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PRESS RELEASE
REGULATED INFORMATION – INSIDE INFORMATION
30 September 2024, 11:55 pm CEST

SEQUANA MEDICAL ANNOUNCES CONVERTIBLE FINANCING OF UP TO EUR 6.1 MILLION FROM MAJOR SHAREHOLDERS

- **Continued support from major shareholders – EUR 3.05 million convertible financing committed by Partners in Equity, EQT, GRAC, Rosetta Capital and Sensinnovat, with an additional tranche of EUR 3.05 million on an uncommitted basis**
- **New shareholder financing is combined with a restructuring of the Company's existing loans**
- **Ongoing review and evaluation of potential fund raising options that might help the Company in addressing its liquidity and funding concerns, including direct financing into the alfapump and DSR programs**

Ghent, Belgium, 30 September 2024 – Sequana Medical NV (Euronext Brussels: SEQUA) (the "Company" or "Sequana Medical"), a pioneer in the treatment of fluid overload in liver disease, heart failure and cancer, announces today the granting of an unsecured subordinated convertible bridge loan of EUR 3.05 million, with an additional tranche of EUR 3.05 million on an uncommitted basis (the "**Convertible Bridge Loan**") by five of its major shareholders, namely Partners in Equity V B.V. ("**Partners in Equity**"), EQT Health Economics 3 Coöperatief U.A. ("**EQT**"), GRAC Société Simple ("**GRAC**"), Rosetta Capital VII, LP ("**Rosetta Capital**") and Sensinnovat BV ("**Sensinnovat**").

The Convertible Bridge Loan will extend the Company's cash runway and allow it to continue its search for funding and assessment of potential other options. While on the date hereof there are no concrete proposals, the Company is investigating to what extent it could obtain separate funding for the Company's **alfa**pump® business and the Company's DSR® business, or separate entities to be set up by the Company into which the respective **alfa**pump® and DSR® business could be hived-down in order to facilitate such direct funding (the "**Hive-Downs**", and such entities respectively "**LiverCo**" and "**DSRCo**").

In addition, the Company agreed with its existing debt providers to restructure several features of the Company's debt, subject to certain conditions.

About the unsecured investor financing of up to EUR 6.1 million

The Convertible Bridge Loan provided by Partners in Equity, EQT, GRAC, Rosetta and Sensinnovat (each a "**Lender**", and collectively the "**Lenders**") is for an aggregate principal amount of up to EUR 6.1 million divided in two tranches. While the first tranche is immediately available, the second tranche is not committed, but can be made available by each Lender at its discretion, subject to certain conditions. Additional lenders may accede to the Convertible Bridge Loan and provide additional loans thereunder, but the aggregate principal amount of loans under the Convertible Bridge Loan may not at any time exceed a maximum aggregate amount of EUR 10 million or any higher amount as may be agreed between the Company and the majority of the lenders under the Convertible Bridge Loan.

The principal amount and interest of the Convertible Bridge Loan can be converted (in whole or in part) by the Lenders for new shares of the Company at any time before the Convertible Bridge Loan has been repaid, converted or settled, 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 equity conversion exercise notice, minus a discount of 25%, 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 equity conversion exercise notice, minus a discount of 25%. A Lender, however, cannot acquire more than 29.9% of the outstanding issued shares of the Company through an equity conversion.

If the Company enters into a new (subordinated) convertible loan which includes conversion or settlement rights equivalent to those under the Convertible Bridge Loan, each Lender will be entitled to convert its Convertible Bridge Loan (in whole or in part) plus a conversion fee of 33% of all amounts owed under the Convertible Bridge Loan into the new (subordinated) convertible loan.

In addition, subject to certain conditions, in the event of a Hive-Down of the **alfa**pump® or DSR® business into respectively LiverCo or DSRCo and if the Company obtained a potential equity investment or a convertible or exchangeable debt investment into LiverCo or DSRCo for an amount of at least EUR 15 million and EUR 7.5 million respectively (a "**Hive-Down Future Investment**"), each Lender will have the possibility to have its loan repaid (in whole or in part) by means of a payment in kind, consisting of a transfer by the Company to the relevant Lender of shares issued or to be issued by LiverCo or by DSRCo. The number of LiverCo or DSRCo shares to be transferred will be equal to (i) the relevant portion of the Convertible Bridge Loan to repaid in kind (in principal and interest), divided by (ii) the issue price of the new shares which are or will be issued by LiverCo or DSRCo at the occasion of the potential Hive-Down Future Investment, minus a discount of 25%.

Unless the Convertible Bridge Loan has been converted or repaid in kind as aforementioned, the respective loans of each Lender will need to be repaid in cash in case of default or upon request subject to prior notice, provided, however, that a repayment request may only occur on or after: (A) the later of (x) the date falling one year after the date on which the Hive-Down of the **alfa**pump® business and DSR® business and the Hive-Down Future Investments have been completed; and (y) the date falling two years after the date of the Convertible Bridge Loan Agreement; or (B) the date falling three (3) months after the date on which the Company and the Lenders would determine, in good faith, that none of the potential Hive-Downs is reasonably likely to occur.

The Convertible Bridge Loan bears interest of 15% per annum, which shall be compounded on a monthly basis. In case of conversion or repayment in kind, the minimum amount to be converted for new shares or a new convertible loan will in any event be deemed to be 10% of the aggregate initial principal amount of the loans provided by the relevant Lender (minus any compounded and accrued interest which has already been paid, converted or paid in kind to the relevant lender). The proceeds from the loan will be used to finance general working capital requirements (including, without limitation, the implementation of the relevant preparatory steps with respect to each Hive-Down).

About the amendments to the existing loan agreements

In addition to the Convertible Bridge Loan, the Company also entered into a (non-binding) letter of intent in relation to the amendment of certain repayment and other terms of the EUR 10,000,000 loan with Kreos Capital VII (UK) Limited (together with its affiliates "**Kreos**", and such loan the "**Kreos Loan**").[1] Subject to finalisation of definitive agreements, the main amendments to the Kreos Loan can be summarised as follows:

- *Repayment holiday*: All payments required by the Company under the Kreos Loan (including both capital and interest payments) will be postponed until 1 July 2025 (the "**Payment Resumption Date**"). On the Payment Resumption Date, payments shall resume in cash in full as monthly repayments of principal and interest to the final repayment date of 1 September 2025 (the "**Final Repayment Date**"), subject to any extension to the Final Repayment Date. In the event that the Company does not receive at least EUR 3,000,000 in cash (i.e., the second tranche of the Convertible Bridge Loan), or from a third party on substantially similar terms and no worse economic terms as the Convertible Bridge Loan Agreement, by no later than 4:00 p.m. on 30 November 2024, there will be an event of default under the Kreos Loan. The Final Repayment Date can, subject to certain conditions, be extended to 31 March 2026.
- *Mandatory prepayment:* If the Company or DSRCo achieves an investment into DSRCo of at least EUR 7,500,000 pursuant to a Hive-Down Future Investment, the Company shall repay at least EUR 4,000,000 of principal outstanding under the Kreos Loan (without any early prepayment penalty).
- *Interest rate*: Interest shall continue to accrue at 11.5% per annum.

[1] BlackRock Inc. announced the completion of its acquisition of Kreos, a leading provider of growth and venture debt financing to companies in the technology and healthcare industries, on 2 August 2023.

- *New restructuring fee*: Upon execution of an amendment and restatement agreement, a one-off restructuring fee of EUR 200,000 shall be applied to the principal amount outstanding under the Kreos Loan as of 1 September 2024, which shall accrue interest at the interest rate and in accordance with the terms of the Kreos Loan until repayment.
- *Hive-Down*: Any Hive-Down shall be permitted, but subject to certain agreed conditions, including with respect to Kreos's existing first ranking security over all the assets the Company and its subsidiaries, including intellectual property.
- *Kreos Conversion*: If the Company or DSRCo raises equity or a convertible or exchangeable investment pursuant to a Hive-Down Future Investment, EUR 1,000,000 of principal amount outstanding under the Kreos Loan shall be converted into shares or convertible or exchangeable debt of DSRCo at *mutatis mutandis* the same terms.
- *Board observer*: A representative of Kreos shall be appointed as a board observer within 10 business days of entry into an amendment and restatement agreement.
- *Financial covenant*: Following the satisfaction of the conditions for the extension of the Final Repayment Date from 1 September 2025 to 31 March 2026, the Company shall ensure that it maintains sufficient cash runway up to and including 31 March 2026.

The Company also entered into amendments in relation to (i) the EUR 4,300,000 partially convertible loan with PMV Standaardleningen NV (formerly known as PMV/z Leningen NV), (ii) the EUR 2,000,000 loan with Belfius Insurance NV, and (iii) the EUR 400,000 loan with Sensinnovat. The main amendments to the these loans consist of (a) an increase of the applicable interest rates under each of the relevant loan agreements with 1.0% per annum and (b) including a conversion right allowing each of these lenders to convert all amounts outstanding under its loan into shares of the Company at a conversion price equal to 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 thirty (30) consecutive trading days ending on (and including) the third trading day before the date on which the Company has received the equity conversion exercise notice, minus a discount of 25%.

Disclosures in accordance with Article 7:97, §4/1 of the Belgian Companies and Associations Code

The following information is provided pursuant to Article 7:97, §4/1 of the Belgian Companies and Associations Code in connection with the Convertible Bridge Loan granted by Partners in Equity, EQT, GRAC and Rosetta Capital to the Company.

Partners in Equity, EQT and Rosetta Capital are shareholders of the Company and are represented on the board of directors of the Company. As a result, each of them could be considered as a "related party" within the meaning of the International Financial Reporting Standards, as adopted by the European Union

(IFRS), as referred to in Article 7:97 of the Belgian Companies and Associations Code. In view hereof, the board of directors of the Company applied the procedure of Article 7:97 of the Belgian Companies and Associations Code in connection with the approval of the Convertible Bridge Loan. Ids van der Weij (a director, representing Partners in Equity), Rudy Dekeyser (a director, representing EQT) and Kenneth Macleod (a director, representing Rosetta Capital) did not participate in the deliberation and voting by the board of directors in relation to the approval of the entering into of the relevant loan agreements.

Within the context of the aforementioned procedure, prior to this announcement and the signing of the Convertible Bridge Loan documentation, a committee of three independent directors of the Company (the "**Committee**") issued an advice to the board of directors in which the Committee assessed the entering into of the Convertible Bridge Loan. In its advice to the board of directors, the Committee concluded the following:

"*The Committee believes that, under the current circumstances and considering the current immediate working capital needs of the Company, the Convertible Bridge Loan is in the interest of the Company, its shareholders, and other stakeholders. While subjecting the Company to increased debt, while entailing greater interest costs for the Company than the current financial indebtedness of the Company, and while entailing additional and important potential dilution or value loss for the holders of shares and share options of the Company in case of settlement of the loans, ultimately the terms do not seem unreasonable and seem commensurate to the risks of investing in the Company taking into account the refinancing difficulties of the Company. 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, depending on the terms of the future financing that will be sought in relation to the Company's **alfa**pump® business (or LiverCo) and DSR® business (or DSRCo), further approvals may need to be sought from the Company's general shareholders' meeting.*

As far as needed and applicable, the Committee has also taken into account the debt restructuring that will be announced together with the entering into of the Convertible Bridge Loan. While certain details regarding the debt restructuring with Kreos are to be further finalised, the Committee believes that the Convertible Bridge Loan and the debt restructuring will allow the Company to extend the Company's cash runway and to strategically focus efforts and resources on raising additional equity or other financing and to implement remedial measures.

On balance, therefore, the Committee is of the opinion that the expected advantages of the entering into the Convertible Bridge Loan currently exceed the expected risks and disadvantages thereof. Hence, the Committee believes that the Convertible Bridge Loan is in the interest of the Company, and in any event *not manifestly unlawful.*

In view hereof, the Committee issues a favourable and unqualified opinion to the board of directors of the Company."

The Company's board of directors did not deviate from the Committee's favourable and unqualified conclusion. The Company's statutory auditor's assessment of the Committee's opinion and the minutes of the Company's meeting of the board of directors relating to the granting of the loans, is as follows: "*Based on our assessment, nothing has come to our attention that leads us to believe that the financial and accounting information mentioned in the advice of the Ad Hoc Committee of independent directors dated 30 September 2024, and in the minutes of the meeting of the board of directors dated 30 September 2024, which justify the intended transaction in writing and in a comprehensive manner, are not, in all material respects, fair and sufficient with the information available to us within the scope of our engagement. Our engagement was solely conducted within the framework of the provisions of article 7:97 of the Belgian Companies and Associations Code, and therefore our report cannot be used in any other context.*"

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About Sequana Medical

Sequana Medical NV is a pioneer in treating fluid overload, a serious and frequent clinical complication in patients with liver disease, heart failure and cancer. This causes major medical issues including increased mortality, repeated hospitalizations, severe pain, difficulty breathing and restricted mobility. Although diuretics are standard of care, they become ineffective, intolerable or exacerbate the problem in many patients. There are limited effective treatment options, resulting in poor clinical outcomes, high costs and a major impact on their quality of life. Sequana Medical is seeking to provide innovative treatment options for this large and growing "diuretic resistant" patient population. **alfa**pump® and DSR® are Sequana Medical's proprietary platforms that work with the body to treat diuretic-resistant fluid overload, delivering major clinical and quality of life benefits for patients and reducing costs for healthcare systems.

The Company's Premarket Approval (PMA) application for the alfapump was submitted to the US FDA in December 2023 and accepted for substantive review in January 2024, having reported positive primary and secondary endpoint data from the North American pivotal POSEIDON study in recurrent or refractory ascites due to liver cirrhosis. US market approval of the alfapump is anticipated before the end of Q1 2025 with US commercial launch planned for H2 2025.

Results of the Company's RED DESERT and SAHARA proof-of-concept studies in heart failure support DSR's mechanism of action as breaking the vicious cycle of cardiorenal syndrome. All three patients from the non-randomized cohort of MOJAVE, a US randomized controlled multi-center Phase 1/2a clinical study, have been successfully treated with DSR, resulting in a dramatic improvement in diuretic response and virtual elimination of loop diuretic requirements. The independent Data Safety Monitoring Board approved the start of the randomized MOJAVE cohort of up to a further 30 patients, which is planned after alfapump US PMA approval.

Sequana Medical is listed on the regulated market of Euronext Brussels (Ticker: SEQUA.BR) and headquartered in Ghent, Belgium. For further information, please visit www.sequanamedical.com.

Important Regulatory Disclaimers

*The **alfa**pump® system is currently not approved in the United States or Canada. In the United States and Canada, the alfapump system is currently under clinical investigation (POSEIDON Trial) and is being studied in adult patients with refractory or recurrent ascites due to liver cirrhosis. DSR® therapy is still in development and it should be noted that any statements regarding safety and efficacy arise from ongoing pre-clinical and clinical investigations which have yet to be completed. There is no link between DSR therapy and ongoing investigations with the alfapump system in Europe, the United States or Canada.*

*Note: **alfa**pump® and DSR® are registered trademarks.*

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The Company has not made and will not to make an offer of its securities to the public in Switzerland except that it may make an offer of securities to professional investors in Switzerland in accordance with and under the exemption of article 36(1)(a) of the Swiss Financial Services Act ("FinSA"). No application has been or will be made to admit the securities of the Company to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this press release nor any of the other materials relating to the securities of the Company constitute a prospectus or a similar communication as such terms are understood pursuant to articles 35 et seqq. and article 69 of the FinSA.

This communication is not a prospectus for the purposes of 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, Regulation (EU) 2017/1129 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, or the FinSa. This communication cannot be used as basis for any investment agreement or decision. Acquiring investments to which this press release relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This press release does not constitute a recommendation concerning the securities referred to herein.

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Any investment decision in connection with securities of the Company must be made on the basis of all publicly available information relating to the Company and its shares.

Forward-looking statements

This press release may contain predictions, estimates or other information that might be considered forward-looking statements. Such forward-looking statements are not guarantees of future performance. These forward-looking statements represent the current judgment of Sequana Medical on what the future holds, and are subject to risks and uncertainties that could cause actual results to differ materially. Sequana Medical expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements in this press release, except if specifically required to do so by law or regulation. You should not place undue reliance on forward-looking statements, which reflect the opinions of Sequana Medical only as of the date of this press release.