Long term financial debts			**-**		**2,260,905**
Long term financial debts	9.3	-		2,260,905	
Long term lease debts			**220,577**		**305,046**
Long term lease debts		220,577		305,046	
Retirement benefit obligation			**553,840**		**543,601**
Retirement benefit obligation		553,840		543,601	
Total non-current liabilities			**774,417**		**3,109,553**
Short term financial debts			**2,945,704**		**459,495**
Short term financial debts	9.3	2,945,704		459,495	
Short term lease debts			**233,664**		**199,158**
Short term lease debts		233,664		199,158	
Trade Payables			**2,405,131**		**2,476,373**
Trade Payables - Third parties	9.4	1,614,644		1,687,460	
Contract liabilities		790,487		788,913	
Other payables			**1,217,494**		**1,269,415**
Other payables - Third parties		1,217,494		1,269,415	
Accrued liabilities			**1,206,235**		**910,216**
Accrued liabilities - Provision warranty	9.4	76,433		70,268	
Accrued liabilities - Third parties	9.4	1,129,802		839,947	
Total current liabilities			**8,008,228**		**5,314,657**
TOTAL EQUITY AND LIABILITIES			**18,305,755**		**9,350,142**

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	Share premium	Reserves	Loss brought forward	Currency translation differences	Total shareholder equity
31 December 2018		**887,977**	**184,478**	**64,963,284**	**(451,652)**	**(85,003,302)**	**659,469**	**(18,759,746)**
Change in accounting policy						**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					217,933		8,688	**226,620**
Capital increase IPO (convertible loans)		83,786		8,532,737				**8,616,523**
Capital increase IPO (contribution in cash)		318,902		25,845,840				**26,164,743**
Capital increase IPO (contribution in kind)		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			(184,478)					**(184,478)**
Share-based compensation					248,010			**248,010**
30 June 2019		**1,306,940**	**-**	**100,660,934**	**(1,784,300)**	**(92,299,533)**	**668,157**	**8,552,199**
31 December 2019		**1,306,940**	**-**	**100,660,934**	**(1,651,931)**	**(99,974,015)**	**584,005**	**925,932**
Net loss for the period						(9,553,702)		**(9,553,702)**
Other comprehensive income					-		(78,115)	**(78,115)**
January 2020 Equity Placement	9.2	328,067		18,671,929				**18,999,996**
Transaction costs for equity instruments	8.6.1				(839,639)			**(839,639)**
Share-based compensation					68,638			**68,638**
30 June 2020		**1,635,006**	**-**	**119,332,864**	**(2,422,932)**	**(109,527,717)**	**505,890**	**9,523,110**

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

7. Condensed Consolidated Statement of Cash Flows

EUR	Notes	HY 2020	HY 2019
Net loss for the period		**(9,553,702)**	**(7,302,962)**
Income tax expense		103,240	7,001
Financial result		389,884	41,989
Depreciation		144,522	110,896
Change in defined benefit plan		-	(90,920)
Share-based compensation		68,638	248,010
Changes in trade and other receivables		62,932	(630,993)
Changes in inventories		213,522	(283,696)
Changes in trade and other payables / accrued liabilities	9.4	(666,784)	(4,281,310)
Taxes paid		(5,831)	(7,001)
Cash flow from operating activities		**(9,243,579)**	**(12,188,986)**
Investments in tangible fixed assets		(25,740)	(138,386)
Investments in financial assets		-	-
Cash flow used for investing activities		**(25,740)**	**(138,386)**
Proceeds from capital increase	9.2	18,999,996	26,164,837
(Repayments) from leasing debts		(130,893)	-
(Repayments)/Proceeds from financial debts	9.3	-	(1,375,004)
Interest paid	9.3	(194,395)	(911,945)
Cash flow from financing activities		**18,674,708**	**23,877,889**
Net change in cash and cash equivalents		**9,405,389**	**11,550,516**
Cash and cash equivalents at the beginning of the period		**5,586,470**	**1,317,697**
Net effect of currency translation on cash and cash equivalents		(110,272)	8,688
Cash and cash equivalents at the end of the period		**14,881,587**	**12,876,900**

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 Medical” or “Sequana Medical Group” or “Group” of the “Company”) for the first six months ended 30 June 2020 were authorized for issue in accordance with a resolution of the Board on 2 September 2020.

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 Medical 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 Medical Group for the half year ended 30 June 2020 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 31 December 2019 of Sequana Medical 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 31 December 2019 of Sequana Medical NV that can be found in the Annual Report 2019 on the website (www.sequanamedical.com), from page 142 through page 158. 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 1 January 2020 to 30 June 2020 are consistent with those applied in the audited Consolidated Financial Statement for the year ended 31 December 2019 of Sequana Medical NV.

8.2.2. New and amended standards adopted by the Group

New standards or interpretations applicable from 1 January 2020 do not have any significant impact on the Condensed Consolidated Financial Statements.

8.2.3. 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 31 December 2019.

8.2.4. 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 2019.

8.2.5. Information regarding major risks and uncertainties

We refer to the risk factors described in the Prospectus dated 25 June 2020 related to Sequana Medical's January 2020 Equity Placement and to note 3 under the 'Notes to the Consolidated Financial Statements' in the financial report section of the Annual Report 2019.

8.3. Going concern

The Company is still in its development phase conducting clinical trials in order to achieve regulatory marketing approvals, which incurs various risks and uncertainties, including but not limited to the uncertainty of the development process and the timing of achieving profitability. The Company's ability to continue operations also depends on its ability to raise additional capital and to refinance existing debt, in order to fund operations and assure the solvency of the Company until revenues reach a level to sustain positive cash flows.

The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions remains unclear at this point in time and will remain under review by the executive management and the board of directors.

These conditions indicate the existence of material uncertainties, which may also cast significant doubt about the Company's ability to continue as a going concern.

The consolidated balance sheet as at 30 June 2020 shows a positive equity in the amount of EUR 9.5 million and ending cash balance of EUR 14.9 million. The Company will continue to require additional financing in the near future and in that respect already successfully raised EUR 19 million in January 2020 in a private equity placement via an accelerated book building offering as well as the additional financing (EUR 7.3 million) obtained and disclosed in the section *Events after the reporting period*. Together with existing cash resources, the net proceeds from these financing rounds are expected to extend the current cash runway of the Company into H2 2021. The Company continues to evaluate equity and other financing options, including discussions with existing and/or new investors.

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

We refer for more details about the additional financing to note 13 Events after the reporting period.

8.4. 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 Medical'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 Medical 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 2020	HY 2019
Germany	398,500	276,375
France	95,000	38,125
Switzerland	62,605	83,520
Rest of the world	38,550	15,000
Total revenue	**594,655**	**413,020**

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.

8.5. Detailed information on profit or loss items

8.5.1. Operating Expenses – general and administration

Expenses (EUR)	HY 2020	HY 2019
IPO and capital increase related expenses	358,089	548,824

The total amount of known and accrued capital raise related expenses for the first half year of 2020 is 1,197,729 EUR, of which 358,089 EUR has been recognized in the Condensed Consolidated Income Statement as G&A expenses and 839,639 EUR has been reported under equity. The capital raise expenses accounted for in equity relate to the issuance of equity instruments and represent the incremental costs attributed to new shares.

The total amount of known and accrued IPO related expenses for the first half year of 2019 were 2,347,414 EUR, of which 548,824 had been recognized in the Condensed Consolidated Income Statement as G&A expenses and 1,798,590 EUR had been reported under equity.

8.5.2. 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, 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)	2020	2019
Net loss attributable to shareholders	(9,553,702)	(7,302,962)
Weighted average number of shares - basic	15,310,073	11,980,185
Basic loss per share	(0.62)	(0.61)

9. Detailed information on balance sheet items

9.1. Cash and cash equivalents

The Group held cash and cash equivalents of EUR 14,881,587 at 30 June 2020 (31 December 2019: EUR 5,586,470). The increase is mainly due to the January 2020 Equity Placement.

9.2. Share capital and Share Premium

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

(EUR, except number of shares)	Shares	Share capital	Share premium	Total
31 December 2019	**12,611,900**	**1,306,940**	**100,660,934**	**101,967,874**
January 2020 Equity Placement	3,166,666	328,067	18,671,929	**18,999,996**
30 June 2020	**15,778,566**	**1,635,006**	**119,332,864**	**120,967,870**

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

At 27 January 2020 the Company completed a capital increase and successfully raised an amount of EUR 19.0 million in gross proceeds by means of a private placement via an accelerated bookbuild offering of 3,166,666 new shares (being approximately 25.11% of the Company's outstanding shares) at an issue price of EUR 6.00 per share.

The share capital has increased from EUR 1,303,940 to EUR 1,635,006 and the number of issued and outstanding shares has increased from 12,611,900 to 15,778,566 ordinary shares, through the issuance of a total of 3,166,666 new shares.

The new shares issued within the framework of the 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.

Of the 3,166,666 shares, 2,522,379 were immediately admitted to listing and trading on the regulated market of Euronext Brussels upon their issuance (on the basis of applicable listing prospectus exemptions), while 644,287 shares were not immediately admitted to listing and trading on the regulated market of Euronext Brussels upon their issuance (as their admission to listing and trading was subject to the approval of a listing prospectus).

A listing prospectus has been approved by the Belgian Financial Services and Markets Authority with respect to the 644,287 shares (the "Prospectus") and has been published the 25th of June 2020.

As of 30 June 2020 the Company does not hold any Treasury shares.

9.3. Financial debts / net debt

Financial debts are mainly composed of the outstanding part of the Bootstrap Loan.
Total outstanding debt (discounted) due to Bootstrap amounts to 2,945,704 EUR as per 30.06.2020.

The entire outstanding principal amount was 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, all four instalments have been classified as current debt at period end. As per 16 July 2020, the entire Bootstrap loan, amounting to EUR 3.2 million or CHF 3.4 million, has been repaid as described in section 13 Events after the reporting period.

9.4. Trade payables, other payables and accrued liabilities

(EUR)	30 June 2020	31 December 2019
Trade payables	**2,405,131**	**2,476,373**
Other payables	**1,217,494**	**1,269,415**
Accrued liabilities:	**1,206,235**	**910,216**
Provision warranty	76,433	70,268
Third Parties	1,129,802	839,947

Other payables mainly consist of salary related provisions, VAT, income taxes payable, 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 liabilities.

10. Commitments

10.1. Capital commitments

The Group has no material contracted expenditures for the acquisition of property, plant and equipment at 30 June 2020.

10.2. Asset pledges

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 2,945,704 EUR as per 30 June 2020. As per 16 July 2020, the Bootstrap loan has been repaid as described in section 13 Events after the reporting period.

11. Transactions with related parties

Related parties primarily comprise members of Executive Management, members of the Board of Directors and significant shareholders. There are no significant transactions with related parties.

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 2019.

12. COVID-19

Following a short delay due to the COVID-19 pandemic, our POSEIDON pivotal study and RED DESERT repeated dose study have now resumed and interim results expected in H1 2021 and Q4 2020 respectively.

Subject to further developments related to this pandemic, the Company expects to complete enrolment in the POSEIDON North American pivotal study of the **alfa**pump in recurrent and refractory ascites due to liver cirrhosis in Q1 2021 and report interim results in H1 2021 with primary endpoint read-out in Q1 2022. The POSEIDON study aims to support the approval of the **alfa**pump in the U.S. and Canada, with an FDA submission expected in H1 2022.

Regarding the RED DESERT repeated dose proof-of-concept study of the **alfa**pump DSR (Direct Sodium Removal) for the treatment of diuretic-resistant heart failure patients the Company now expects to report interim results in Q4 2020 and top-line results in H1 2021. The RED DESERT interim results are intended to support the discussions with the U.S. FDA to reach agreement on the plans for a U.S. feasibility study of the **alfa**pump DSR in patients with volume overload due to heart failure, which is expected to start in H2 2021.

The impact of COVID-19 on the Company's ability to secure additional financing rounds or undertake capital market transactions remains unclear at this point in time and will remain under review by the executive management and the board of directors.

The executive management and the board of directors remain confident about the strategic plan, which comprises additional financing measures including equity and/or other financing sources, and therefore consider the preparation of the present financial statements on a going concern basis as appropriate.

13. Events after the reporting period

As at 30 June 2020, an amount of EUR 2.9 million (discounted) was still outstanding under the loan that previously had been granted to Sequana Medical by Bootstrap S.C.SP. According to the terms of the loan (as amended), the loan would become repayable in four monthly instalments on 31 December 2020, 21 January 2021, 28 February 2021 and 31 March 2021. The loan could be prepaid in whole or in part at any time prior to its maturity without penalty, and on 16 July 2020 the Company repaid the loan in full for an amount of EUR 3.2 million or CHF 3.4 million. As a result hereof, the pledge on intellectual property and other assets of the Company will be released.

In July 2020, The Company entered into subordinated loan agreements with several shareholders, including PMV/z-Leningen, for an aggregate principal amount of €7.3 million, of which €1.4 million can be converted by the lenders into new shares of the Company in the event of a future equity financing or sale of the Company.

The loans have a term of 36 months and are repayable in full upon expiry of the term. The loans bear an interest of 6% per annum, except that the convertible portion of the loans bear an interest of 5% per annum. The interest is payable only upon expiry of the term of the loans. The price per share at which the convertible portion of the loans can be converted in the event of an equity financing or sale of the Company will be equal to 75% of the price of the Company's shares as will be reflected in the equity financing or sale.

The loan by PMV/z-Leningen is part of the action plan of the Flemish Region to support businesses as a result of the COVID-19 crisis.