

**SEQUANA MEDICAL**

**Limited Liability Company**

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VAT BE 0707.821.866 Register of Legal Entities Ghent, section Ghent

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**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 Article 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code (as defined below) and relates to the proposal of the board of directors of the Company to increase the share capital of the Company in cash within the framework of the authorised capital, with a maximum amount of up to EUR 30,000,000.00 (including issue premium) through the issuance of new shares, the maximum number and the issue price of which are still to be determined, and to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, insofar as required, of the Company's existing holders of subscription rights (stock options), in connection with the proposed issuance of the new shares. The new shares are to be offered via a private placement, through an accelerated bookbuilding procedure, to a broad currently not yet determined group of Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions, including (i) qualified investors in the member states of the European Union (as defined in 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 "**EU Prospectus Regulation**")), (ii) qualified investors in the United Kingdom (as defined in the EU Prospectus Regulation and the delegated acts, implementing acts and technical standards thereunder as such legislation forms part of retained EU law as defined in the EU (Withdrawal) Act 2018, as amended (the "**UK Prospectus Regulation**")), it being noted that within the UK such qualified investors should also be persons with professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), or high net worth companies, unincorporated associations and other persons falling within Article 49(2)(A) to (D) of the Order, (iii) "professional clients" in Switzerland (as defined in the Swiss Federal Act on Financial Services (*Finanzdienstleistungsgesetz*) of 15 June 2018, as amended (the "**FinSa**")), (iv) "Qualified Institutional Buyers" (QIBs) in the United States, and (v) subject to applicable securities law rules and regulations, natural and legal persons other than those mentioned in (i) to (iv), in and outside of Belgium, to whom the shares may be offered (collectively, the "**Transaction**").

In accordance with Article 7:198 *juncto* Article 7:179 of the Belgian Companies and Associations Code, the board of directors provides in this report a justification of the proposed Transaction, with notably a justification of the proposed issue price of the new shares to be issued 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, insofar as required, of the existing holders of subscription rights (stock options) in connection with the proposed increase of the share capital within the framework of the Transaction, and a description of the consequences thereof for the financial and shareholder rights of the shareholders.

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 BV, a private company with limited liability organised and existing under the laws of Belgium, with registered office at Culliganlaan 5, 1831 Diegem, Belgium, represented by Mr. Peter D'hondt, auditor.

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

## **2. AUTHORISED CAPITAL**

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

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 rights of the shareholders. This restriction or cancellation of the preferential subscription rights can also be done in favour of members of the personnel of the Company or of its subsidiaries, or in favour of one or more persons other than members of the personnel of the Company or of its subsidiaries.

To date, the board of directors has not yet used its powers under the authorised capital. As a result, the board of directors still has the authority under the authorised capital to increase the share capital of the Company with an aggregate amount of EUR 2,926,295.90 (excluding issue premium, as the case may be).

### **3. PROPOSED TRANSACTION**

#### **3.1. Structure of the proposed 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 within the framework of the authorised capital through a contribution in cash of a maximum amount of up to EUR 30,000,000.00 (including issue premium) through the issuance of new shares, the maximum number and the issue price of which are still to be determined. The aforementioned capital increase in cash occurs subject to the condition precedent of, and to the extent of, the completion of the offering and the allocation of the new shares as further provided below.

The new shares are to be offered by means of a private placement through an accelerated bookbuilding procedure, as further described below in section 3.3.

Prior to the launch of the Transaction, Partners in Equity V B.V. ("**Partners in Equity**"), Rosetta Capital VII, LP ("**Rosetta Capital**"), LSP HEF Sequana Holding B.V. ("**EQT**"), Marc Nolet's family through its investment company ("**Nolet**"), as well as a number of other investors (together, the "**Pre-Committing Investors**"), have committed to submit subscription orders for new shares in the Transaction (without requesting any kind of guaranteed allocation) for an aggregate amount of approximately EUR 7.8 million. One shareholder also committed to submit a subscription order for new shares in the Transaction for a number of new shares such that at least its existing shareholding percentage in the Company shall remain the same upon the settlement of the Transaction. The Company currently also expects to receive additional subscription commitments from certain investors prior to the formal launch of the Transaction.

The Pre-Committing Investors acknowledged and agreed that (i) the applicable issue price of the new shares to be issued in the offering is still to be determined in the offering by the Company after consultation with the Underwriter on the basis of the accelerated bookbuilding that is to be organised as aforementioned, (ii) the same issue price shall apply to all new shares and all investors subscribing for the new shares in the offering, (iii) it has no right to raise any objection to the issue price and the determination thereof, (iv) nothing in the relevant subscription commitment letter shall prevent the Company and the Underwriter from exercising their absolute discretion to change or adjust the terms of the offering, including but not limited to the number of new shares offered in the offering (v) the Company and the Underwriter are under no obligation to proceed with the offering, and (vi) the issuance and allocation of the new shares is subject to the offering proceeding.

The Pre-Committing Investors also agreed and accepted that the Company and the Underwriter will have the right and ability to allocate unlisted new shares to the Pre-Committing Investors, and that, in such case, the Company will undertake to (i) apply to the regulated market of Euronext Brussels for the admission to Listing, as soon as practicable after the settlement of the Transaction and in any event within 90 days after the closing, and (ii) prepare as soon as reasonably possible after the date of the settlement of the Transaction, and submit as soon as practicable after the settlement of the Transaction to the Belgian Financial Services and Markets Authority (FSMA), a listing prospectus in relation to such new shares in accordance with article 3(3) of the EU Prospectus Regulation. As explained in section 3.4, this feature will further allow the Company to issue new shares, and hence to raise more funds in the Transaction than would otherwise be possible, given that investors in the accelerated offering expect that these new shares will be immediately admitted to listing and trading. This is in the interest of the Company.

The board of directors notes that the Transaction is open to institutional, qualified, professional and/or other investors, as permitted under applicable private placement exemptions, and any

final allocation to investors, as the case may be, will be made based on customary objective and pre-identified criteria. No guarantee will be or has been given as to the final allocation to the Pre-Committing Investors nor any other investors, shareholders or persons, that any allocation will be made to them, or as to the size of any such allocation.

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 of the new shares, which will be determined as set forth below, provided that the board of directors, or the placement committee that shall be established by the board of directors (the "**Placement Committee**"), so resolves on one or more occasions, through one or more successive notarial deeds establishing the capital increase concerned and the issuance of new shares. Shares issued at different times and/or in different notarial deeds will belong to the same nature and class of shares. The board of directors or Placement Committee will also have the power to offer initially only a number of offered shares that is less than the maximum number of new shares that can be offered on the basis of the foregoing. In addition, it may also be provided that investors who have committed to submit a subscription order to the Underwriter (as defined below) and to whom new shares will ultimately be allocated (as the case may be) will have the opportunity to subscribe directly for the new shares at the time of completion of the offering.

Even if all offered new shares are subscribed for, the capital increase and the issuance of new shares 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, 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 and issuance of shares, 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 via one or more notarial deeds. 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**

Within 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, insofar 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 (the "**Underwriter**"), to offer the new shares in the framework of a private placement through an accelerated bookbuilding procedure to a broad currently not yet determined group of Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions (as further described in section 1).

While the Pre-Committing Investors may have indicated an interest to subscribe for the contemplated issuance of securities, no investors (including the Pre-Committing Investors) have received nor will receive any commitment or undertaking from the Company or the Underwriter as regards allocation of the new shares before the closing of the bookbuilding.

### 3.3. Issue price of the new shares

The Underwriter shall be instructed by the Company to proceed with a so-called accelerated bookbuilding procedure with a broad currently not yet determined group of Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions (as further described in section 3.2).

The board of directors or the Placement Committee shall determine the amount of the issue premium, as the case may be, in consultation with, or upon the proposal by, the Underwriter, 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 new shares are to be subscribed for in cash. The issue price of the new shares is to be paid in full upon issuance of the new shares.

The issue price of each new share shall be booked as share capital. However, the amount by which the issue price of the new shares (on a per share basis) shall exceed the fractional value of the existing shares of the Company at that time (*i.e.*, currently rounded EUR 0.1036) shall be booked as issue premium, as the case may be. This issue premium will be booked on a separate account as net equity on the liabilities side of the Company's balance sheet and will be formed by actually paid contributions in cash at the occasion of the issuance of new shares. These issue premiums can only be reduced in execution of a valid decision of the Company in accordance with the Belgian Companies and Associations Code.

### 3.4. Admission to listing and trading of the new shares

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

Following the settlement of the Transaction, the Company will apply for the admission to Listing of all new shares that can be admitted to Listing upon their issuance pursuant to and in reliance on the so-called "sub 20%" exemption to publish a listing prospectus (the "**Prospectus Exemption**") provided for by article 1(5)(a) the EU Prospectus Regulation, provided, however, that the Company shall be entitled not to use the Prospectus Exemption in full or at all in order to maintain such Prospectus Exemption for the admission to Listing of new shares issuable by the Company upon issuance, exercise or conversion pursuant to outstanding rights, warrants, and/or convertible instruments and/or similar financing arrangements of the Company.

To the extent the Prospectus Exemption is not used (in whole or in part) by the Company, or is not sufficient (which is likely to be the case in view of the proposed number of new shares issuable in the Transaction and taking into account the number of new shares issuable upon issuance, exercise or conversion pursuant to outstanding rights, warrants and/or convertible instruments and/or similar financing arrangements of the Company) for the purpose of the Listing of the new shares, the Company undertakes to (i) apply to the regulated market of Euronext Brussels for the admission to Listing, as soon as practicable after the settlement of the Transaction and in any event within 90 days after the closing, and (ii) prepare as soon as reasonably possible after the date of the settlement of the Transaction, and submit as soon as practicable after the settlement of the Transaction to the Belgian Financial Services and Markets Authority (FSMA), a listing prospectus in relation to such new shares in accordance with article 3(3) of the EU Prospectus Regulation.

While the preparation of a listing prospectus would entail additional costs and expenses, the opportunity of the Company to raise additional funds through the issuance of a larger number of new shares in the Transaction (as the case may be) would be expected to outweigh the costs and expenses related to the preparation of a listing prospectus.

The Company reserves the right and ability to allocate registered new shares that shall not be immediately admitted to listing and trading upon their issuance to investors that are willing to accept such shares. The board of directors notes that the Pre-Committing Investors already agreed and accepted that the Company and the Underwriter will have the right and ability (as relevant) to allocate to such Pre-Committing Investors registered new shares that shall not be immediately admitted to listing and trading upon their issuance.

The Company, in consultation with the Underwriter, might also decide to swap certain new shares to be issued against existing shares that are already admitted to trading on the regulated market of Euronext Brussels and that are currently held by existing shareholders of the Company, who agree to such swap. This would allow to deliver to subscribers in the Transaction shares that are already admitted to trading on the regulated market of Euronext Brussels. In this context, EQT, who is a shareholder of the Company, has indicated that it is supportive of the Transaction and that it is willing to enter into a share swap agreement with the Underwriter and the Company in order to make available some of its existing shares that are already admitted to listing and trading on the regulated market of Euronext Brussels (the "**Share Swap**"). This Share Swap will enable the intervening Underwriter to exchange the new shares to be issued in the Transaction (as the case may be) against the listed shares of EQT, so that the Underwriter can deliver the listed shares to the ultimate investors that will participate in the Transaction. EQT will not receive any compensation for entering into the share swap agreement. The effective listing of the relevant number of new shares to be issued in the Transaction will be subject to regulatory approval of a listing prospectus.

### 3.5. The rights attached to the new shares

The new shares to be issued will be without nominal value, will be of the same nature as the existing and outstanding shares of the Company, and will have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlement to dividends and other distributions, with, the existing and outstanding shares of the Company at the moment of their issuance, and will be entitled to dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of issuance of the new shares.

## 4. JUSTIFICATION OF THE PROPOSED TRANSACTION

The board of directors believes that the Transaction is in the interest of the Company because, if completed, the Transaction will further improve the net equity position and working capital of the Company. Notably, the Company currently envisages using the expected net proceeds of the Transaction for the following:

- (a) **alfapump®**:
  - (i) Targeting US FDA approval by the end of Q3 2024 - handling questions from the US FDA during the PMA (Pre-Market Approval) review process, preparation for potential US FDA advisory panel meeting and design transfer to enable manufacturing of the **alfapump®** for the US. Total internal and external costs up to Q3 2024 are estimated at ca. EUR 7.1 million.
  - (ii) Finalizing the North American pivotal study in recurrent and refractory liver ascites (POSEIDON) towards secondary endpoint readout planned for Q2

2024. Total internal and external costs up to Q3 2024 are estimated at ca. EUR 1.1 million.

(iii) Preparing for commercial launch of the **alfapump**® in the US in 2025, including inventory build-up. Total internal and external costs up to Q3 2024 are estimated at ca. EUR 2.1 million.

(b) DSR:

(i) CMC activities for DSR 2.0 including a Quality Management System and preparations to start the randomized phase of the US MOJAVE study post-**alfapump**® PMA approval. Total internal and external costs up to Q3 2024 are estimated at ca. EUR 1.0 million.

(c) Other:

(i) General corporate and working capital purposes

The net proceeds from the Transaction are expected to extend the cash runway of the Company to end of Q3 2024.

The Company has incurred operating losses and negative operating cash flows in each period since it was founded in 2006. Since the start of the Company's operations, the Company has been aware that losses will continue to be incurred for a number of years before any prospect of profitability is possible. Notably, subject to what is set out above, the Company is still in the development phase for its **alfapump**® and the **DSR**® products, and it is conducting several clinical trials in order to achieve regulatory marketing approval for these products. This entails various risks and uncertainties, including but not limited to, the uncertainty of the development process and the timing of achieving profitability

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

The proposed Transaction will in addition allow the Company to attract additional equity investments from the Pre-Committing Investors and ensure that the Transaction can proceed already for a substantial amount. These reputable and sophisticated investors have been successful investors in different industries, and have built a strong reputation. The board of directors believes that the fact that the Pre-Committing Investors are interested in making substantial investments in the Company is a validation of the Company's vision, strategy and business. The latter is an important feature that can be used in the solicitation of interest from other potential investors both on a national and an international level (which will allow the Company and the Underwriter to improve the likelihood of success of the Transaction). In any event, the board of directors notes that the Transaction will be open to institutional, qualified, professional and/or other investors as permitted under applicable private placement exemptions, and any final allocation to investors, as the case may be, will be made based on customary objective and pre-identified criteria. No guarantee will be or has been given as to the final allocation to any investors (including the Pre-Committing Investors), shareholders or other persons, that any allocation will be made to them, or as to the size of any such allocation.

Finally, the board of directors understands that there is an opportunity now 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. If the Company is not able to raise new additional funds, in order to extend its cash runway, this might prejudice its going concern, in particular

as the current level of liquidity is only sufficient for the Company to continue operations for just a short period of time. 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, the board of directors believes that it is in the best interest of the Company, its shareholders, its staff, the patients using its product, and other stakeholders to make use of the opportunity to raise new funds.

So far, the Company has been successful in raising sufficient funding in order to continue its investments and activities. However, the board of directors notes that during the preparation of (i) the Company's statutory (non-consolidated) financial statements for the financial year ended 31 December 2022, (ii) the Company's consolidated half-yearly financial report for the first six months of the financial year 2023, and (iii) the Company's statutory (non-consolidated) financial statements for the financial year ended 31 December 2023, it determined that the Company's (non-consolidated) accounting net assets (as defined in the Belgian Companies and Associations Code) have fallen or remain below the thresholds of Articles 7:228 and 7:229 of the Belgian Companies and Associations Code. On this basis, the Company's general shareholders' meeting has decided already twice on 25 May 2023 and 10 November 2023 in accordance with article 7:228 of the Belgian Companies and Associations Code to continue the operations of the Company (and not to dissolve the Company) on the basis of the implementation of several measures taken to address the financial situation of the Company. Certain of such measures taken to address the financial situation of the Company were announced on 8 February 2024 and included the implementation certain cost-saving measures, the restructuring of outstanding debt facilities, and the entering into of the PiE-Rosetta Convertible Loan Agreement (as defined below), pursuant to which the relevant Lenders (as defined below) provided the Company an unsecured subordinated loan of EUR 3.04 million in principal amount to finance general working capital requirements (and which payables shall be mandatorily converted into new shares upon completion of a future equity financing of at least EUR 7,000,000.00 (such as the Transaction) (see also section 8.4 below)). The board of directors notes that after the completion of the Transaction, the (non-consolidated) accounting net assets of the Company (as defined in the Belgian Companies and Associations Code) will likely again exceed the thresholds of Articles 7:228 and 7:229 of the Companies and Associations Code.

For the sake of completeness, the board of directors stresses that due to macroeconomic reasons, in particular rising interest rates, the geopolitical situation in Eastern Europe and the Middle East, as well as the general decline in the confidence of investors, the capital markets have been extremely volatile. The trading prices of many listed financial instruments have fallen significantly, and a number of financing sources that used to be available in the past, in particular for life science companies, are no longer available or only on less attractive terms.

Ultimately, the Transaction is aimed at addressing the immediate short-term and longer term liquidity requirements of the Company. The Company's ability to continue its operations depends in particular on its ability to raise additional capital, to refinance existing debt, and to manage or reduce operational and other costs and expenditures, in order to fund its operations and assure the going concern of the Company until revenues reach a level at which positive cash flows can be sustained. While the Company has explored and assessed other means of financing that is less expensive or less dilutive for shareholders and subscription right holders of the Company, such financing is currently not available to it. If the Company is not able to raise further funding in order to address its (notably short term) funding requirements, the Company's going concern can no longer be guaranteed. This would not only affect the shareholders and subscription right holders of the Company, but all staff members as well as the target patients that the Company intends to reach with its products and developments.



For all of the above reasons, the board of directors believes that the Transaction is in the interest of the Company, its shareholders, and other stakeholders.

## **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, or upon the proposal of, the Underwriter, on the basis of the results of the aforementioned accelerated bookbuilding procedure that is to be organised by the Underwriter. During this process, interested investors can indicate to the Underwriter their interest to subscribe for the new shares, as well as the number of shares and the issue price (and potentially other conditions) at which they are willing to subscribe for the new shares. In determining the issue price, the board of directors or Placement Committee can take into account the orders which were submitted during the bookbuilding procedure, taking into consideration several quantitative and qualitative elements as shall be deemed relevant by the board of directors or Placement Committee, including, but not limited to, the amounts or number of new shares for which subscriptions have been received, the number, type and quality of investors, the price and other conditions attached to such subscriptions, as well as market circumstances at that time.

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 trading price of the Company's existing shares as currently traded. Such discount is not uncommon, and reflects, amongst other things, the willingness of the investors to participate in a new fund raising by the Company. In the case at hand, the board of directors anticipates that the discount could be substantial in view of specific factors related to the Company, such as notably the ongoing funding needs of the Company, the solvency risk and the level of indebtedness of the Company (see also section 4), the limited liquidity in the trading of the Company's shares on Euronext Brussels, and general macro-economic factors (such as the current high interest rates, and geopolitical crises, such as the Israel-Hamas and Ukraine-Russia conflicts). It should also be taken into account that the right of the lenders under the Kreos Loan and the PiE-Rosetta Convertible Loan Agreement (both as defined below) includes the right to subscribe for shares (via conversion of equity or exercise of warrants, as relevant) at a price per new share reflecting substantive discounts (up to 45%) (see also section 8.1). Such discount could be seen as an important form of compensation for those lenders in lieu of the interest that otherwise would apply in the absence of a conversion feature. It may also further impact the willingness of investors to participate in the Transaction. Hence, the discount in the Transaction could be substantial. This is, however, outweighed by the adverse consequences of not having sufficient financial means to fund the Company's activities if the Company is not able to raise new funds to support its business and its going concern, and the benefits of the Transaction as referred to in section 4. Furthermore, a discount would ultimately not be unreasonable in view of the significant risks and opportunity costs of the investors participating in a Transaction.

Hence, in view of all of the foregoing, the board of directors believes that the mechanism for determining the issue price of the new shares, can be sufficiently justified.

## **6. JUSTIFICATION OF THE 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 within the framework of the authorised capital and with the issuance of the new shares without preferential subscription right of the existing shareholders and, insofar 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, insofar 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, insofar as required, of the existing holders of subscription rights (stock options), allows the Underwriter to offer the new shares directly to a broad currently not yet determined group of Belgian and foreign institutional, qualified, professional and/or other investors, in and outside of Belgium, on the basis of applicable private placement exemptions (as further described in section 1), that are to be contacted by the Underwriter during the subscription period in order to solicit their interest to subscribe for the new shares.

Firstly, this allows the Company to raise an important 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. See also further in section 4.

Secondly, if the preferential subscription right of the shareholders is not dis-applied, the new shares would first need to be offered to the existing shareholders. As a result, it would be more difficult to achieve the foregoing objectives and benefits.

Thirdly, as the current level of liquidity is sufficient for the Company to continue operations for not more than just a short period of time, the Company urgently needs to attract additional financing in the short-term, which would be more complicated without the dis-application of the preferential subscription right of the existing shareholders and, insofar as required, of the existing holders of subscription rights (stock options). If the Company is not able to raise further funding in order to address its short term funding requirements, the Company's going concern can no longer be guaranteed.

Furthermore, and taking into account the Company's experience at the occasion of the initial public offering completed on 12 February 2019 and the private placements completed on 27 January 2020, 15 February 2021, 10 March 2022, 27 April 2023 and 10 May 2023, the board of directors is not in favour of proceeding with a fund raising by means of a public offering at this stage, but rather again through a private placement. A public offering is not only 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, and as stated above, the board of directors notes that other financing possibilities have been considered by the Company's management, but that such alternatives were not available at conditions or timelines which were deemed acceptable or appropriate 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 existing shareholders and, as the case may be, the holders of subscription rights (stock options), are in the interest of both the Company and the existing shareholders and holders of subscription rights (stock options) as these may allow the

Company to swiftly and cost-efficiently attract the new funds that are necessary to further implement its strategy and ensure its going concern.

## **7. SHARE SWAP**

For the sake of completeness, it is noted that EQT (as defined above), who is a shareholder of the Company, has indicated that it is supportive of the Transaction and that it is willing to enter into a share swap agreement with the Underwriter (in its capacity as settlement agent) in order to make available some of its existing shares that are already admitted to listing and trading on the regulated market of Euronext Brussels (the Share Swap). This Share Swap will enable the intervening Underwriter to exchange the new shares to be issued in the Transaction (as the case may be) against the listed shares of EQT, so that the Underwriter can deliver the listed shares to the ultimate investors that will participate in the Transaction. This will allow the Company to raise more funds via the Transaction than it would otherwise be able to raise if the Underwriter would only deliver shares that are not yet admitted to listing and trading immediately upon their issuance.

The board of directors notes that the proposed Share Swap is an essential element that will allow the Underwriter to deliver to the investors that will ultimately subscribe for new shares in the Transaction, shares that will be admitted to listing and trading at the time of the contemplated Transaction.

The board of directors also notes that without the Share Swap, the Underwriter would only be able to deliver new shares that can be admitted to Listing upon their issuance pursuant to and in reliance on the Prospectus Exemption and/or in relation to which the Company would still need to prepare a listing prospectus. The preparation of a listing prospectus takes some time, and will require the prior review and approval by the Belgian Financial Services and Markets Authority (FSMA). It is currently expected that this process cannot be completed by the time the new shares would need to be delivered to the investors. This would mean that in the absence of the Share Swap Agreement certain shareholders would receive shares that are not admitted to listing and trading immediately upon their issuance, which would affect the tradability and liquidity for the investors and will therefore be less attractive for investors. Hence, without the Share Swap, it is likely that the Transaction would not be possible, or at (even) less advantageous terms for the Company.

EQT will not receive any compensation for agreeing to the Share Swap.

## **8. CERTAIN FINANCIAL AND OTHER CONSEQUENCES**

### **8.1. Introductory comments**

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 7:198 *juncto* Articles 7:179 and 7:191 of the Belgian Companies and Associations Code by the statutory auditor of the Company, PwC Bedrijfsrevisoren BV.

The actual financial consequences resulting from the proposed Transaction cannot yet be determined with certainty, as the key financial parameters of the transaction such as the actual number and the issue price of the new shares to be issued in the Transaction 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 the contemplated bookbuilding procedure. Furthermore, once started, and depending on the circumstances, the offering could still be postponed or cancelled.

Likewise, the actual financial consequences resulting from the exercise of the outstanding Share Options, the settlement of the 2023-2024 RSUs and the issuance of new shares pursuant to the contribution in kind of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable (all as defined and further detailed below) cannot yet be determined with certainty.

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

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

- (a) At the date of this report, the share capital of the Company amounts to EUR 2,926,295.90, represented by 28,242,753 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, rounded EUR 0.1036. The share capital is entirely and unconditionally subscribed for and is fully paid-up.
- (b) 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 within the framework of the Transaction. However, some of the Pre-Committing Investors are currently already a shareholder of the Company.
- (c) At the date of this report, the following number of shares can still be issued by the Company, of which:
  - (i) up to 261,895 new shares can be issued upon the exercise of 90,780 share options that are still outstanding (at the date of this report) under the "Executive Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire ca. 2.88 shares when exercising one of his or her share options (the "**Executive Share Options**");
  - (ii) up to 956,868 new shares can be issued upon the exercise of 956,868 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2018 Share Options" plan for directors, employees and other staff members of the Company and its subsidiaries, entitling the holder thereof to acquire one new share when exercising one of his or her share options (the "**2018 Share Options**");
  - (iii) up to 998,500 new shares can be issued upon the exercise of 998,500 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2021 Share Options" plan for directors, employees and other staff members of the Company and its subsidiaries, entitling the holder thereof to acquire one new share when exercising one of his or her share options (the "**2021 Share Options**");
  - (iv) up to 1,000,000 new shares can be issued upon the exercise of 1,000,000 share options (each share option having the form of a subscription right) that are still outstanding (at the date of this report) under the "2023 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 "**2023 Share Options**");

- (v) up to 302,804 new shares can be issued to Bootstrap Europe S.C.SP. upon the exercise of 10 warrants (each warrant having the form of a subscription right) that are still outstanding (at the date of this report) that have been issued by the extraordinary shareholders meeting of 27 May 2022 (the "**Bootstrap Warrants**"). For the purpose of the full-dilution scenario calculations further below (in order to reflect the maximum dilution), it has been assumed that the Bootstrap Warrants are exercised through the "cash exercise" mechanism (and not through the "cashless exercise" or "net exercise" mechanisms) provided for in the relevant terms and conditions;
- (vi) up to 161,404 new shares can be issued to Kreos Capital VII Aggregator SCSp. upon the exercise of 875,000 warrants (each warrant having the form of a subscription right) that are still outstanding (at the date of this report) that have been issued by the extraordinary shareholders meeting of 10 February 2023 (the "**Kreos Warrants**"). On 8 February 2024, the Company announced that the exercise price of the Kreos Warrants has been amended and will be equal to the lower of (i) the applicable loan conversion price of the PiE-Rosetta Convertible Loan Payable (as defined below), and (ii) the issue price in any other future equity or equity linked investment in the Company completed prior to the exercise of the Kreos Warrants. For the purpose of the full-dilution scenario calculations further below (in order to reflect the maximum dilution), it has been assumed that the Kreos Warrants are exercised through the "cash exercise" mechanism (and not through the "net issuance exercise" mechanisms) provided for in the relevant terms and conditions and that all of the outstanding Kreos Warrants have become exercisable and are exercised against the following hypothetical exercise prices:
- EUR 0.55 per share underlying a Kreos Warrant (which is equal to the first assumed loan conversion price of the PiE-Rosetta Convertible Loan Payable set out below) as a result of which 1,590,909 new shares can be issued;
  - EUR 0.83 per share underlying a Kreos Warrant (which is equal to the second assumed loan conversion price of the PiE-Rosetta Convertible Loan Payable set out below) as a result of which 1,054,217 new shares can be issued; and
  - EUR 1.10 per share underlying a Kreos Warrant (which is equal to the third assumed loan conversion price of the PiE-Rosetta Convertible Loan Payable set out below) as a result of which 795,455 new shares can be issued.
- (vii) up to 1,111,294 new shares can be issued upon the exercise of 1,111,294 subscription rights that are still outstanding (at the date of this report) that have been issued by the board of directors within the framework of a private placement on 27 April 2023 (the "**2023 Investor Warrants**").

The Executive Share Options, the 2018 Share Options, the 2021 Share Options, the 2023 Share Options, the Bootstrap Warrants, the Kreos Warrants and the 2023 Investor Warrants are hereinafter jointly referred to as the "**Share Options**". In this report, when reference is made to any "outstanding" Share Options, this refers to, respectively, Share

Options that have not yet been granted but can still be granted and (depending on the terms and conditions of such Share Options) have not yet expired, and Share Options that have already been granted and (depending on the terms and conditions of such Share Options) have not yet been exercised and have not yet expired. For the purpose of the full-dilution scenario calculations further below, it is assumed that all of the abovementioned 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.

- (d) In February 2023, the extraordinary general meeting of the Company, upon the recommendation of the nomination and remuneration committee, decided to amend the Company's remuneration policy to allow non-executive independent directors ("**INEDs**") to receive remuneration in the form of shares of the Company in addition to their fixed remuneration in cash. Since the Company does not have distributable reserves (and therefore does not meet the legal requirements to conduct a share buy-back and subsequent allocation), the remuneration policy provides for the Company to grant so-called "restricted share units" (the "**RSUs**") to INEDs. In implementation of the abovementioned EGM resolution, the Company proposed in September 2023 to grant RSUs to the then current INEDs. Up to 93,456 new shares will have to be issued by the Company on or before 21 June 2024 against an issue price of EUR 0.11 per share in the framework of the settlement of 93,456 RSUs granted for reference 2023-2024 to some of the current INEDs (the "**2023-2024 RSU**"). Each RSU represents the contractual obligation of the relevant INED to subscribe for one new underlying share of the Company at a subscription price of EUR 0.11 per new share (regardless of the share's market price at that time) after the expiry of a specified time period.
- (e) In July 2020, the Company entered into a subordinated and partially convertible loan agreement with PMV Standaardleningen NV (formerly known as PMV/z Leningen NV) ("**PMV/z**"), which was amended in December 2021, March 2023 and February 2024, for an aggregate principal amount of up to EUR 4.3 million, of which a loan for a principal amount of EUR 0.8 million can still be converted by PMV/z for new ordinary shares of the Company in the event of a future equity financing or sale of the Company or its assets. The conversion can be carried out by means of a contribution in kind of the respective payables due by the Company under the loan (whether as principal amount or as interest) (the "**PMV/z Convertible Loan Payable**") to the share capital of the Company. The maturity date of the loan is 31 December 2025, and the loan is repayable in four equal quarterly instalments starting on 30 September 2025. The loan bears an interest of 7.5% per annum, except that the convertible portion of the loan bears an interest of 6.5% per annum. The price per share at which the PMV/z Convertible Loan Payable can be converted through a contribution in kind in the event of an equity financing or sale of the Company will be equal to 75% of the price of the Company's shares as will be reflected in the relevant equity financing or sale. The proposed Transaction would qualify as a relevant equity financing that triggers the right, but not the obligation, for PMV/z to contribute its PMV/z Convertible Loan Payable. PMV/z can exercise this right until 30 calendar days as from the completion of the Transaction. For the purpose of the full-dilution scenario calculations further below, the following is assumed:
- (i) the PMV/z Convertible Loan Payable is contributed in full to the share capital of the Company (taking into account, however, that PMV/z is not obliged to contribute its PMV/z Convertible Loan Payable as a result of the Transaction);
- (ii) for the purpose of the interest calculation, the contribution in kind is effected on 18 March 2024; and

- (iii) in accordance with the relevant provisions set out in the loan, the PMV/z Convertible Loan Payable will be contributed into the share capital of the Company at a subscription price per share of 75% of the issue price of the new shares to be issued in the framework of the Transaction.

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

	<b>Principal Amount (in EUR)</b>	<b>Accrued Interests (in EUR)<sup>(1)</sup></b>	<b>Amount to be contributed (in EUR)<sup>(2)</sup></b>	<b>New Shares to be issued upon contribution Subscription price of EUR 0.75<sup>(3)</sup></b>	<b>Subscription price of EUR 1.13<sup>(4)</sup></b>	<b>Subscription price of EUR 1.50<sup>(5)</sup></b>
<b>PMV/z</b>	800,000.00	191,533.33	991,533.33	1,322,044	877,463	661,022

Notes:

- (1) Carries an interest of 6.5% per annum (360-day period) as from 31 July 2020 and until 18 March 2024.
  - (2) Sum of the principal amount of the relevant PMV/z Convertible Loan Payable and the accrued interests.
  - (3) Assuming a subscription price of EUR 0.75, representing a 25% discount to the assumed issue price in the Transaction of EUR 1.00.
  - (4) Assuming a subscription price of EUR 1.13, representing a 25% discount to the assumed issue price in the Transaction of EUR 1.50.
  - (5) Assuming a subscription price of EUR 1.50, representing a 25% discount to the assumed issue price in the Transaction of EUR 2.00.
- (f) In February 2024, the Company entered into an unsecured subordinated convertible loan agreement (the "**PiE-Rosetta Convertible Loan Agreement**") with Partners in Equity V B.V. ("**PiE**") and Rosetta Capital VII, LP ("**Rosetta**" and together with PiE, the "**Lenders**"), for an aggregate principal amount of up to EUR 3,041,507.59. The principal amount and interest of the convertible loan can be converted by the Lenders for new ordinary shares of the Company at any time prior to the maturity date, at a conversion price equal to the lower of (i) the arithmetic average of the daily volume weighted average trading price per share of the Company's shares traded on Euronext Brussels during the period of twenty (20) consecutive trading days ending on (and including) the third trading day before the date on which the Company has received the optional conversion exercise notice, minus a discount of 45%, and (ii) the issue price of the new shares issued by the Company at the occasion of the most recent future equity financing before receipt of the optional conversion exercise notice, minus a discount of 45%. The principal amount and interest of the convertible loans are mandatorily converted for new ordinary shares of the Company in the event of a future equity financing transaction by the Company for at least EUR 7,000,000.00. In case of a mandatory conversion, the conversion occurs at a conversion price equal to the issue price of the new shares in the equity financing transaction, minus a discount of 45%. The conversion (optional or mandatory) is to be carried out by means of a contribution in kind of the respective payables due by the Company under the loan (whether as principal amount or as interest) (the "**PiE-Rosetta Convertible Loan Payable**") to the share capital of the Company. The proposed Transaction would qualify as a relevant equity financing that triggers the obligation for the Lenders to contribute its PiE-Rosetta Convertible Loan Payable (assuming that an amount of at least EUR 7,000,000.00 is eventually raised in the Transaction). The PiE-Rosetta Convertible Loan Payable will be contributed in kind after the completion of the Transaction. The Company has a term of 30 calendar days (to the extent the new shares can be issued within the framework of the authorised capital) or 90 calendar days (to the extent the new shares cannot be

issued within the framework of the authorised capital) as from the completion of the Transaction to issue the new shares to PiE and Rosetta. The relevant corporate documentation related to this contribution in kind of the PiE-Rosetta Convertible Loan Payable will be prepared at a later point in time. The final maturity date of the loan is 30 September 2024. The loan bears an interest of 15% per annum.

For the purpose of the full-dilution scenario calculations further below, the following is assumed:

- (i) the PiE-Rosetta Convertible Loan Payable is contributed in full to the share capital of the Company;
- (ii) for the purpose of the interest calculation, the contribution in kind is effected on 18 March 2024; and
- (iii) in accordance with the relevant provisions set out in the loan, the PiE-Rosetta Convertible Loan Payable will be contributed into the share capital of the Company at a subscription price per share of 55% of the issue price of the new shares to be issued in the framework of the Transaction.

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

	<b>Principal Amount (in EUR)</b>	<b>Accrued Interests (in EUR)<sup>(1)</sup></b>	<b>Amount to be contributed (in EUR)<sup>(2)</sup></b>	<b>New Shares to be issued upon contribution Subscription price of EUR 0.55<sup>(3)</sup></b>	<b>Subscription price of EUR 0.83<sup>(4)</sup></b>	<b>Subscription price of EUR 1.10<sup>(5)</sup></b>
<b>Lenders</b>	3,041,507.59	300,000.00	3,341,507.59	6,075,468	4,025,912	3,037,734

Notes:

- (1) Carries an interest of 15% per annum (360-day period) as from 8 February 2024 for PiE and as from 9 February for Rosetta and until 18 March 2024. If at the time of any (optional or mandatory) conversion, the aggregate amount of compounded interest and accrued interest is less than EUR 300,000.00, the aggregate amount of outstanding compounded and accrued interest will be deemed to be EUR 300,000.00 for the purpose of such conversion. Therefore, for the purpose of the full-dilution scenario calculations, it is assumed that the accrued interest amounts to EUR 300,000.00.
  - (2) Sum of the principal amount of the relevant PiE-Rosetta Convertible Loan Payable and the accrued interests.
  - (3) Assuming a subscription price of EUR 0.55, representing a 45% discount to the assumed issue price in the Transaction of EUR 1.00.
  - (4) Assuming a subscription price of EUR 0.83, representing a 45% discount to the assumed issue price in the Transaction of EUR 1.50.
  - (5) Assuming a subscription price of EUR 1.10, representing a 45% discount to the assumed issue price in the Transaction of EUR 2.00.
- (g) In February 2024, the Company agreed in a letter of intent that, subject to finalization of definitive agreements, 30% of the principal amount outstanding on 31 January 2024 under the EUR 10,000,000 loan agreement entered into in July 2022 between the Company and Kreos Capital VII (UK) Limited (the "**Kreos Loan**"), namely an amount of 30% of EUR 9,825,348 (i.e., EUR 2,947,604.40), can be converted into new ordinary shares of the Company at the option of Kreos Capital VII (UK) Limited. Such conversion can be carried out by means of a contribution in kind of the respective payables due by the Company under the loan (whether as principal amount or as interest) (the "**Kreos Convertible Loan Payable**") to the share capital of the Company.



The price per share at which the Kreos Convertible Loan Payable can be converted through a contribution in kind at the option of Kreos Capital VII (UK) Limited will be equal to the lower of (i) the applicable loan conversion price of the PiE-Rosetta Convertible Loan Payable (as defined above), and (ii) the issue price in any other future equity or equity linked investment in the Company completed prior to the conversion of the Kreos Loan. For the purpose of the full-dilution scenario calculations further below, the following is assumed:

- (i) the Kreos Convertible Loan Payable is contributed in full to the share capital of the Company (taking into account, however, that Kreos Capital VII (UK) Limited is not obliged to contribute its Kreos Convertible Loan Payable); and
- (ii) in accordance with the relevant provisions set out in the loan, the Kreos Convertible Loan Payable will be contributed into the share capital of the Company at a subscription price per share of 55% of the issue price of the new shares to be issued in the framework of the Transaction (namely, the applicable loan conversion price of the PiE-Rosetta Convertible Loan Payable).

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

	<b>Principal Amount (in EUR)</b>	<b>Amount to be contributed (in EUR) <sup>(1)</sup></b>	<b>New Shares to be issued upon contribution Subscription price of EUR 0.55 <sup>(2)</sup></b>	<b>Subscription price of EUR 0.83 <sup>(3)</sup></b>	<b>Subscription price of EUR 1.10 <sup>(4)</sup></b>
<b>Kreos</b>	2,947,604.40	2,947,604.40	5,359,280	3,551,330	2,679,640

Notes:

- (1) Equal to the principal amount of the relevant Kreos Convertible Loan Payable.
  - (2) Assuming a subscription price of EUR 0.55, representing a 45% discount to the assumed issue price in the Transaction of EUR 1.00.
  - (3) Assuming a subscription price of EUR 0.83, representing a 45% discount to the assumed issue price in the Transaction of EUR 1.50.
  - (4) Assuming a subscription price of EUR 1.10, representing a 45% discount to the assumed issue price in the Transaction of EUR 2.00.
- (h) It is assumed that the maximum amount of the capital increase (including issue premium) will be raised within the framework of the Transaction (namely, EUR 30,000,000.00).

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

Each share in the Company currently represents an equal part of the share capital of the Company and provides for one vote in function of the part of the capital it represents. The issuance of the new shares within 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 new shares pursuant to the outstanding Share Options, the settlement of the 2023-2024 RSUs, and the issuance of new shares pursuant to the contribution in kind of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. Upon the issuance of the new shares within the framework of the 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 dividends and other distributions in respect of which the relevant record date or due date falls on or after the date of issuance and delivery of the new shares. As a result (and to the extent the new shares will be issued and subscribed for), the participation by the existing shareholders in the profit and liquidation proceeds of the Company and their holder's statutory preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

The evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the proposed Transaction is simulated below. Subject to the methodological reservations noted in section 8.1, the table below reflects the evolution of the number of outstanding shares, assuming the maximum amount of the capital increase (including issue premium) to be raised 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, the settlement of the 2023-2024 RSUs, and upon contribution in kind of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable.

#### Evolution of the number of outstanding shares

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
<b>Before exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs, and the contribution of PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable and after the Transaction</b>			
Outstanding shares.....	28,242,753	28,242,753	28,242,753
New shares to be issued in the Transaction .....	30,000,000	20,000,000	15,000,000
Total shares outstanding .....	58,242,753	48,242,753	43,242,753
Dilution.....	51.51%	41.46%	34.69%
<b>After exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs, and the contribution of PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and</b>			

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
<b>the Kreos Convertible Loan Payable but before the Transaction</b>			
Outstanding shares.....	28,242,753	28,242,753	28,242,753
New shares to be issued upon exercise of the Executive Share Options.....	261,895	261,895	261,895
New shares to be issued upon exercise of the 2018 Share Options.....	956,868	956,868	956,868
New shares to be issued upon exercise of the 2021 Share Options.....	998,500	998,500	998,500
New shares to be issued upon exercise of the 2023 Share Options.....	1,000,000	1,000,000	1,000,000
New shares to be issued upon exercise of the Bootstrap Warrants .....	302,804	302,804	302,804
New shares to be issued upon exercise of the Kreos Warrants .....	1,590,909	1,054,217	795,455
New shares to be issued upon exercise of the 2023 Investor Warrants.....	1,111,294	1,111,294	1,111,294
New shares to be issued upon settlement of the 2023-2024 RSUs.....	93,456	93,456	93,456
New shares to be issued upon contribution of the PMV/z Convertible Loan Payable .....	1,322,044	877,463	661,022
New shares to be issued upon contribution of the PiE-Rosetta Convertible Loan Payable.....	6,075,468	4,025,912	3,037,734
New shares to be issued upon contribution of the Kreos Convertible Loan Payable.....	5,359,280	3,551,330	2,679,640
Total shares after exercise of existing Share Options, the settlement of the 2023-2024 RSUs, and after contribution of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable.....	47,315,271	42,476,492	40,141,421
Dilution.....	40.31%	33.51%	29.64%
<b>After exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs, and the contribution of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable and after the Transaction</b>			
Outstanding shares.....	28,242,753	28,242,753	28,242,753

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
Total shares after exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs and the contribution of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable.....	47,315,271	42,476,492	40,141,421
New shares to be issued in the Transaction .....	30,000,000	20,000,000	15,000,000
Total shares outstanding, after exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs, and after contribution of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable, and after the Transaction.....	77,315,271	62,476,492	55,141,421
Dilution.....	38.80%	32.01%	27.20%

Subject to the methodological reservations noted in section 8.1, the table below reflects the evolution of the share capital, assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction (namely, EUR 30,000,000.00).

The maximum amount of share capital increase (excluding issue premium) is computed by multiplying the number of new shares to be issued (within the framework of the Transaction) with the fractional value of the shares of the Company, *i.e.*, currently rounded EUR 0.1036 per share.

#### Evolution of the share capital<sup>(1)</sup>

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
<b>Before the Transaction</b>			
Share capital (in EUR).....	2,926,295.90	2,926,295.90	2,926,295.90
Outstanding shares.....	28,242,753	28,242,753	28,242,753
Fractional value (in EUR) (rounded).	0.1036	0.1036	0.1036
<b>Transaction</b>			
Increase of share capital (in EUR) <sup>(2)</sup> ..	3,108,000.00	2,072,000.00	1,554,000.00
Number of new shares to be issued....	30,000,000	20,000,000	15,000,000
<b>After the Transaction</b>			
Share capital (in EUR).....	6,034,295.90	4,998,295.90	4,480,295.90

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
Outstanding shares .....	58,242,753	48,242,753	43,242,753
Fractional value (in EUR) (rounded).	0.1036	0.1036	0.1036

Notes:

- (1) This simulation does not take into account the exercise of the outstanding Share Options, nor the settlement of the 2023-2024 RSUs or the contribution in kind of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable.
- (2) A portion of the issue price that is equal to the fractional value of the existing shares of the Company (being currently rounded EUR 0.1036 per share) shall be booked as share capital. The portion of the issue price in excess of the fractional value shall be booked as issue premium.

### 8.3. Participation in the consolidated accounting net equity

The evolution of the consolidated accounting net equity of the Company as a result of the Transaction is simulated below. The simulation is based on the non-audited consolidated interim financial statements of the Company for six months ended on 30 June 2023 (which have been prepared in accordance with the IAS 34 (Interim Financial Reporting), as adopted by the European Union ("IAS 34")). The consolidated accounting net equity of the Company as at 30 June 2023 amounted to EUR -3,610,428. The simulation does not take into account any changes in the consolidated accounting net equity since 30 June 2023, except, however, that for the purpose of the simulation, the impact of the capital increase completed on 4 October 2023 on the consolidated net equity (per share) will be taken into account.

As a result of the aforementioned completion of the capital increase on 4 October 2023 (not taking into account possible effects of accounting items other than the share capital and the issuance premium (for example the expenses of said capital increase)):

- (i) the share capital of the Company was increased as a result of which the Company's net equity was increased by an amount of EUR 5,612.20, whereby an amount of EUR 5,285.68 was booked as share capital and an amount of EUR 326.52 was booked as share premium; and
- (ii) the number of outstanding shares of the Company following the capital increase completed on 4 October 2023 amounted to 28,242,753 shares (as 51,020 new shares were issued).

Consequently, for the purposes of the simulations below, the adjusted consolidated accounting net equity as at 30 June 2023 will be assumed to amount to EUR - 3,604,815.80.

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, without taking into account any effects related to the exercise of outstanding Share Options, the settlement of the 2023-2024 RSUs, or the contribution in kind of PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable, the Company's accounting net equity on a consolidated basis, would be increased as indicated below:

## Evolution of the consolidated accounting net equity

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
<b>Consolidated net equity for H1 2023 (adjusted)</b>			
Net equity (in EUR) (rounded) ..	-3,604,815.80	-3,604,815.80	-3,604,815.80
Outstanding shares .....	28,242,753	28,242,753	28,242,753
Net equity per share (in EUR) (rounded) .....	-0.13	-0.13	-0.13
<b>Transaction</b>			
Increase of net equity (in EUR) <sup>(1)</sup> .....	30,000,000.00	30,000,000.00	30,000,000.00
Number of new shares issued ....	30,000,000	20,000,000	15,000,000
<b>After Transaction</b>			
Net equity (in EUR) (rounded) ..	26,395,184.20	26,395,184.20	26,395,184.20
Outstanding shares .....	58,242,753	48,242,753	43,242,753
Net equity per share (in EUR) (rounded) .....	0.45	0.55	0.61

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 or IAS 34.

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.

### 8.4. 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 section 8.1, the table below reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution at various price levels, assuming the maximum amount of the capital increase (including issue premium) to be raised in the framework of the Transaction (namely, EUR 30,000,000.00).

After close of trading on 15 March 2024, the Company's market capitalisation was EUR 61,286,774.01, on the basis of a closing price of EUR 2.17 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised (*i.e.*, EUR 30,000,000.00), the new market capitalisation would be (rounded) EUR 1.57 per share (at an issue price of EUR 1.00), EUR 1.89 per share (at an issue price of EUR 1.50), and EUR 2.11 per share (at an issue price of EUR 2.00).

This would represent a (theoretical) financial dilution of respectively 27.65%, 12.90% and 2.76% per share in the event of an issue price of respectively EUR 1.00, EUR 1.50 and EUR 2.00 per share.

**Evolution of the market capitalisation and financial dilution**

	<b>Transaction</b>		
	<b>Issue price of EUR 1.00</b>	<b>Issue price of EUR 1.50</b>	<b>Issue price of EUR 2.00</b>
<b>Before the Transaction<sup>(1)</sup></b>			
Market capitalisation (in EUR)	61,286,774.01	61,286,774.01	61,286,774.01
Outstanding shares .....	28,242,753	28,242,753	28,242,753
Market capitalisation per share (in EUR).....	2.17	2.17	2.17
<b>Transaction</b>			
Funds raised (in EUR).....	30,000,000.00	30,000,000.00	30,000,000.00
Number of new shares issued...	30,000,000	20,000,000	15,000,000
<b>After the Transaction<sup>(1)</sup></b>			
Market capitalisation (in EUR)	91,286,774.01	91,286,774.01	91,286,774.01
Outstanding shares .....	58,242,753	48,242,753	43,242,753
Market capitalisation per share (in EUR) (rounded).....	1.57	1.89	2.11
<b>Dilution</b> .....	27.65%	12.90%	2.76%

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, the settlement of the 2023-2024 RSUs, or upon contribution in kind of the PMV/z Convertible Loan Payable, the PiE-Rosetta Convertible Loan Payable and the Kreos Convertible Loan Payable.

\* \* \*

Done on 18 March 2024.

On behalf of the board of directors,

By: \_\_\_\_\_