NYXOAH SA
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Register of legal entities of Walloon Brabant

(hereinafter the "**Company**")

SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 7:179 §1 AND 7:191 OF THE BELGIAN CODE OF COMPANIES AND ASSOCIATIONS FOR THE EXTRAORDINARY SHAREHOLDERS' MEETING

Dear shareholders,

This special report is drawn up by the board of directors (the "**Board**") in accordance with Articles 7:179 and 7:191 of the Code of Companies and Associations (the "**CCA**") in relation to a proposed capital increase by way of contributions in cash against issuance of new shares with cancellation of the preferential subscription rights of the existing shareholders of the Company in favour of the non-executive members of the Board.

1 CONTEXT

The Board intends to propose to the shareholders' meeting to issue 5,560 new shares to each of the non-executive directors that are in function at the time of the extraordinary shareholders' meeting that will resolve on the capital increase, with cancellation of the preferential subscription rights, at an aggregate discounted cash subscription price of EUR 955.21 (i.e., a subscription price of 0.1718 (rounded) per new share, which corresponds to the current rounded par value of the existing shares), as part of their remuneration package. Assuming that the annual shareholders' meeting that will be held on 8 June 2022 will approve the proposed appointments of two new non-executive directors, it is expected that there will be 7 non-executive directors in function at the time of the extraordinary shareholders meeting. In such event, assuming that all 7 non-executive directors will subscribe to 5,560 new shares, this will result in an increase of the Company's capital in an amount of EUR 6,686.47 against issuance of 38,920 new shares (the "**New Shares**") (the "**Capital Increase**").

2 LEGAL PROVISIONS

Article 7:179, §1 CCA provides that in the event of a capital increase a special report on the transaction must be drawn up by the Board and the statutory auditor of the Company. Article 7:191 CCA provides that certain additional information needs to be provided in said report in case of a capital increase in cash with cancellation of the preferential subscription rights of each existing shareholder.

In accordance with Articles 7:179, §1 and 7:191 CCA, this special report of the Board justifies the issue price of the New Shares and the reason for cancelling the preferential subscription right and describes the consequences of the transaction for the patrimonial and membership rights of the existing shareholders of the Company.

2.1 Justification of the issue price of the New Shares and the cancellation of the preferential subscription right of the existing shareholders

The subscription price per New Share that will be issued will be EUR 0.1718 (rounded), which is equal to the current, rounded, par value of the existing shares but substantially below the market value of the shares of the Company at the date of this report (e.g., the closing price of the Company's shares on Euronext Brussels on 28 April 2022 was EUR 16.00). The Board is of the opinion that the proposed discounted subscription price is justified because the non-executive directors are being offered the opportunity to subscribe to the New Shares as part of their remuneration package.

In view of provision 7.6 of the 2020 Belgian Corporate Governance Code and upon recommendation of the Company's remuneration committee, the Board proposes that the non-executive directors receive shares in the Company as part of their remuneration. Since the Company does not hold existing own shares, the Board proposes to structure such remuneration in shares as subscription by the non-executive directors to newly issued shares at the aforementioned discounted subscription price. The Board is of the opinion that remunerating non-executive directors in part in shares, rather than all in cash, strengthens the alignment of the non-executive directors' interests with the interests of the Company's shareholders and reduces the cash out for the Company.

The non-executive directors that will subscribe to the New Shares will be expected to irrevocably undertake towards the Company to (i) comply with the holding period provided for in provision 7.6 of the 2020 Belgian Corporate Governance Code (i.e. the New Shares so subscribed must be held until at least one year after the non-executive director leaves the Board and at least three years after the moment of acquiring the relevant New Shares), (ii) keep those New Shares in registered form until the end of such minimum holding period, and (iii) pay the Company an amount equal to the difference between (a) the (euro equivalent of the) last closing price of the Company's shares, on the stock exchange where the Company's shares are (first) listed, immediately preceding the date on which the relevant New Shares have been subscribed to by the relevant non-executive director and (b) the subscription price of the relevant New Shares, in case the relevant non-executive director sells or in any other way transfers all or part of the relevant New Shares prior to the end of the relevant minimum holding period otherwise than due to death of the relevant non-executive director.

In view of the above, the Board is of the opinion that the issue price for the New Shares and the cancellation of the preferential subscription right of the existing shareholders for the benefit of the non-executive directors are justified and in the interest of the Company and its stakeholders.

2.2 Impact of the proposed transaction on the patrimonial and membership rights of the existing shareholders

At present, the capital of the Company amounts to EUR 4,431,664.69, represented by 25,797,359 shares, without nominal value, which are fully paid up.

In addition, as at 30 April 2022, 1,100,395 issued and granted ESOP warrants are outstanding[1], entitling the warrant holders to subscribe to in aggregate 1,177,740 new shares in the Company upon exercise of such ESOP warrants, in accordance with the conditions applicable to the relevant warrants.

[1] Disregarding 784,760 ESOP warrants that are still available for grant but have not yet been granted.

The New Shares in the Company that will be issued pursuant to the Capital Increase will be ordinary shares and will rank *pari passu* with all other shares in the Company and will be fully entitled to dividend over the entire current financial year and over subsequent financial years.

The Capital Increase will result in a dilution of the participations of the existing shareholders in the Company. As is also the case for their voting power and their part in the capital and net equity, the *pro rata* right of the existing shareholders to share in the profits and, if applicable, the liquidation bonus of the Company will be diluted.

The consequences of the Capital Increase on the patrimonial and membership rights of the existing shareholders are illustrated in <u>Annex 1</u> to this report. All numbers included in the illustration in Annex 1 are as of April 30, 2022 except for the net equity, which is derived from the statutory annual accounts of the Company as of December 31, 2021 (as drawn up by the Board on March 24, 2022 and submitted for approval to the annual shareholders' meeting of June 8, 2022).

2.3 Report of the statutory auditor

This special report should be read in conjunction with the report of EY Réviseurs d'Entreprises SRL, a limited liability company (*besloten vennootschap*) under Belgian law, having its registered office at De Kleetlaan 2, 1831 Diegem, Belgium, represented by Carlo-Sébastien D'Addario, auditor, being the statutory auditor of the Company (the "**Statutory Auditor**"), (to be) prepared in accordance with Articles 7:179, §1 and 7:191 CCA and which will be submitted together with this report to the extraordinary shareholders' meeting that will resolve on the Capital Increase.

3 CONCLUSION

The Board believes that the Capital Increase with cancellation of the preferential subscription rights of each existing shareholder for the benefit of the non-executive directors is in the interest of the Company.

Therefore, the Board invites the shareholders of the Company to vote in favour of the Capital Increase, and the cancellation of the preferential subscription rights of each existing shareholder in the context of the Capital Increase.

This special report of the Board as well as the statutory auditor's report will be filed at the clerk's office of the enterprise court of Walloon Brabant.

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Done on 5 May 2022.

On behalf of the Board,

Name: Robert Taub	Name: Olivier Taelman
Capacity: Director	Capacity: Director

Annex 1 – Illustration of the effect of the transaction on the patrimonial and membership rights of the existing shareholders

	Total number of shares, on a *fully diluted basis*[2], immediately before the Capital Increase		Total number of shares, on a *fully diluted basis*[3], immediately after the Capital Increase	
	Number	**Percentage**	**Number**	**Percentage**
Existing shares	25,797,359	95.63%	25,797,359	95.50%
Shares to be issued upon exercise of the granted and outstanding warrants	1,177,740	4.37%	1,177,740	4.36%
Shares to be issued in connection with the Capital Increase	-	-	38,920	0.14%
TOTAL	**26,975,099**	**100%**	**27,014,019**	**100%**
Dilution of the existing shareholders (on a *fully diluted basis)*[4] compared to the situation immediately prior to the Capital Increase			0.14%	

	Capital (EUR)	**Net Equity[5] (EUR)**
A. Immediately prior to the Capital Increase – on an *undiluted*[6] basis		
Amount represented by each share	0.1718	6.36
Total	**4,431,664.69**	**164,065,475**
B. Immediately after the Capital Increase – on an *undiluted*[7] basis		
Amount represented by each share	0.1718	6.35
Total	**4,438,351.16**	**164,072,161**

[2] I.e., assuming exercise of all granted and outstanding warrants and issuance of the corresponding shares. The ESOP warrants that are still available for grant but have not yet been granted are disregarded.
[3] I.e., assuming exercise of all granted and outstanding warrants and issuance of the corresponding shares and assuming the issuance of the New Shares. The ESOP warrants that are still available for grant but have not yet been granted are disregarded.
[4] I.e., assuming exercise of all granted and outstanding warrants and issuance of the corresponding shares and assuming the issuance of the New Shares. The ESOP warrants that are still available for grant but have not yet been granted are disregarded.
[5] On the basis of the statutory annual accounts of the Company as per 31 December 2021.
[6] Disregarding the existing warrants and the potential issuance of the corresponding shares upon exercise of such warrants.
[7] Disregarding the existing warrants and the potential issuance of the corresponding shares upon exercise of such warrants.