REGISTRATION DOCUMENT

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1 RISK FACTORS

1.1 Risk factors related to the Company's business

1.1.1 *Early stage of development*

1.1.1.1 The Company is at an early stage of its development and has not yet commercialised any of its products.

Clinical development - In Europe, the Company has gained certain clinical experience with respect to allogeneic (cells originating from healthy donors - ALLOB) cell products. The product candidates related to the ALLOB platform are at an early stage of clinical development, namely in Phase I/IIA. In the USA, the Company has no clinical and only limited regulatory experience. The Company's product candidates may not lead to successful products, as the success of the Company's cell products will be subject to risks and failures inherent to the development of products based on new technologies. These risks include, but are not limited to, the inherent difficulty in avoiding unwanted side effects as well as the unanticipated problems relating to product development, testing, regulatory compliance and additional costs and expenses that may exceed current estimates.

Commercial development - Approved products resulting from the Company's research may not become commercially available for many years, if at all. The Company has not yet commercialised any of its products, as its product candidates are still subject to clinical trials and may not be successful in their commercial development. Successful products require significant development and investment, including testing to demonstrate their safety, their efficacy and their (cost-) effectiveness prior to commercialisation. More efforts and investment will be required to ensure a successful up-scaling of its manufacturing capabilities to support a full commercial roll-out of its products. Furthermore, problems encountered in connection with the development and utilisation of new technologies and the competitive environment in which the Company operates, might limit the Company's ability to develop commercially successful products. In addition, the Company does not anticipate to generate revenue from sales of commercially successful products in the foreseeable future.

1.1.1.2 The Company's limited operating history may make it difficult for a prospective investor to evaluate the success of the Company's business to date and to assess its future viability.

The Company was founded in 2006 and therefore has a limited operating history. To date, the Company's activities have been limited to raising financing, business planning, developing its technology, identifying potential product candidates and undertaking preclinical studies and clinical studies. The Company has not yet demonstrated its ability to obtain marketing approvals or to conduct sales and marketing activities, which are necessary for successful product commercialisation. Also, given its limited operating history, the Company may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If the Company was to be successful at completing the approval process for one of its product candidates, the Company may consider a transition from the Company's current research and development focus to include a more commercial focus. The Company may not be successful in this transition or may incur greater costs than expected, which would adversely affect the Company's business, prospects, financial condition and results of operation.

1.1.1.3 The absence of similar cell therapy products on the market generates a number of unknown factors.

The existing treatments (for which the Company aims to develop an alternative through cell technology-based product(s) candidates) are often old techniques, which are painful and invasive. Cell therapy however, is an emerging medical technology, in which few products have yet been proven beneficial, safe and efficient and have obtained marketing authorisation. In general, the early stage of the technology, and consequently the lack of established practices and benchmarks, create uncertainty about prospects and come with inherent risk of

unanticipated problems in every stage of the product life, including development, regulations, approvals, reimbursement, market acceptance and operations.

Especially in the orthopaedic field, the Company's innovative cell products would, if and when authorised for marketing, constitute a novel treatment paradigm. To its knowledge, the Company is the only clinical stage company that develops cell products using differentiated bone cells for the treatment of orthopaedic conditions. However other companies are developing similar innovative solutions with the use of (undifferentiated) mesenchymal stem cells often in combination with supportive matrices composed of human cadaver bone or other materials. For each of the key indications addressed by the Company the most eminent competitors are described in the business section (section 6.5) of this document. To date, there are no similar products authorised for commercialisation. The lack of similar products causes uncertainty about the registration, the reimbursement and revenues of the product candidates related to the ALLOB platform and its acceptance by the regulators, third party payers, doctors and patients. The Company cannot give any assurance that it will be able to deal with these unknown factors which may have an adverse effect on the business, the results, the financial situation and the development of the Company.

1.1.2 *Pre-clinical and clinical programmes*

1.1.2.1 Research programmes and product candidates of the Company must undergo rigorous pre-clinical tests and clinical trials, of which the start, timing of completion, number and results are uncertain and could substantially delay or prevent the products from reaching the market.

The research programmes and product candidates of the Company must undergo rigorous pre-clinical and clinical trials, of which the start, the timing of completion, the number and the results are uncertain. Such trials could delay or prevent the product candidates from reaching the market. Clinical trials may be delayed for a variety of reasons, including, but not limited to, delays in obtaining regulatory approval to commence a trial, in reaching agreement on acceptable terms with prospective research organisations, manufacturing organisations and clinical trial sites, in obtaining approval of the Competent Authorities, in recruiting suitable patients to participate in a trial, in having patients complete a trial or return for follow-up, in obtaining sufficient supplies of clinical trial materials, clinical sites dropping out of a trial and in the availability to the Company of appropriate clinical trial insurances. In particular, the clinical trials related to orthopaedics require longer follow-up periods of up to 24 months. Many factors affect patient enrolment, including, but not limited to, the size and nature of the patient population, especially for the less prevalent indications such osteonecrosis and non-union fractures which could lead to a slower than expected patient recruitment rate, the proximity of patients to clinical sites, the eligibility criteria for the trial, competing clinical trials, clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new products that may be approved for the indications that the Company is investigating and whether the clinical trial design involves comparison to placebo or standard of care. If the Company experiences lower than expected enrolment in the trials, the trials may not be completed as envisaged or may become more expensive to complete, which may have an adverse effect on the Company's business, prospects, financial condition and results of operations.

1.1.2.2 Uncertain outcome of clinical trials.

The Company's cell products are highly innovative and are based on the *ex vivo* differentiation of human bone marrow cells with a view to producing bone-forming cells. Although the Phase II clinical results for the use of these differentiated cells in the treatment of delayed-union fractures and in lumbar spinal procedures showed statistically and clinically relevant benefits and demonstrated satisfying safety and efficacy, success in subsequent studies cannot be guaranteed as demonstrated by the osteonecrosis Phase III study with PREOB and may not lead to successful therapy products. A similar statement can be made for the viscosupplement in development, JTA-004, as the promising results of the Phase IIB study for knee osteoarthritis do not warrant a positive outcome for the follow up Phase III study.

If serious adverse side effects are identified for any product candidate, the Company may need to abandon or limit its development of that product candidate, which may delay, limit or prevent marketing approval, or, if approval is received for the product candidate, require it to be taken off the market, require it to include safety warnings or otherwise limit its sales.

Even if the Company's ALLOB platform therapy product candidates are in clinical programmes, not all adverse side effects of the product candidates are known or can be foreseen. Important unpredicted side effects from any of the Company's product candidates could arise either during clinical development or, if approved by the Competent Authorities, after the approved product has been commercialised. While the Company's clinical studies for its product candidates to date have demonstrated an acceptable safety profile, the results from future trials may not support this conclusion. Adverse side effects could prevent the Company or any potential future partner from achieving or maintaining market access and market acceptance of the affected product or could substantially increase commercialisation costs and expenses, which would have an adverse effect on the Company's business, prospects, financial condition and results of operations.

1.1.2.3 The Company's business environment is characterised by rapid technological change and complexity which could limit or eliminate the market opportunity for its product candidates.

The changing competitive landscape is a main issue facing the healthcare industry. The Company competes with other companies based on technology, product offering, therapeutic area, intellectual property, geographic area and time to market or other factors. The Company's success depends on, *inter alia*, the ability to establish a competitive position with respect to all these factors. The Company believes that its main competitive advantages are its expertise and know-how in cell therapy in general and in cell therapy for bone diseases in particular, the quality (*i.e.*, efficacy and safety) of its product candidates, its knowhow in respect to efficient and robust manufacturing processes, the minimal invasive technique through which its products are administrated and the choice of the indications (*i.e.*, unmet medical needs in the fields of bone diseases and orthopaedics). However, the Company's competitors may have greater financial, human and other resources than the Company does.

Although cell therapy is only an emerging medical technology and to date, there are no competitors of the Company offering similar products on its relevant markets. Markets for treatments are in general highly competitive and the fields in which the Company operates are characterised by an increase in innovation. No assurance can be given that competitors of the Company are not currently developing, or will not in the future, develop technologies and products that are equally or more effective, safe and/or economical as the current or future offering of the Company.

1.1.2.4 Failure to successfully identify, develop and commercialise additional products or product candidates could impair the Company's ability to grow.

The Company's main focus is to continue its clinical trials and ultimately to obtain approval of its product candidate for the treatment of delayed-union fractures, lumbar fusion for degenerative disease of the spine (ALLOB) and knee osteoarthritis (JTA-004). The Company also runs preclinical research programmes and develops new product candidates. The Company intends to leverage its preclinical research, clinical expertise and manufacturing ability to expand its pipeline to indications for which it believes its products have therapeutic potential. The accumulated data is expected to reduce the time and costs associated with early-stage clinical trials for additional diseases and disorders. However, the identification, selection and development of additional promising products or product candidates require additional resources, whether or not any product or product candidate is ultimately identified. Furthermore, the lack of existing benchmarks in the field of regenerative medicines in general and cellular therapy in particular prevents the Company from relying on existing precedents with respect to such identification, selection and development. The success of the Company's strategy depends partly on the Company's ability to identify, select and develop such products.

1.1.3 *Authorisation and certification*

1.1.3.1 Nearly all aspects of the Company's activities are subject to substantial regulation.

Regulatory risk for current clinical development activities

The Company's product candidate ALLOB is an advanced therapy medicinal product (**ATMPs**) which has been developed in compliance with the European legislation and is classified as tissue engineered product within the European regulatory framework governing advanced therapy in Europe (Regulation 1394/2007). In the US, ALLOB will fall under the Biological Licence Application regulation. In Japan, ALLOB will fall under the recently approved legislation for regenerative medicine which allows for conditional marketing approval after Phase II clinical trials. The testing, storage, and distribution of human tissues and cells (intended for human use) and of manufactured products derived from human tissues and cells (intended for human use) is specifically regulated in Europe by Directive 2004/23/EC transposed in national laws.

The Company is registered as a "Tissue Establishment" (according to the Belgian Royal Decree of 28 September 2009 on the determination of general conditions with which banks for human body materials, intermediary structures and the production units must comply to be recognized (*Arrêté Royale fixant les conditions générales auxquelles les banques de matériel corporel humain, les structures intermédiaires et les établissements de productions doivent satisfaire pour être agréés*) and the Belgian Act of 19 December 2008 on the obtaining and the use of human body materials for human medical application or for scientific research (*Loi relative à l'obtention et à l'utilisation de matériel corporel humain destiné à des applications médicales humaines ou à fin de recherche scientifique*), transposing the Directive). In addition, the Company's manufacturing site has been inspected by the regional competent authorities (Federal Agency for Medicines and Health Products, Belgium) and is registered as a "Pharmaceutical Establishment" and accredited as a "GMP" facility.

The Company has received approval from Regulatory Agencies and Ethic Committees of several European countries for its clinical trials concerning ALLOB and JTA-004. However, those approvals are exclusively approvals for clinical trials. The Company has not received approvals for commercialisation yet.

Regulatory risks for future regulatory activities

The international biopharmaceutical industry is highly regulated by governmental bodies ("**Competent Authorities**") imposing substantial requirements on almost all aspects of the Company's activities, notably on research and development, manufacturing, preclinical trials, clinical trials, labelling, marketing, sales, handling, transport and storage of human material, record keeping, promotion and pricing of its research programmes and product candidates. In each country where the Company, or any of its partners or licensees, operates, it has to comply with the standards and regulations imposed by the local Competent Authorities. The Competent Authorities include the European Medicines Agency ("**EMA**") in the European Union and the national Competent Authorities, and Food and Drug Administration ("**FDA**") in the United States.

The Company has to constantly comply with the standards imposed by the Competent Authorities, which are subject to regular reviews and may possibly result in changes in the applicable regulations.

The standards imposed by a Competent Authority and the approval procedure for clinical trials and/or marketing authorisation may vary from country to country (except for the approval procedure of Company's cell therapy products in Europe where the marketing authorisation is a centralized procedure while for its non-cellular viscosupplement, JTA-004, a decentralized procedure may need to be followed), *inter alia* in timing, detailed costs and efforts necessary to complete those procedures *e.g.*, different reporting procedures. Moreover, the various reasons for which the Competent Authority's approval of clinical trials may be refused, delayed, suspended or withdrawn are not predictable by the Company. If the Company does not comply with one or more of the standards of the Competent Authorities, in a timely manner or at all, it could experience significant delays in development or commercialisation, additional costs, refusals, suspension, withdrawals of

approvals resulting in an adverse effect on the Company's business, prospects, financial condition and results of operations.

Although the basic regulatory frameworks for cell-based medicinal products are in place in Europe and in the USA, regulatory experience for these types of products is limited, and consequently the interpretation of these frameworks may sometimes be difficult to anticipate and the regulatory frameworks themselves will continue to evolve. The EMA and FDA are issuing new guidelines on a regular basis.

Assessing the efficacy of products imposes in general longer clinical trial periods and therefore, the development process is generally longer and more expensive than the development of drugs in the other sectors and of medical devices in orthopaedics.

1.1.3.2 If the Company obtains regulatory approval for a product candidate, the product will remain subject to ongoing regulatory obligations.

Once commercialised, products may be subject to post-authorisation safety studies or other pharmacovigilance or biovigilance activities, may be subject to limitations on their uses or may be withdrawn from the market for various reasons, including if they are shown to be unsafe or ineffective, or when used in a larger population that may be different from the trial population studied prior to introducing the product on the market. Regulatory approval guidelines may change during the course of the product development and review process, making the chosen development strategy suboptimal. This is even more the case in view of the early stage nature and the absence of benchmarks in the area in which the Company conducts its activities, which may still undergo important regulatory changes. These factors may result in significant delays, increased trial costs, significant changes to commercial assumptions or failure of the products to obtain marketing authorisation.

Even if the Company obtains regulatory approval of a Competent Authority in a specific region or country, such approval could include significant restrictions on the indicated uses or marketing of the product. In addition, the Competent Authority may impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

1.1.3.3 The Company will be subject to market surveillance by the EMA, FDA and other Competent Authorities for compliance with regulations that prohibit the promotion of the Company's products for a purpose or indication other than those for which approval has been granted.

Post-approval, the Company's products may demonstrate different safety and efficacy profiles to those demonstrated in the data on which the approval to test or market such products was based. Such circumstances could lead to the withdrawal or suspension of approval, which could have an adverse effect on the Company's business, financial condition, operating results or cash flows.

1.1.3.4 Maintenance of high standards of manufacturing in accordance with Good Manufacturing Practices and other manufacturing regulations and scale-up of manufacturing.

The Company has its own Good Manufacturing Practices agreement and has obtained three manufacturing and intra-EU distribution authorisations from the Competent Authorities in Belgium, where its current manufacturing facility is located. However, the Company is not relieved from continuously complying with the relevant standards. The Company, and key third party suppliers on which it relies currently or in the future, must continuously comply with Good Manufacturing Practices and the corresponding manufacturing regulations of the Competent Authorities. In complying with these regulations, the Company and its third-party suppliers must expend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against the Company, including the seizure of products and shutting down of production. Any of the third-party suppliers and the Company also may be subject to inspections by the Competent Authorities. If any of the Company's third-party suppliers or the Company itself fails to comply with Good Manufacturing

Practices or other applicable manufacturing regulations, the Company's ability to develop and commercialise the products could suffer significant interruptions.

The Company's manufacturing process involves the handling, transport and storage of human materials and the transformation of human body tissue into a treatment product. The Company has obtained a license as a tissue bank for handling autologous human biological materials and a license as a tissue bank for handling allogeneic human biological materials in collaboration with hospital tissue banks. In order to maintain such license, the Company needs to comply with applicable regulations in this respect. Furthermore, the applicable legislation with respect to the handling and transport of human body tissue varies amongst the different jurisdictions in which the Company could envisage operations, potentially impairing relocation and export opportunities.

Moreover, the Company intends to expand, in collaboration with its affiliate SCTS, its manufacturing capacity to meet anticipated demand for products, when authorised for commercialisation, by building a new manufacturing facility. The Company has now completed and validated in 2017 the second phase comprising the first two production zones. The new facilities at the BioPark of Gosselies (south of Brussels) has been validated and inspected by the Belgian Federal Agency for Medicines and Health Products (FAMHP). The GMP certificate has been issued by the FAMHP on 19 December 2017. The Company may not be able to expand the manufacturing capacity within the anticipated timeframe or budget or may not be able to obtain the requisite regulatory approvals for the increase in manufacturing capacity in time, or at all. If the Company does not obtain the necessary approvals for this contemplated expansion in a timely manner, its ability to meet demand for its products would be adversely affected. The Company may have difficulties in finding suitable locations or commercially acceptable terms for the leasing of such facilities. Finally, the Company may have difficulties to ensure sufficient supply of human biological materials.

1.1.4 *Reimbursement, commercialisation and market risk factors*

1.1.4.1 The future commercial success of the Company's product candidates will depend on the degree of market acceptance of its products among third party payers, doctors, patients and the medical community in general.

To date, the Company has no product authorised for commercialisation, and has not undertaken any steps for registration and/or authorisation. The Company's current product candidates are in different phases of clinical trials and the Company may never have a product that is commercially successful. Even the product candidates in Phase III clinical programmes require further clinical trials, regulatory review, marketing authorisations, significant marketing efforts and substantial investment before they may provide revenue to the Company.

Clinical data are often susceptible to varying interpretations and analyses, so that a product that performed to satisfaction during clinical trials may nonetheless fail to obtain regulatory approval for marketing. Due to the inherent risk in the development of biopharmaceutical products, there is a risk that not all or none of the product candidates of the Company will be successfully developed and commercialised.

In addition, once introduced to the market, the Company's products may not achieve the desired level of acceptance of the products and perception of the advantages of the products by third-party payers, doctors and patients and the medical community in general.

The limited number of scientific publications regarding cell-based technology used to develop the Company's products could adversely affect the benefits, efficacy or safety perception of the Company's products. Efforts to educate the medical community and third-party payers on the benefits of the Company's products may require significant resources and may never be successful, which would prevent the Company from generating significant revenues, or becoming profitable.

In particular with respect to allogeneic cells, the safety concerns associated with human materials may affect the ability to generate revenues from the Company's products. Future medical events or studies that would

raise or substantiate concerns about the safety of the raw materials used by the Company or other similar raw materials could negatively impact public perception of all human products and of their procurement process. Further, any failure in screening, whether by the Company or by other manufacturers of these human materials, could adversely affect its reputation, the support it receives from the medical community and overall demand for the Company's products.

1.1.4.2 The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede the Company's ability to generate sufficient operating margins to offset operating expenses.

The commercial success of the Company's products depends in part on the conditions for setting the sales price of its products and the conditions of their reimbursement by the health agencies, insurance companies or other healthcare payers in the countries where the Company intends to commercialise its products. Considering the innovative nature of the Company's product candidates and the lack of similar products, the possible reimbursement levels are difficult to predict. The Company's ability to adapt an adequate pricing strategy is uncertain. Moreover, there is pressure on healthcare spending, on reimbursement and price levels in most countries, due to *inter alia* the current context of healthcare cost control, the economic and financial crisis and the increase in healthcare budgets caused by an aging population.

Moreover, the Company's products may not fit within the existing health technology assessment and reimbursement processes applied throughout the different jurisdictions in which the Company envisages to operate, and may be subject to different reimbursement facilities depending on the jurisdiction in which the Company's products are being offered.

1.1.4.3 The Company has no experience in sales, marketing and distribution.

The Company will have to hire, train, incentivise and retain a techno-commercial sales force or enter into a partnership with an industrial partner, gain the support of key opinion leaders, establish referral networks and introduce a new standard of care in orthopaedic treatment, to successfully commercialise its products once they have been approved for commercialisation. The Company has no experience in sales, marketing and distribution. The Company may be or perceived to be EU centred and may encounter difficulties gaining access to the USA or other markets. There is a risk that the Company will not be able to successfully manage its sales, marketing and distribution when its products come on the market, which will have an adverse effect on the Company's business, prospects, financial condition and results of operations.

Furthermore, market conditions may change resulting in the emergence of new competitors or new treatment guidelines, which may require alterations in the marketing and sales strategy or even of its development strategy.

1.1.4.4 The Company might not find suitable industrial partners to pursue the development, the commercialisation or the distribution of its products candidates.

Depending on the region and depending on the product candidate, the Company's strategy may include out-licensing and co-developing its products candidates or partnering for the distribution of products developed and/or commercialised on a stand-alone basis. However, in order to conduct this strategy, the Company may need to find a partner, which has sufficient capacity for conducting research, on an international level or which is capable of distributing and commercialising the products. Therefore, the future international success of the Company may depend on its ability to conclude partnerships and on the ability of its partner(s) to meet the aforementioned characteristics.

1.1.5 *Operational risk factors*

1.1.5.1 The Company has obtained significant grants and subsidies. The terms of certain of these agreements may hamper the Company in its flexibility to choose a convenient location for its activities.

The Company has entered into several funding agreements with the Walloon Region (the "**Region**") and to a lesser extent with the European Commission, to partially finance its research and development programmes (the "**Research Grants**" and "**Research Subsidies**") and its patent applications (the "**Patent Subsidies**").

Most of the Patent Subsidies provide that the Company must ensure a valorisation of the relevant patent or patent application in a certain area (in most cases in the Region), unless the prior written consent of the Region is obtained. Although the Region may not refuse such consent if the Company proves that its valorising activities outside of the Region's territory are carried out in the framework of a cooperation with an overall positive effect (in terms of technological or economic development) on the Region's territory, this provision restricts the Company in its choice of geographical location to carry out or further develop its activities. Also, if the Region would refuse to provide its consent, the Company may only valorise the relevant patent (application) outside the Region's territory provided that it informs the Region thereof in writing and refunds the entire subsidy related to the relevant patent (application) to the Region.

In addition, the Research Grants provide that the Company must carry out its exploitation activities (the production and commercialisation of products and the realisation of certain services) in relation to the research domain funded in accordance with the relevant Research Grants on the Member States' territory until the end of the exploitation phase as defined in the respective Research Grants. Some of the Research Subsidies also provide that the experimental development activities carried out by the Company in the framework of the exploitation of the research results obtained in the framework of the relevant Research Subsidy must be carried out on the Member States' territory. These provisions affect the Company's ability to relocate its activities. Furthermore, the Company's ability to relocate its activities is limited by the provisions of the SME Agreement, pursuant to which the Company, in order to keep the funding granted to it, must employ a specific number of employees at its site at the BioPark of Gosselies (south of Brussels).

1.1.5.2 The terms of certain grants and subsidies may hamper the Company in the organisation of its activities and its efforts to partner part or all of its products.

The Research Grants, dedicated to support specific research and development programmes of the Company, provide a rigorous timetable for the research and development in relation to, and approval and exploitation of, such programmes. If the Company is unable at any stage to meet the deadlines applicable to the Research Grants, it will need to obtain formal approval from the Region to extend these deadlines. Also, the Research Grants may limit the Company's ability to conduct research with third parties in the field of research covered by the Research Grants and prohibit the granting of any other rights relating to the Company's findings in these fields of research to third parties without the consent of the Region. Furthermore, at the end of the research and development programmes partially financed by the Region through Research Grants, the Company must start reimbursing this funding. The Company may not be able to reimburse this funding under the terms of the agreements governing the Research Grants. In addition, if the Company decides not to enter into an exploitation phase and elects not to reimburse the funding received under any Research Grants, it must transfer all rights in rem relating to the findings of the research to the Region. It is also prohibited from conducting any research for any third party relating to the field of research covered by the Research Grants for a period of 36 or 72 months (as the case may be) following the Company's decision not to enter into the exploitation phase.

Both the Research Subsidies and the Patent Subsidies may prohibit the granting, by way of license, transfer or otherwise, any right to use the results, respectively the patents without the prior consent of the Region. In addition, the Patent Subsidies provide that the Company will lose all or part of its right to any further funding under these Patent Subsidies in the event that the Company ceases to qualify as a "small or medium-sized enterprise".

Also, the subsidies granted to the Company in accordance with the SME Agreement may be recovered by the Region if the Company fails to employ a specific number of employees at its (future) site at the BioPark of Gosselies (south of Brussels).

1.1.5.3 Collaboration with and dependence on SCTS.

The Company has a strong collaborative relationship with SCTS, a service provider for cell product manufacturing, in particular in the bone repair field, and which collaborates with the Company on production, quality control and assurance and storage and distribution of cell products, through a Group of Economic Interest (*Groupement d'Interêt Economique*). The Company holds 49.9% of SCTS' share capital and has undertaken in the shareholders' agreement to use the services provided by SCTS as soon as they are operational, and pursuant to which the Company has guaranteed a minimum dividend payment of 6.5% to the other shareholders in SCTS.

Such other shareholders are also, whether directly or indirectly, shareholders of the Company, including Sofipôle SA (23.48%) and Sambrinvest SA (12.72%). As of 1 January 2020, the Company may have to acquire all the shares in SCTS held by the other shareholders pursuant to a put option, at the net asset value (*fonds propres*), with a minimum of 90% of the subscription price (in aggregate, € 1,150,000). The exercise of the put option could lead to a significant cash-out at the level of the Company and could trigger an early repayment obligation under the certain financing agreements entered into by SCTS. Also, the exercise of the put option by the other shareholders could result in the Company losing its qualification as small enterprise, which in turn may impact its entitlement to further funding in accordance with the Patent Subsidies, certain Research Grants and the SME Agreement.

The Company relies on SCTS' services, in particular for its collaboration on manufacturing optimisation and at a later stage, for the manufacturing of its cell therapy products. In addition, the Company is investing in new facilities at the BioPark of Gosselies (south of Brussels) through SCTS.

Although the Company is by far the largest shareholder of SCTS and has a call option to acquire 100% of the shares until 31 December 2019, the Company has no legal control over SCTS. Although the contractual framework of SCTS is quite restrictive, focussing only on services to be provided to the Company, it cannot be excluded that the corporate interests of SCTS and the Company could diverge. If the Company fails to maintain this collaborative relationship with SCTS, whether on reasonable terms or at all, the research relating to the optimization of the manufacturing process could be delayed and the costs of development and manufacturing could increase. Furthermore, the advanced intertwining of the Company's activities with the development of SCTS may limit future partnering opportunities with other partners.

1.1.5.4 Manufacturing of the Company's products requires human or derived raw materials to be obtained from third parties.

For the development of its research and the conduct of pre-clinical and clinical trials, the Company needs, in particular, human biological materials from diseased or healthy donors. The sourcing of these materials is regulated extensively by the Competent Authorities. The failure to comply with these regulations could cause the Company to be liable or could adversely affect its ability to source these materials. The public perception about the safety of human-derived materials, including bone cells, could adversely affect the market. The inability of the Company to ensure adequate supply and quality of human or derived raw materials may have an adverse effect on the business, the results, the financial situation and the development of the Company.

1.1.5.5 The manufacturing of the Company's products may be more costly than expected.

The Company will have to establish a scalable production platform with supply centres in the relevant regions to manufacture its products. To be able to supply the products at acceptable prices, the Company will have to control its costs and work continuously on the optimization of the manufacturing processes to prolong shelf-life, increase product stability and reduce processing time to increase the span over which the Company can

transport the product. The inability of the Company to produce the products at reasonable costs could prevent it from achieving its overall objectives and could thus have an adverse effect on its business, prospects, financial condition and results of operations.

1.1.5.6 The Company may not have or be able to obtain adequate insurance cover in particular in connection with product liability risk.

To date, the Company has liability insurance for its ongoing clinical trials. Nevertheless, additional product liability insurance will be necessary in the future (*i.e.* when its products are commercialised), which the Company will only install if it is economically viable, taking into account the level of premiums and the risk and magnitude of potential liability. In such cases, the Company might have to deal with liability claims that may not be covered by its insurance, which may harm the Company's business, prospects, financial condition and results of operations.

1.1.5.7 If any product liability claims are successfully brought against the Company or its collaborators, the Company may incur substantial liabilities and may be required to limit the commercialisation of its product candidates.

Product liability claims due to (unpredicted) adverse side effects of the product candidates may be brought against the Company or its collaborators by participants enrolled in clinical trials, practitioners, researchers, other health/research professionals or others using, administering or selling any of the Company's future approved products. The Company may incur substantial liabilities if it cannot successfully defend itself against such claims. From the adverse events reported with the Company's products in clinical trials to date, none have been qualified as severe. To date, no such claims or legal actions have been filed against the Company.

1.1.5.8 The Company's employees, principal investigators, consultants and collaborative partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards.

Fraud or other misconduct by the Company's employees, principal investigators, consultants and collaborative partners could include intentional failures (i) to comply with EMA, FDA or other relevant Competent Authorities' regulations, to provide accurate information to the EMA, FDA and or other relevant Competent Authorities, (ii) to comply with manufacturing standards the Company has established or (iii) to comply with other regulations. If any such actions are alleged and the Company is unable to successfully defend itself or assert its rights, such actions could have a significant impact the Company's business and reputation.

1.1.5.9 The Company's manufacturing and research and development activities may involve the use and disposal of potentially harmful biological materials, hazardous materials and chemicals which create the risk of contamination or injury from these materials, chemicals or agents.

Even if the Company believes that its activities comply with the safety standards under the relevant regulations, the risk of contamination or injury from potentially harmful biological material, hazardous materials and chemicals cannot be eliminated entirely. Further, the cost of continued compliance with such new or current standards could negatively affect the Company's profitability and its business.

1.1.5.10 The Company is subject to competition for its skilled personnel and challenges in identifying and retaining key personnel could impair the Company's ability to conduct and grow its operations effectively.

The services of the Company's Executive Committee are critical to the successful implementation of its business, research, product development and regulatory strategies. Members of the Company's Executive Committee may terminate their employment or services with the Company at any time with relatively short notice. In general, conflicts between key managers may result in the Company losing the services of a manager or otherwise affect the cohesion within the Executive Committee. Upon the departure of certain clinical and

scientific personnel or members of its Executive Committee, the Company's research and development efforts may be seriously and adversely affected.

Certain key managers do not work for the Company on a full time basis. The Chief Clinical and Regulatory Officer, Mr Guy Heynen, works for the Company on a part-time basis (3 days per week). The Chief Medical Officer, the Chief Financial Officer, the Director of clinical operations and certain key managers do not work anymore for the Company. The former Chief Medical Officer, Mr Miguel Forte decided to leave the Company on 30 October 2017. The Company is currently looking to replace its former Chief Medical Officer. The former Chief Financial Officer, Wim Goemaere, has decided to leave the Company in September 2017 to take up a senior role within a not-for-profit. The Company appointed Jean-Luc Vandebroek as Chief Financial Officer. His previous experience in strategy, financial planning and corporate finance will help support Bone Therapeutics as it moves its bone cell therapy programmes towards commercialisation. The former Director of Clinical operations, Nora Meskini has decided to leave the Company in June 2018 for a new opportunity. She has been replaced by Yves Geysels.

The Company's ability to compete in the highly competitive health care sector depends on its ability to attract and retain highly qualified management, scientific and medical personnel. Many of the other biotechnology and pharmaceutical companies and academic institutions that it competes against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than the Company does. Therefore, the Company might not be able to attract or retain these key persons on conditions that are economically acceptable. Furthermore, the Company will need to recruit new managers and qualified scientific personnel to develop its business if the Company expands into fields that will require additional skills. The inability of the Company to attract and retain these key persons could prevent it from achieving its overall objectives and could thus have an adverse effect on its business, prospects, financial condition and results of operations.

1.1.6 *Intellectual property*

1.1.6.1 The Company's patents and other intellectual property rights portfolio is relatively young and may not adequately protect its research programmes and other product candidates, which may impede the Company's ability to compete effectively.

The Company's success will depend in part on the ability of the Company to obtain, maintain and enforce its patents and other intellectual property rights. The Company's research programmes and product candidates are covered by several patent application families, which are either licensed to the Company or owned by the Company. There are two keys JTA-004 product patents: (i) BPBONE-001 is granted in Europe, Japan, United States, Australia, Canada, China, Hong Kong, Israel, India, Korea and Singapore and BONE-011 is granted in Europe, Australia, Hong Kong, Korea and Singapore. There are two key product ALLOB patents: (i) BONE-001 is granted in Europe, Singapore, Japan, India, Hong Kong and Australia and (ii) BONE-017 has been filed in 2018 (PCT application). The Company cannot guarantee that the current prosecution of its or its licensors' patent applications will result in granted patents in other territories, including in Europe. The Company cannot guarantee that it will be in a position in the future to develop new patentable inventions or that the Company or its licensors will be able to obtain or maintain these patent rights against patent offices and other third-party challenges to their validity, scope and or enforceability. The Company cannot guarantee that it is or has been the first to conceive an invention and to file a patent or a patent application, notably given the fact that patent applications are not published in most countries before an 18-month period has expired after the date of the filing. There can also be no guarantee that the Company will successfully commercialise a product before a specific patent's expiration date. Moreover, the Company may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their patents and intellectual property. Because patent law in the biopharmaceutical industry is highly uncertain, there can be no assurance that the technologies used in the Company's research programmes and product candidates are patentable, that patents will be granted to the Company or its licensors under pending or future applications, or that patents will be of sufficient breadth to provide adequate and commercially meaningful protection against competitors with similar technologies or products, or that patents granted to the Company or its licensors will not be successfully challenged,

circumvented, invalidated or rendered unenforceable by third parties, hence enabling competitors to circumvent or use them and depriving the Company of the protection it may expect against competitors. Also, taking into account its current patent portfolio and the broad nature of the ULB-028 patent claim, the Company may find it increasingly difficult or impossible to obtain additional or adequate patent protection for improvements and future developments in the same area. If the Company or its licensors do not obtain patents in respect of their products or if the patents of the Company or its licensors are invalidated (for example, as a result of the discovery of prior art), third parties may use the technologies without payment to the Company. A third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology. The Company cannot guarantee that third parties, contract parties or employees will not claim ownership rights over the patents or other intellectual property rights owned or held by the Company.

1.1.6.2 The Company may not be able to protect and/or enforce its intellectual property rights in all key countries or territories.

Filing, prosecuting and defending patents on all of the Company's product candidates throughout the world would be prohibitively expensive for the Company and its licensors. Competitors may use the Company's technologies in jurisdictions where the Company or its licensors have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where the Company has patent protection but where enforcement is not as well developed as in the United States or the European Union. These products may compete with the Company's products in jurisdictions where the Company or its licensors do not have any issued patents and the Company's patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing. Moreover, it cannot be excluded that the debate on the patentability of elements of the human body could lead to a situation whereby the technology developed by or licensed to the Company can no longer be protected by patents or that such patents cannot be enforced against third parties. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property rights, particularly those relating to biopharmaceuticals, which could make it difficult for the Company to stop the infringement of its patents or marketing of competing products in contravention of its proprietary rights generally. The inability of the Company to protect and/or enforce its intellectual property rights worldwide could have an adverse effect on its business, prospects, financial condition and results of operations.

1.1.6.3 The Company may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming and could result in the Company having to pay substantial damages or limit the Company's ability to commercialise its product candidates.

The Company's success will depend in part on its ability to operate without infringing on or misappropriating the intellectual property rights of others. The Company cannot guarantee that its activities, or those of its licensors, will not infringe on the patents or other intellectual property rights owned by others. The Company may expend significant time and efforts and may incur substantial costs in litigation if it is required to defend patent or other intellectual property right claims brought against the Company or its licensors regardless of whether the claims have any merit. Additionally, the Company cannot predict whether it or its licensors will be successful in any litigation. If the Company or its licensors are found to have infringed the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position. The Company may also be required to cease development, use or sale of the relevant research programme, product candidate or process or it may be required to obtain a license for the disputed rights, which may not be available on commercially reasonable terms, if at all. The Company may be unable to develop or commercialise a product, product candidate or research programme, or may cease some of its operations, which may have an adverse effect on the Company's business, prospects, financial condition and results of operations. To date, no patent infringement claim has been made against the Company.

1.1.6.4 Obtaining and maintaining patent protection depends on compliance with various procedural, documentary, fee payment and other similar requirements imposed by governmental patent agencies, and the Company's or its licensor's patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid by the Company and/or its licensors to the relevant patent agencies in several stages over the lifetime of the licensed patents and/or applications. The relevant patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse may be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance may result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, the Company's competitors might be able to use its technologies and those technologies licensed to the Company and this circumstance would have an adverse effect on the Company's business, prospects, financial condition and results of operations.

1.1.6.5 If the Company is not able to prevent disclosure of its trade secrets, know-how, or other proprietary information, the value of its technology and product candidates could be significantly diminished.

The Company relies on trade secret protection to protect its interests in its know-how or other proprietary information and processes for which patents are difficult to obtain or enforce, all of which constitute confidential information. The Company may not be able to protect its confidential information adequately. The Company has a policy of requiring its consultants, contract personnel, advisers and third-party partners to enter into confidentiality agreements. However, no assurance can be given that the Company has entered into the appropriate agreements with all of its consultants, contract personnel, advisers, third-party partners or other parties that have had access to its confidential information. There is also no assurance that such agreements will provide for the meaningful protection of confidential information in the event of any unauthorised use or disclosure of information. Furthermore, the Company cannot provide any assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programmes and/or its strategy, by, for example, disclosing confidential information to its competitors. It is also possible that confidential information could be obtained by third parties as a result of breaches of physical or electronic security systems of the Company, its consultants, advisers, third-party partners or other parties that have had access to its confidential information. Any disclosure of confidential data into the public domain or to third parties could allow the Company's competitors to learn confidential information and use it in competition against the Company. In addition, others may independently discover the Company's confidential information. Any action to enforce the Company's rights against any misappropriation or unauthorised use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

1.1.6.6 If the Company fails to comply with its obligations under the agreement pursuant to which it licenses intellectual property rights from third parties, or otherwise experiences disruptions to its business relationships with its licensors, the Company could lose the rights to intellectual property that is important to its business.

The Company's activities are dependent - at least in part - on the use of intellectual property rights which are for some projects not owned by it, but have been granted to it pursuant to license agreements and which are important to the business.

In particular, for its clinical programmes, the Company has entered into license agreements with third parties regarding the ULB-028 patent family and sub-license agreements with SCTS regarding the EP member of the ULB-028 patent family, whereby the Company is granted a back-license. Also in preclinical, the Company has been granted exclusive worldwide rights from its former Chief Executive Officer, Enrico Bastianelli SPRL,

to develop, manufacture and sell regarding the JTA technology for which it has entered into a sub-license manufacturing agreement with its affiliate SCTS whereby the Company is granted a back-license.

The conditions under which Company may maintain the rights granted to it include, but are not limited to, the payment of (i) fees upon achievement of certain milestones, (ii) royalties on the (net) sales of relevant licensed products, (iii) a percentage of revenues incurred from sub-licensees, as well as the performance of other obligations, such as compliance with research and development obligations and with marketing and distribution arrangements. Furthermore, delays or interruptions in the development or exploitation of the relevant technology may be sanctioned under the terms and conditions of the license agreements. If the Company fails to comply with its obligations under the respective license agreements, the licensor may reduce the scope of the license or terminate the license, resulting in the loss of the use of the related intellectual property rights. Should the Company lose any of its licenses, or if it would be unable to obtain new rights on reasonable terms similar to those which it holds under such license, it might be unable to develop, manufacture or sell its products. This could have an adverse effect on the Company's business, prospects, financial condition and operational results. The termination of certain license agreements could substantially impair the Company's ability to generate revenues.

In particular, the provisions of the license agreement pursuant to which the Company (and its affiliates) has been granted an exclusive and worldwide license in the field of skeletal (bone, joint, any orthopaedic) and dental applications over the technology claimed by the ULB-028 patent family (the **ULB-028 License**) could generate an additional cash-out, as the royalties to be paid by the Company to the ULB on revenues received by the Company from sub-licenses under the agreement are based on estimations, and can be adjusted upwards in function of the actual figures. In addition, if the Company fails to meet the agreed objectives under the ULB-028 License, the licensor may require the Company to produce a written report summarizing its efforts during the previous year and the milestones to be achieved in the next year, and if the licensor demonstrate that such report is reasonably not satisfactory. An independent expert can be called to evaluate the licensee's report and the licensor's objections. ULB has the right to reduce the scope of the license, make it non-exclusive or to terminate it. Any limitation in scope, loss of exclusivity or termination of the ULB-028 License could materially affect the Company's ability to generate revenues.

Also, the Company, together with the Region, entered into two agreements with SCTS regarding the recoverable funding by the Region of a research programme, and the exploitation of its results, conducted by SCTS within the scope of (i) the EP member of the ULB-028 patent family, for the optimisation of the manufacturing process of PREOB and (ii) the BPBONE-001 and BPBONE-002 patent families, for the optimisation of the manufacturing process of JTA products for the treatment of osteoarthritis. Pursuant to these agreements, SCTS owns the results of these research programmes and has the right to decide, together with the Company, to exploit these results. The Company acts as a guarantor for SCTS under these agreements.

1.1.7 *Financial risk factors*

1.1.7.1 The Company has a history of operating losses and an accumulated deficit and may never become profitable.

The Company is still in early stages of developing its product candidates and has not completed development of any product. The Company does not anticipate generating revenue from sales for the foreseeable future. It has incurred significant losses since its incorporation in 2006. Under IFRS, the negative retained earnings at 31 December 2016 was € 48,773,000. On 31 December 2017, the Company had an accumulated deficit of € 55,501,000. These losses resulted principally from costs incurred in research and development, preclinical testing, clinical development of its product candidates as well as costs incurred for research programmes and from general and administrative expenses, and may result in the Company incurring further significant losses for several years. These losses, among other things, will continue to cause the Company's working capital and the shareholders' equity to decrease. There can be no assurance that the Company will earn revenues or achieve profitability, which could impair the Company's ability to sustain operations or obtain any required additional funding. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in

subsequent periods. It is likely that the Company may experience fluctuating revenues, operating results and cash flows. As a result, period to period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance. For several years, the accumulated consolidated losses of the Company will increase due to the significant cost of Phase III trials. This will result in an increase in the additional resources necessary for its activities.

1.1.7.2 The Company may need substantial additional funding which may not be available on acceptable terms when needed, if at all.

The Company may require additional funding in the future to sufficiently finance its operations and to take advantage of new business opportunities.

The Company's future financing needs will depend on many factors, including the progress, costs and timing of its research and development activities, the clinical trials, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its products and product candidates, the costs and timing of establishing sales and marketing capabilities and the terms and timing of establishing collaborations, licence agreements and other partnerships. The Company does not expect its existing capital resources to be sufficient to enable the Company to fund the completion of all its current clinical trials through commercialisation. Accordingly, the Company expects it will need to raise additional funds.

The Company's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and the Company cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. In addition to non-dilutive financing and grants from the Walloon Region, the Company currently relies on equity financing for additional funding. Changes in regional financing and grant policies, a shift in regional investment priorities or challenges by the European instances may reduce or jeopardise the Company's ability to obtain or retain non-dilutive financing, grants and/or other benefits. Also, future growth of the Company, whether or not including geographical expansion, could limit the Company's eligibility to obtain similar non-dilutive financing or grants.

If the necessary funds are not available, the Company may need to seek funds through collaborations and licensing arrangements, which may require it to reduce or relinquish significant rights to its research programmes and product candidates, to grant licences on its technologies to partners or third parties or enter into new collaboration agreements, the terms could be less favourable to the Company than those it might have obtained in a different context. If adequate funds are not available on commercially acceptable terms when needed, the Company may be forced to delay, reduce or terminate the development or commercialisation of all or part of its product candidates or it may be unable to take advantage of future business opportunities.

1.1.7.3 Fluctuation in interest rates could affect the Group's results and financial position

The Company and in particular its affiliate SCTS, is exposed to interest rate risk. Although interest rate risk arising from the EURIBOR-linked interest rate under SCTS's long term loans may be hedged through the use of financial risk management instruments, fluctuations in interest rate may nonetheless significantly affect its interest expenses. In the concrete for a still outstanding amount of € 2.6 million at the end of 2017 the total interest charge until the end of the contract amounts to € 0.36 million (undiscounted amount) considering the current short term interest rates. An increase of one percent of these interest rates results in an extra charge over the life time of the outstanding loans of € 0.14 million (until the end of 2027). On a short term basis this would lead to an increase of € 25,000 on an annual basis (on average over the next 3 years).

2 GENERAL INFORMATION

This document is a registration document within the meaning of article 28 of the Belgian Act of 16 June 2006 on the public offering of securities to trading on a regulated marked (*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marches réglementés*) (the "**Registration Document**"). On 27 December 2018, the Financial Services and Markets Authority approved the English version of this registration document in accordance with article 23 of the aforementioned Act. The approval of the registration document by the FSMA doesn't constitute an appreciation of the situation of the Company.

2.1 Language of this Registration Document

The Company published its Registration Document in English. The Company has also prepared a French translation of this Registration Document and is responsible for the consistency between the French and English version of this Registration Document.

2.2 Persons responsible for the contents of the Registration Document

The Board of Directors (see Chapter 12), assumes responsibility for the content of this Registration Document. The Board of Directors declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its content.

We undersigned, Thomas Lienard SPRL, with as permanent representative Thomas Lienard, CEO, and Finsys Management SPRL, with as permanent representative Jean-Luc Vandebroek, CFO, on behalf of the Board of Directors of the Company, declare that to the best of our knowledge:

- the annual accounts, are established in accordance with the applicable standards for the preparation of the financial accounts, and do represent a fair and true view of the assets, the financial position and the results of the issuer and the entities which were included in the consolidation;

- the Registration Document provides a fair and true view of the developments and the results of the Company and of the position of the issuer and of the entities included in the consolidation, as well as a description of the most important risks and uncertainties faced by them.

2.3 Statutory auditor

Deloitte Réviseurs d'Entreprises SCCRL, a civil company having the form of a co-operative company with limited liability organised and existing under the laws of Belgium, with registered office at Gateway building, Luchthaven Nationaal 1, boite J, 1930 Zaventem, Belgium, represented by Mrs Julie Delforge (member of the Belgian *Institut des Réviseurs d'Entreprises/Instituut voor Bedrijfsrevisoren*) is appointed statutory auditor of the Company, for a term of three years ending immediately following the adjournment of the annual general shareholders' meeting of the Company to be held in 2019, resolving upon the financial statements for the fiscal year ended on 31 December 2018.

2.4 Forward-looking statements

Certain statements in this Registration Document are not historical facts and are forward-looking statements. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, research and development, financing needs, plans or intentions relating to partnership or acquisitions, competitive strengths and weaknesses, business strategy and the trends which the Company anticipates in the industries and the political, economic, financial, social and legal environment in which it operates and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, amongst other things, those listed in the Section "Risk Factors".

2.5 Market and industry information

Information relating to markets and other industry data pertaining to the Company's business included in this Registration Document has been obtained from internal surveys, scientific publications, section association studies and government statistics. The Company accepts responsibility for having correctly reproduced information obtained from publications or public sources, and, in so far as the Company is aware and has been able to ascertain from information published by those industry publications or public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified information obtained from industry and public sources. Certain other information in this Registration Document regarding the industry reflects the Company's best estimates based on information obtained from industry and public sources. Information from the Company's internal estimates and surveys has not been verified by any independent sources.

2.6 Other available information

The Company has filed its deed of incorporation and must file its restated articles of association and all other deeds and resolutions that are to be published in the Belgian Official Gazette (*Moniteur Belge*) with the clerk's office of the commercial court of Charleroi (Belgium), where such documents are available to the public. The Company is registered with the register of legal entities of Charleroi under company number 0882.015.654. A copy of the most recent restated articles of association, the reports of the Board of Directors and the minutes of the shareholders' meeting are also available on the Company's website (www.bonetherapeutics.com) or can be provided upon request to Bone Therapeutics SA, Investor Relations, 37, rue Auguste Piccard, B-6041 Gosselies, Belgium (Tel: +32 71 12 10 00, Fax: +32 71 12 10 01 and e-mail: investorrelations@bonetherapeutics.com).

The Company prepares annual audited and consolidated financial statements. All financial statements, together with the reports of the Board of Directors and the statutory auditor are filed with the National Bank of Belgium, where they are available to the public. Furthermore, as a Company with shares listed and admitted to trading on Euronext Brussels and Paris, the Company publishes an annual financial report (included its financial statements and the reports of the Board of Directors and the statutory auditor) and an annual announcement prior to the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year. Copies of these documents will be made available on the Company's website (www.bonetherapeutics.com) and STORI, the Belgian central storage platform which is operated by the FSMA and can be accessed via its website (www.fsma.be).

The Company must also disclose price sensitive information and certain other information relating to the public. In accordance with the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Arrêté royal relative aux obligations des émetteurs d'instruments financiers admis à la négociation sur un marché reglementé*), such information and documentation will be made available through the Company's website (www.bonetherapeutics.com), press releases and the communication channels of Euronext Brussels.

2.7 Availability of the Registration Document

The Registration Document is available in English and in French. The Registration Document will be made available, free of charge, for the public upon request to:

Bone Therapeutics SA
To the attention of Investor Relations
Rue Auguste Piccard 37
B-6041 Gosselies
Belgium
Tel: +32 71 12 10 00
Fax: +32 71 12 10 01
E-mail: investorrelations@bonetherapeutics.com

An electronic version of the Registration Document is also available on Bone Therapeutics' website (www.bonetherapeutics.com). The posting of this Registration Document on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Other information on the website of the Company or on another website does not form part of the Registration Document.

3 INFORMATION INCORPORATED BY REFERENCE

This Registration Document shall be read and construed in conjunction with the following documents:

(i) the annual report and audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2015 (in English and French), together with the related audit report thereon;

(ii) the annual report and audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2016 (in English and French), together with the related audit report thereon; and

(iii) the annual report and audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2017 (in English and French), together with the related audit report thereon; and

(iv) the audited interim condensed consolidated financial statements of the Company prepared in accordance with IFRS for the financial period ended 30 June 2018 (in English and French), together with the related audit report thereon.

Such documents shall, in accordance with Article 11 of the Prospectus Directive and Article 30, §1 of the Prospectus Law, be incorporated in, and form part of, this Registration Document, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Registration Document.

Copies of documents incorporated by reference in this Registration Document may be obtained (without charge) from the registered offices of the Company and the website of the Company (http://www.bonetherapeutics.com/en/financial-reports). The Company confirms that it has obtained the approval from its auditors to incorporate the audited consolidated financial statements and the auditors' reports thereon for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018 in this Registration Document.

The tables below include references to the relevant pages of the audited consolidated financial statements of the Company for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018, as set out in the annual reports of the Company (in English and French). Information contained in the documents incorporated by reference other than information listed in the tables below is for information purposes only and does not form part of this Registration Document.

Audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2015, as set out in the annual report (in English and French).	
Consolidated statement of financial position	p. 129
Consolidated statement of comprehensive income	p. 130
Consolidated statement of cash flows	p. 131
Consolidated statement of changes in equity	p. 132
Notes to the consolidated financial statements	p. 133-165
Auditor's report	p. 173-178

Audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2016, as set out in the annual report (in English and French).

Audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial year ended 31 December 2017, as set out in the annual report (in English and French).

Audited consolidated financial statements of the Company prepared in accordance with IFRS for the financial period ended 30 June 2018, as set out in the annual report (in English and French).

4 SELECTED FINANCIAL INFORMATION

(in thousands of euros)	6 months	For the 12-months period ended		
	30-06-18	**31-12-17**	**31-12-16**	**31-12-15**
Revenues	0	41	0	0
Other operating income	1,880	4,172	4,007	3,824
Research and development expenses	(6,218)	(13,122)	(13,649)	(12,910)
General and administrative expenses	(1,737)	(3,385)	(3,157)	(3,138)
Operating profit/(loss)	**(6,076)**	**(12,294)**	**(12,799)**	**(12,224)**
Financial result	(2,368)	(297)	(282)	(1,800)
Result Profit/(loss) before taxes	**(8,444)**	**(12,591)**	**(13,081)**	**(14,025)**
Income taxes	0	(178)	60	(61)
PROFIT/(LOSS) FOR THE PERIOD	**(8,444)**	**(12,769)**	**(13,021)**	**(14,085)**

Consolidated Statements of Financial Position *(in thousands of euros)*	**30-06-18**	**31-12-17**	**31-12-16**	**31-12-15**
Non-current assets	10,379	10,559	10,115	8,683
Current assets	14,055	14,615	28,471	41,701
Of which cash and cash equivalents	9,098	8,411	20,300	33,611
TOTAL ASSETS	**24,433**	**25,174**	**38,586**	**50,383**
Total equity	4,023	2,383	15,270	28,147
Non-current liabilities	11,406	12,192	12,802	11,693
Current liabilities	9,005	10,598	10,512	10,543
TOTAL EQUITY AND LIBAILITIES	**24,433**	**25,174**	**38,585**	**50,383**

Consolidated Statements of Cash Flows *(in thousands of euros)*	**6 months**	**For the 12-months period ended**		
	2018	**2017**	**2016**	**2015**
Net cash used in operating activities	(7,107)	(11,018)	(11,369)	(11,765)
Net cash used in investing activities	(183)	(415)	(578)	(2,982)
Net cash used in financing activities	7,976	(456)	(1,363)	36,781
Net increase (decrease) in cash and cash equivalents	**686**	**(11,889)**	**(13,310)**	**22,034**
Cash and cash equivalents at beginning of year	8,411	20,300	33,611	11,577
Cash and cash equivalents at end of year	9,098	8,411	20,300	33,611

5 ABOUT BONE THERAPEUTICS

5.1 General Information

The legal and commercial name of the Company is Bone Therapeutics SA. Bone Therapeutics is registered with the legal entities register (Charleroi) under number 0882.015.654 and was incorporated in Belgium on 16 June 2006, for an indefinite period of time. The Company is a limited liability company incorporated in the form of a 'société anonyme' under the laws of Belgium. The Company's registered office is located at Rue Auguste Piccard 37, 6041 Gosselies (Belgium) (phone: +32 71 12 10 00 and fax: +32 71 12 10 01).

5.2 Important events in the development of Bone Therapeutics' business

Year	Historical Key Milestones		
Year	**Corporate**	**ALLOB**	**PREOB**
2006	• Founded as a spin-off from the Université libre de Bruxelles (Brussels, Belgium)		
2007	• € 0.9 million raised in seed financing • Initiation of operations		• PREOB classified as Pharmaceutical Product by the European Medicines Agency • PREOB for osteonecrosis granted ODD status in Europe
2008	• € 4.5 million raised in an equity financing round		• PREOB for osteonecrosis granted ODD status in the US
2009		• Initiation of the allogeneic osteoblastic program (ALLOB)	
2010	• Certificate of GMP Compliance granted		
2011	• € 6.6 million raised in an equity financing round	• ALLOB classified as Tissue Engineered Product (non-combined) under ATMP classification 1394/2007EMA	• Tissue Production Establishment license for PREOB
2012	• IRD patent granted in Europe • Establishment of the Walloon Cell Therapy Platform: infrastructure for clinical trials and commercial production of cell products		• Approval of PREOB Phase III osteonecrosis trial in Europe and treatment of first patients
2013	• € 6 million raised in an equity financing round • € 3.8 million Marie Curie research grant awarded to the Company and partners	• ALLOB Tissue bank/Intermediary Structure license & manufacturing authorization for Europe • ALLOB granted ODD status for osteonecrosis in Europe • Approval of ALLOB Phase I/II trial in delayed-union fractures	• PREOB patent granted in JP & US
2014	• IRD patent granted in JP & AU	• ALLOB patent granted in JP & AU	

	• The Company and partners awarded prestigious M-ERA.net research funding • Bone Therapeutics and Kasios collaborate on novel product for spinal fusion • € 10 million raised in convertible bonds	• First patient treated with Bone Therapeutics' allogeneic bone cell product ALLOB • ALLOB granted ODD status for osteonecrosis in the US • Clearance to start ALLOB Phase I/IIA trial for in spinal fusion procedures for degenerative lumbar disc disease • Safety confirmed in first patient cohort in the ALLOB Phase I/IIA trial for delayed-union fractures	
2015	• Successful € 37 million Initial Public Offering on Euronext Brussels and Euronext Paris • Official opening of new headquarters in Gosselies	• Acceleration of ALLOB Phase I/IIA delayed-union trial • Treatment of first patients in ALLOB Phase I/IIA spinal fusion trial • Safe treatment of second patient cohort in ALLOB Phase I/IIA delayed-union trial • Recruitment of the first half of patients in the ALLOB Phase IIA spinal fusion trial completed	
2016	• Celebrating ten years of innovation in bone cell therapy	• Positive efficacy results of first patient in spinal fusion trial • Recruitment for the ALLOB Phase IIA spinal fusion trial completed • Additional positive efficacy results for the ALLOB Phase I/IIA delayed-union fracture trial • Positive safety and efficacy data for the first 8 patients in the ALLOB Phase IIA spinal fusion trial	• Demonstration of superiority of PREOB compared to standard of care in Phase IIB osteonecrosis study (data presented at the Annual European Congress for Rheumatology (EULAR))
2017		• Recruitment of the first 16 patients in ALLOB Phase I/IIA delayed-union study completed • European Patent Office notified the Company of its intention to grant a key patent covering its first-in-class allogeneic bone cell therapy technology	• Completion of patient recruitment for pivotal interim analysis of Phase III osteonecrosis trial with PREOB • Signing of exclusive licensing agreement with Asahi Kasei for the development and commercialization of autologous bone cell therapy in Japan

		• Strong interim results reported for ALLOB Phase IIA spinal fusion study • All patients met primary endpoint in ALLOB Phase I/IIA delayed-union study interim analysis, leading to early conclusion of the study	
2018	• Bone Therapeutics successfully raises EUR 19.45 million of commitments in a private placement of convertible bonds • Promising first efficacy data from JTA-004 viscosupplement, broadening Company's clinical pipeline	• Completion of patient recruitment for Phase IIA spinal fusion study with ALLOB • Positive final results from ALLOB Phase I/IIA delayed-union fracture study • Optimization of the production process delivering critical improvements for future commercial which will be applied to all allogeneic platform clinical trials	• Phase III PREOB Study in hip osteonecrosis discontinued for futility reasons

5.3 Investments

The Company has completed its investment in new facilities at the Biopark of Gosselies (rue Auguste Piccard 37, 6041 Gosselies) through its subsidiary SCTS.

The new facilities provide accommodation for both the Company's as well as SCTS's activities in respect of production, research and development (including production process development) and is hosting the headquarters of the Company. The modular design of the facility will allow for a progressive increase in production capacity to meet pre-commercial and first commercial requirements for ALLOB.

The total project represented an initial investment of approximately € 9.50 million, including land for an amount of € 0.23 million and an investment in SISE SA of € 0.28 million (see below). The investment plan has been staged in three phases. A first phase has been completed at the end of March 2015 and includes the entire shell of the building and the completed administration and research and development facilities. The second phase comprising the first two production zones has now been completed and validated in 2017. The facility has been inspected by the inspectorate of the Belgian Federal Agency for Medicines and Health Products (FAMHP). The GMP certificate has been issued by the FAMHP on 19 December 2017 and the authorization to manufacture the PREOB investigational medical products according to GMP on January 19th, 2018. The registration of the Gosselies site as Production Establishment for human body material, according the Belgian Royal Decree of 28 September 2009 has been introduced with the Blood and Human Body Material division of the FAMHP. In early Q2 2018, the production activities were transferred to the new facilities at the Bio Park of Gosselies (south of Brussels). In 2018 the validations necessary to ensure the production of ALLOB to supply the next clinical trials in 2H2018 will be performed.

The third phase comprises the installation of four more production units, to meet the future production requirements for clinical trials, pre-commercial and the first commercial activities. Further production buildings can be added in future to increase capacity in line with demand. These additional modules fall outside the scope of the aforementioned investment budget.

The total facility represents approximately 3,000 m² in total of which 1,700 m² of administrative facilities and R&D facilities including an animal house and 1,300 m² foreseen for production activities. The new animal

house allows the Company to pursue preclinical animal studies required to support the development of clinical and preclinical candidates. These animal studies encompass amongst others efficacy and toxicity studies that are regulatory required.

The investment until 31 December 2017 amounts to € 8.56 million. The investment project until completion of this second phase was fully financed from four different sources. The direct investment for the Company amounts to € 1.27 million representing the equity investment of the Company into SCTS. In addition to the equity investment by the Company an amount of € 1.28 million in equity has been provided for by other shareholders of SCTS, representing the non-controlling interest. A further amount of € 0.87 million in subordinated loans has been provided for by two regional investment bodies (related parties) and € 2.53 million out of a total initial amount of € 2.91 million is provided through an investment grant provided for by the Region under the SME Agreement (unused funds from the initial grant representing € 0.38 million at the end of 2015 were no longer available to fund the project beyond 31 December 2016). Finally, € 3.25 million was provided in bank loans in equal shares by BNP Paribas Fortis SA and ING Banque SA. For the completion of the third phase, the Company will re-estimate the funding requirement at an appropriate point in time. The new units might already incorporate the newest technologies available at that time and could impact the budgetary requirements.

The facility fits in a larger project known as the Walloon Cell Therapy Platform ("**PWTC**") (*Plateforme Wallonne de Thérapie Cellulaire*) whereby two cell therapy companies[1] have joined forces to build facilities at a joined location at the Biopark of Gosselies (50 km south of Brussels, near the airport Brussels South). PWTC comprises three service companies: SCTS (*Skeletal Cell Therapy Support*), HCTS (*Hepatic Cell Therapy Support*) and SISE (*Société d'Infrastructures, de Services et d'Energies*). SCTS and HCTS will make a maximum use of shared services provided through SISE SA to establish their industrial project, but in the same time maintaining control of their proprietary production processes and know-how by having their own physically separated production infrastructure. The project allows for both companies to considerably expand their production capacity in future. Besides a service provider, SISE SA is also the landowner on which the infrastructure of SCTS is constructed. There is long term (99 years) lease agreement in place between SISE and SCTS.

The Company invests in equipment to support its research and development and production activities on a regular basis.

The table below provides an overview of the Company's principal investments for the financial years ended on 31 December 2015, 31 December 2016 and 31 December 2017 (excluding recognition of the government grant of € 2.53 million mentioned above):

(in thousands €)	2017	2016	2015	Before 2015	Total
	New	New	New	New	
Building	310	573	2,812	5,005	8,700
Laboratory equipment	86	184	91	1,854	2,215
Land	0	0	0	233	233
Other	7	35	43	183	268
Intangible assets	9	29	52	121	211

- The building relates to the new facilities constructed by SCTS at the BioPark of Gosselies (south of Brussels). The investment for 2015 amounts to € 2,812,000, for 2016 the amount is € 573,000 and for 2017 the amount is € 310,000. At 31 December 2017 the total invested amounts to € 8,700,000.

[1] Bone Therapeutics SA through SCTS SA and Promethera SA through its subsidiary HCTS (Hepatic Cell Therapy Support) SA.

- Laboratory equipment includes capital expenditure for € 91,000 in 2015, € 184,000 in 2016 and € 86,000 in 2017. At 31 December 2017 the total amount invested amounts to € 2,215,000.

- Land represents a long lease right of 99 years on which the new facilities of the Company are being constructed. The amount is € 233,000.

- Other investments include IT material and office furniture. At 31 December 2017, the total amount invested is € 268,000.

- Intangible assets relate to purchased software. At 31 December 2017, the total amount invested is € 211,000.

At the date of the Registration Document, there are no firm commitments related to the completion of the facilities at Gosselies.

5.3.1 *SISE and GIE BOCEGO*

SISE and the Groupement d'Intérêt Economique BOCEGO (consisting of the Company and SCTS) ("**GIE BOCEGO**") have been granted (i) subsidies specifically aimed to support the creation of employment opportunities and the creation of added value by SMEs and (ii) an exemption from property tax in relation to an investment programme for the creation of new job units, under two agreements dated 16 September 2013 between the Region and SISE and 24 April 2014 between the Region and GIE BOCEGO. The subsidies granted under these agreements amount to respectively € 769,792.91 (out of a total initial amount of € 830,370.00), and respectively € 2,531,637.88 (out of a total initial amount of € 2.91 million). The exemption from property tax is valid for a 5-year period in relation to a maximum amount relating to investments in tangible capital assets.

The Company and SCTS have been awarded a subsidy in the amount of € 2,907,692.30 (financed directly by the Walloon Region for an amount of € 1,890,000 and for an amount of € 1,017,692.30 by the European Union), which covers 32.31% of the € 9.0 million estimated construction cost of the building. The total initial projected cost represents € 9.5 million, taking into consideration the related participation in SISE SA, landlease agreements and related costs. The payment of the subsidy took place gradually in accordance with the investment programme and the progress of the construction (after 40% of the investment, after 70% of the investment and after finalisation of the investment). Full pay-out of the amount required completion of the project by the end of 2015. As it was decided to complete the third phase of the project at a later stage and as the second phase was not entirely completed by the end of 2015 the total amount which could be claimed for this project was limited to 32.31% of the actual amount spent until that date. At the beginning of 2016 the final amount which could be claimed was agreed upon and amounted to € 2.53 million. The unclaimed funds of € 0.38 million are no longer available. For completion of the third phase, the Company will seek to obtain new similar grants, in case such grants are still available, and in function of the capital needs required for the completion of the third phase.

The grant of the subsidy was made subject to a number of Company-related conditions, which could give rise to a (partial) claim-back by the Walloon Region and the European Union in case of non-compliance therewith. For example, the Company (in its capacity as member of GIE BOCEGO) will need to employ (on average) an additional minimum number of employees (33.75 people based on the final amount claimed at the end of 2015) at its site in Gosselies, as of 1 January 2018 until 31 December 2021. In addition to the aforementioned specific conditions related to the Company, the subsidy agreement also contains more general conditions which are customary for subsidies, such as conditions in relation to information- and publicity related obligations and conditions related to compliance with fiscal, social and environmental regulations.

5.4 Legal proceedings

The Company is not, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months

preceding the date of this Registration Document which may have or has had in the recent past significant effects on the financial position or profitability.

5.5 Significant change in the financial or trading position of Bone Therapeutics since 31 December 2017

On 7 March 2018, the Company has successfully placed senior, unsecured Convertible Bonds (the "**CBs**") with a total commitment of EUR 19.45 million via a private placement.

The CBs are in registered form, denominated EUR 2,500 each. The CBs do not bear any coupon and have a maturity date of twelve months after issuance. The CBs are convertible to ordinary shares at CB holders' convenience before maturity or are automatically converted at maturity date at the conversion price. The conversion price will be equal to 92% of the Volume-Weighted-Averaged-Price of the Company's shares as provided by Bloomberg LP of the day immediately preceding CB holder's request of conversion or maturity date, but not lower than the par value (EUR 2.14) of the Company's share. Upon conversion of the CBs, the new shares issued shall immediately bear the same right of all other existing shares and could be traded on the Euronext stock exchanges in Brussels and in Paris. The Company has the right to redeem the CB at a price of EUR 2,577.31 instead of issuing new shares.

Each subscribed CB is accompanied by 19 bond warrants (the "**Bond Warrants**") in registered form with a warrant term of 19 months. Each Bond Warrant entitles its holder to subscribe to one CB and can be exercised at an exercise price of EUR 2,500 per CB at the request of the warrant holder at any time during the warrant term. The warrant holders are obliged to exercise at least one of the 19 Bond Warrants each 30 calendar days.

A total amount of EUR 19.45 million in committed capital has been subscribed in the context of the private placement. Part of the investors have decided to immediately exercise Bond warrants resulting in an immediate gross proceed of about EUR 6.58 million and 565,773 new shares to be created, increasing the total outstanding shares from 6,849,654 to 7,415,427 ordinary shares. The remaining Bond Warrants will be exercised providing an additional proceed of EUR 12.87 million over a maximum period of 19 months.

The CBs were offered through an accelerated bookbuilding offering, open to institutional investors and such other investors as permitted under applicable private placement exceptions only. Bryan, Garnier & Co. acted as Sole Bookrunner for the offering.

The Company has issued convertible bonds and bond warrants to subscribe to convertible bonds. At the date of this Registration Document, 95 convertible bonds are outstanding, with a total nominal value of EUR 237,500 and 2,280 bond warrants are outstanding.

5.6 Outlook 2018-2019

Good cash management will remain a key priority, with a strong focus on net cash burn. The Company confirms the expected cash burn (excluding proceeds from financing) for the full year 2018 to be in the range of € 15-16 million, in line with previous guidance. Based on its current priorities, the Company expects to have sufficient cash to carry out its objectives until the end of Q3 2019. Bone Therapeutics currently estimates that it will have a similar net cash burn of 15-16 million in 2019.

6 BUSINESS OVERVIEW

6.1 Bone Therapeutics' activities

The Company is a biotechnology company with an advanced clinical pipeline of cell products for orthopaedic conditions and bone diseases (three Phase II clinical studies). These areas are characterized by high unmet medical needs due to the lack of efficacious and safe, non-invasive, treatments. Indeed, the current standard-of-care involves heavy surgery and long recovery periods. The Company is creating a new and unique treatment approach using differentiated bone-forming cells administered via a minimally invasive percutaneous procedure or added through a simple addition/injection to the current standard-of-care, expected to offer significant benefits over or enhancing the current standard-of-care.

Solid preclinical foundations and clinical results support the Company's research and development programs. The Company has extensive knowledge of bone physiology and pathophysiology and collaborates closely with prestigious academic and medical institutions. The Company has worldwide rights for a series of patents and technologies related to bone cell products, production methods and their applications.

6.2 Company mission and strategy

The Company aims to be a leading regenerative company providing innovative cell therapy products for high unmet medical needs (defined as a medical need that is not addressed adequately by an existing therapy[2]) in the fields of orthopaedics and bone diseases. To achieve this objective, the Company is pursuing the following strategies:

- Enhance the development of its commercially oriented, off-the-shelf, allogeneic platform, to maximize benefits for patients and value creation for investors.
- Finalize the ALLOB Phase II proof-of concept trials for larger indications better suited to an allogeneic approach, building on encouraging clinical data to date
- Scale-up of manufacturing capabilities
- Advance the preclinical pipeline
- Build development and commercial partnerships

6.3 Technology

The Company's technology platform is based on a unique approach in which Mesenchymal stem cells (MSC), derived from bone marrow of patients or healthy donors, are stimulated to differentiate into bone-forming cells. These bone-forming cells are involved in bone homeostasis, and regulate the dynamic and constant remodelling of the skeleton. They are responsible for bone matrix synthesis and subsequent mineralization, thus the generation of new bone tissues.

Local implantation of biologically active bone-forming cells at the bone defect site is intended to mimic the natural process of bone formation and repair.

More specifically, the mode-of-action is dual.

- On the one hand, the bone-forming cells will replace the defective or missing bone-forming cells and will form new bone and repair the defective bone.

[2] FDA Guidance for Industry – Available Therapy, July 2004.

- On the other hand, the presence of bone-forming cells will create a healthy bone environment by recruiting haematopoietic and osteoprogenitor cells and secreting matrix proteins.

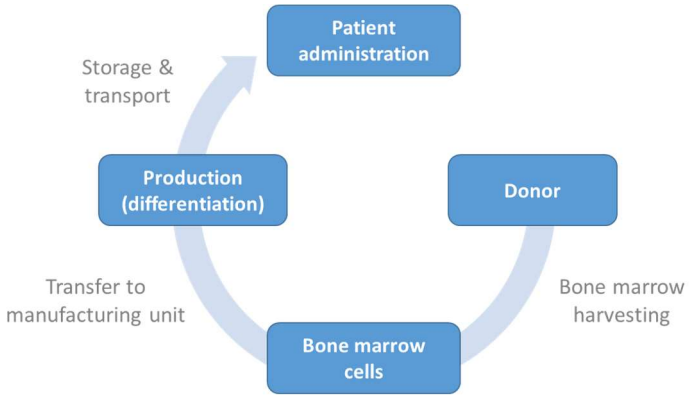
The implanted cells are expected to adhere onto the existing tissue and matrix, where they will produce new bone matrix that will be calcified. Finally, the cells will differentiate into osteocytes and become imbedded into the calcified new bone matrix.

The Company aims to improve:

- Efficacy: by developing innovative cell products composed of differentiated bone-forming cells.
- Safety: by offering a minimally invasive approach involving implanting the cells with a needle or trephine directly at the bone defect site through the skin, replacing the need for invasive surgery.

The unique use of differentiated bone-forming cells offers potential advantages compared to other types of cells (including undifferentiated stem cells):

- In terms of efficacy, the Company's differentiated cells have already acquired the capacity to form bone and are therefore more likely to have beneficial effects in bone diseases.
- Increased safety is also explained by this differentiation. Acquired function is expected to minimise the toxicity risk due to unwanted biological activities as well as uncontrolled proliferation.



The above diagram shows the manufacturing cycle of the Company's products starting with bone marrow harvesting from healthy donors (ALLOB) to obtain the stem cells that are expanded and differentiated into bone-forming cells and implanted at the bone defect site.

6.3.1 *ALLOB: allogeneic cell product*

ALLOB is the Company's allogeneic product that consists of human allogeneic bone-forming cells derived from cultured bone marrow MSC of healthy adult volunteer donors. A bone marrow aspirate is performed from the iliac crest of the patient under local anaesthesia, after which MSC are isolated, expanded and differentiated. The active part of the product thus comprises human allogeneic bone-forming cells. ALLOB has been classified as Tissue Engineered Product (non-combined) by the EMA under the ATMP classification 1394/2007. The manufacturing process is performed in strict GMP compliance and follows procedures that ensure aseptic manufacturing, full traceability, and quality control.

ALLOB cells express master osteoblast genes, mesenchymal and bone matrix adhesion markers and display bone-forming properties. The cells are able to adhere, synthesize and mineralize new bone matrix. Engraftment of the ALLOB cells as well as bone-forming and bone repair capacity was demonstrated in mouse models by local administration at the defect site.

Safety studies did not show changes in clinical signs or in laboratory parameters and no anomalies in microscopic or macroscopic observations. Additionally, no ectopic (meaning in an abnormal location) bone formation could be detected when the cells were injected in muscles. Safety was further investigated by intravenous administration of ALLOB cells at high doses to immunodeficient mice. These high doses did not

cause any excess morbidity or mortality during a 24-week observation period and no evidence for ectopic bone formation or other abnormalities was detected.

Biodistribution studies performed after injection of ALLOB at the fracture site confirmed that the cells persist at the fracture site and do not accumulate in other non-bone organs, such as brain, heart and lungs.

Additional preclinical experiments were designed to investigate the use of ALLOB in combination with bioceramic granules for spinal fusion procedures. The bioceramic scaffold is a synthetic bone substitute designed, optimized, and indicated for bone void filling, in particular in spinal fusion procedure. ALLOB cells were shown to adhere and spread within the pores of the granules. Importantly, ALLOB cells were shown to migrate out of the granules, adhere and grow in culture.

The efficacy of the ALLOB/ β-tricalcium phosphate (β-TCP) granules mix was assessed *in vivo* in a bone repair model and compared to the administration of the granules alone as a control. After 28 days, all animals treated with ALLOB/β-TCP showed new bone formation, while none of the control animals did.

6.3.2 *Administration via a minimally invasive approach*

Administration of the cells is achieved via a minimally invasive technique. The cells are administered directly into the bone defect site through a small skin incision using a small-diameter trephine (similar to a large needle – diameter is 5 mm). During the implantation, the position of the trephine into the bone defect site is visualized by fluoroscopy (a standard radiography used by orthopaedic surgeons). The simple procedure is performed under anaesthesia in an operating room, taking 20 to 40 minutes in total.

In case of lumbar spinal fusion, ALLOB is mixed with β-TCP granules and administered locally at the spine surgery site. The procedure includes placement of an interbody (*i.e.*, between the vertebrae) cage and is performed under general anaesthesia in accordance with the standard-of-care procedure of the investigating site.

6.3.3 *Optimizing the allogeneic manufacturing process*

With its core focus on its off-the-shelf, allogeneic cell therapy platform, Bone Therapeutics has been optimizing its ALLOB manufacturing process in order to improve consistency, scalability, cost effectiveness and ease of use, which are critical for development and commercialisation in cell therapy.

The Company has successfully developed an optimized process that it believes will satisfy these objectives. The optimized production process significantly increases the production yield, generating tens of thousands of doses of ALLOB per bone marrow donation. Additionally, the final ALLOB product will be cryopreserved, enabling easy shipment and the capability to be stored in a frozen form at the hospital level, making it readily available for patients in need. The process will therefore substantially reduce overall production costs, simplify supply chain logistics, improve patient accessibility and facilitate global commercialisation to large patient populations more affordably.

Bone Therapeutics believes the optimized manufacturing process is vital to the future commercial success of ALLOB. In order to avoid process changes in later phases of development, improve cost effectiveness and streamline ALLOB's route to market, the Company will implement the optimized production process for all future clinical trials with ALLOB.

6.3.4 *PREOB: autologous cell product (discontinued)*

PREOB is a cell-based medicinal product ("**CBMP**") derived from autologous (derived from the patient) bone marrow MSC. PREOB was being developed for the treatment of non-union fractures and the orphan disease, osteonecrosis of the hip.

On 6 November, post period, the Company announced that the Data and Safety Monitoring Board recommended the discontinuation of the PREOB Phase III trial in osteonecrosis of the hip, as the interim results suggested that it is unlikely that the primary objective will be achieved at the final analysis. In September 2017, following the announcement of interim data and the resulting early conclusion for the Phase IIA study for delayed union fractures with ALLOB, the Company decided to discontinue the Phase IIB/III study for non-union fractures with PREOB. The Company will focus its efforts on ALLOB in the market of difficult fractures, and prioritize the indication of delayed union fractures (or patients at risk of non-union) with ALLOB, over the indication of non-union with PREOB. PREOB was well tolerated by patients in both studies.

The discontinuation of the PREOB studies is not indicative for the outcome of the ongoing ALLOB clinical trials. Although PREOB and ALLOB are both bone forming cell products, ALLOB has inherent characteristics that are superior from a clinical and commercial perspectives, differentiating it from the autologous product, PREOB. Clinically, ALLOB has been extensively characterized and has shown superior osteogenic (i.e. direct bone formation) abilities compared to PREOB. ALLOB cells are produced from the marrow of a healthy donor, and not from the patient, therefore resulting in consistent quality, making it possible to inject several times more bone-forming cells compared to PREOB. Commercially, ALLOB can be produced in large quantities and as ALLOB is a cryopreserved product, it can be easily transported and stored making it a ready-to-use product. These factors allow ALLOB to be produced more economically and easy to use, therefore increasing the possibility of reimbursement.

The early conclusion of the Phase III osteonecrosis study has no major impact on Company's cash use. Although patient recruitment has been halted, operations related to the study will continue since the termination has generated additional activities (database final locks, final statistical analyses, safety follow-up of currently enrolled patients, site closures, etc.). Therefore, the Company estimates that there would be no major change in its monthly cash burn related to the osteonecrosis study in the months following the study's discontinuation. The termination of the PREOB studies has also no impact on further investments concerning the scaling up the manufacturing capabilities.

Licenses concerning intellectual property rights for PREOB from third parties, such as ULB-028, remains in place as it also covers the allogeneic platform. As the Company remains owner of PREOB data, funding agreements (RCA) with the Walloon Region will not be impacted. The license agreement between the Company and Asahi Kasei is currently under discussion.

6.3.5 *JTA-004: an enhanced viscosupplement*

In parallel with its core cell therapy pipeline and in line with its mission of creating innovative solutions for orthopaedic conditions, Bone Therapeutics is also developing an enhanced viscosupplement for the treatment of osteoarthritis, JTA-004. JTA-004 is a patented, non-cellular viscosupplement product that is currently being evaluated for the treatment of knee osteoarthritis (KOA). Viscosupplements are injectable solutions containing hyaluronic acid (HA), a main component of knee joint's synovial fluid and aim to provide added lubrication and protection to the cartilage of the arthritic joint. In addition to HA, JTA-004 also contains, an analgesic and anti-inflammatory agent and an enriched protein solution. Due to its unique composition, JTA-004 showed distinct advantages in preclinical studies over other viscosupplements including anti-inflammatory activity and a prolonged lubrication effect.

6.4 Current clinical pipeline and outlook for 2018/2019

Bone Therapeutics' cell therapy product, the allogeneic ALLOB, and the viscosupplement, JTA-004, are currently under clinical development for three indications in the field of orthopaedics and bone diseases.

ALLOB is being evaluated in two Phase II studies:

- Delayed-union fractures: In September 2018, the Company reported positive final results for its Phase I/IIA study in 21 patients, supporting the future clinical development of this indication. A Phase IIB is currently in preparation.

- Lumbar spinal fusion: In September 2017, the Company reported positive interim data for its Phase IIA study. The recruitment for the study was finalized in February 2018. Final results are expected in H2 2019.

JTA-004 was evaluated in a Phase II trial in knee osteoarthritis. The first results indicated that a single intra-articular injection of JTA-004 delivered higher pain reduction than the reference product, a leading viscosupplement on the market.

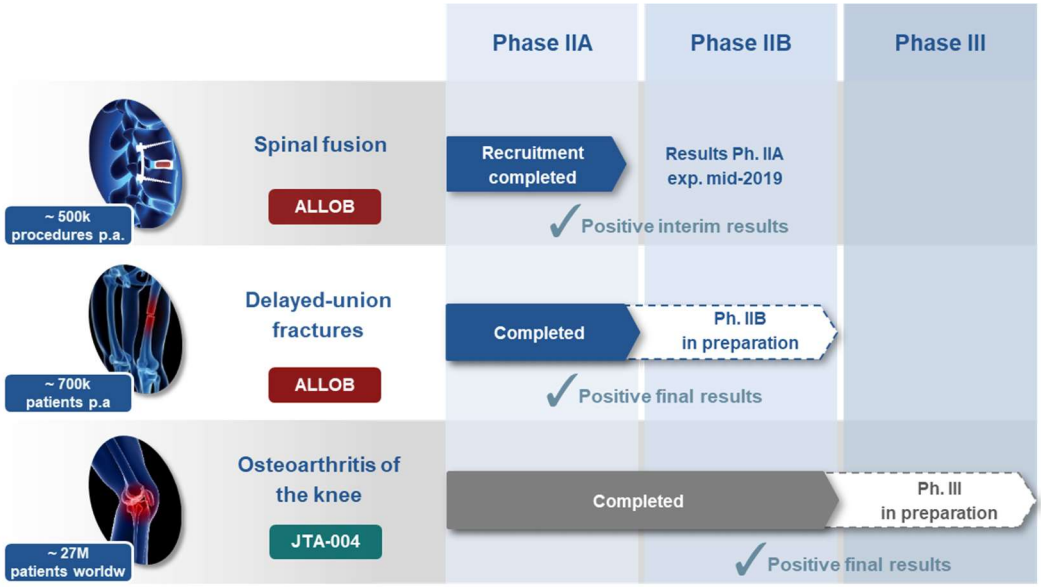


Figure: Clinical pipeline with ALLOB (allogeneic approach) and the viscosupplement, JTA-004 [3]

As the Phase III studies for non-union fractures and osteonecrosis of the hip with PREOB have been discontinued, the estimated time to market for Company's first product, 2020, as mentioned in the IPO prospectus of 2015 needs to be revisited. As on the date of the submission of this registration document the Company is still in the process of preparing the JTA Phase III and DU Phase IIB studies, it is not able to communicate long-term outlook. When the planning of these studies has been specified and approved, an indicative timeline of the studies will be provided to the market in a subsequent communication.

[3] Changes in the pipeline versus last year.
As indicated in the update of 11 December 2017, the Company decided to discontinue:
- Rescue lumbar spinal fusion
Given the positive interim Phase IIA results for lumbar spinal fusion, the Company decided to focus its resources on delivering a body of well controlled data on the application of ALLOB in lumbar spinal fusion, before developing other spine indications. Therefore, and given the investigators' recommendation to optimise the specific procedure used to administer ALLOB in rescue spinal fusion patients, the development of the indication of rescue spinal fusion has been discontinued and the recruitment of its Phase IIA trial halted. ALLOB was well tolerated but the limited number of patients enrolled in this study will not allow the Company to draw any relevant conclusion for this indication.
- Non-union fractures:
Following the announcement of strong interim data and the resulting early conclusion for the Phase IIA study for delayed union fractures in September 2017, the Company decided to focus its efforts on ALLOB in the market of difficult fractures, and prioritize the indication of delayed union fractures (or patients at risk of non-union) with ALLOB, over the indication of non-union with PREOB. Bone Therapeutics therefore decided to discontinue recruitment and stop the Phase IIB/III study for non-union fractures with autologous PREOB once the follow-up of the currently enrolled patients has been completed. PREOB was well tolerated, but the limited number of patients enrolled in the non-union study due to slow recruitment, will not allow the Company to draw any relevant conclusions in the indication.
Additionally, in November 2018, the Data and Safety Monitoring Board recommended the discontinuation of the PREOB Phase III trial in osteonecrosis of the hip, as the interim results suggested that it is unlikely that the primary objective will be achieved at the final analysis.

Outlook for 2018 - 2019

The Company's immediate focus is on submitting a new clinical trial application ("**CTA**") with the regulatory authorities to allow the start of a Phase IIB trial in delayed union, utilising the optimized production process. The Company is currently generating the non-clinical data required for the application and expects to submit the CTA for a multi-centre, randomized, controlled study in Europe in H2 2019. As the study is currently in preparation, no decision has been made on pursuing the clinical trial in the US.

The Company plans to report the top line results from 32 patients of the ALLOB Phase IIA spinal fusion study in mid-2019 after a 12-month follow-up.

6.5 Principal markets

The bone-related disorder industry, in which the Company operates, encompasses various pathologies, from orthopaedic conditions such as severe fractures and bone fracture risk diseases (hips) to spinal issues such as treatments of degenerating disc disease. Depending on the indication, competition could come from pharmaceutical, biopharmaceutical (including regenerative and cell therapy companies) and/or medical devices companies, as well as from research institutions.

The market space in which the Company operates covers fracture repair, spinal implants, bone growth stimuli and orthobiologics (including viscosupplementation but excluding the osteoporosis market) and represents a global market of around $ 22 billion in 2017 for the treatment of more than 250 million patients, which can be broken down in the following segments[4] [5]:

Segment	Number of patients	Product sales in million USD
Fracture repair	8,000,000	6,920
Spinal implants / instrumentation	3,000,000	9,081
Bone growth stimulation	Included above	670
Orthobiologics	250,000,000 [5]	5,097
Total	**261,000,000**	**21,768**

- Fracture repairs covers all the materials used today for repairing fractures both internally and externally such as plates, screws, intramedullary nails, pins, wires, staples and external fixators.
- Spinal implants/instrumentation are all the materials use to treat degenerative disc disease, herniated discs, scoliosis, vertebral fractures and others such as pedicle screws, plates, rods, hooks, screws, artificial discs, motion preserving devices, discectomy tools and vertebroplasty/kyphoplasty products.
- Bone growth stimulation refers to equipment that is used for treating fractures and in support of spinal fusion to stimulate bone growth through ultrasound, pulsed electromagnetic fields and extracorporeal shock wave therapy.
- Orthobiologics are biologic and biochemical products with application across orthopaedics such as allograft and xenograft, synthetic bone graft substitutes, hyaluronic acid viscosupplements, autologous

[4] Orthoworld, The Orthopaedic Industry Annual Report, 2013 and 2017 (relating to knee, fracture repair, spine and orthobiologics) – Global Data - Medipoint, Bone Growth Stimulators Analysis and Market Forecast, 2017 (relating to bone growth stimulation).
[5] Vos et al., *A systematic analysis for the Global Burden of Disease Study 2010*. Lancet 2012; 380:2163-96

platelet/plasma systems, cell-based products for tissue repair, growth factors and bone proteins, soft tissue repair, replacement and reinforcement products and anti-adhesion technologies.

In this space, the Company currently focuses on three main orthopaedic conditions: delayed-union fractures, lumbar spinal fusion and osteoarthritis of the knee. The market addressed by the Company is characterized by high unmet medical needs (defined as a medical need that is not addressed adequately by an existing therapy[6]). Indeed, most current treatments are either shown limited efficacy or require invasive surgery at significant risk of major complications. In addition, most treatments are associated with long hospitalization and recovery time after surgery with a persisting risk for re-intervention. Despite this, the fields targeted by the Company have so far remained relatively clear of new treatments and there are almost no reported clinical trials. In bone cell therapy, clinical development programmes are still limited to a small number of indications (*e.g.*, spinal fusion) and companies (*e.g.*, Mesoblast), although there is a growing interest at the level of academic research.

6.5.1 *Delayed-union fractures*

Description

Bone is a naturally regenerative organ, and fractures are currently well-managed in the majority of patients. However, there are traumatic situations in which bone fails to regenerate, leading either to a slowed-down regeneration process (delayed-union) or even a totally interrupted regeneration process (non-union). Inadequate reduction of a fracture leading to instability or poor immobilization may be a reason for delay in fracture union. Other factors such as age, smoking, alcohol consumption or a medical condition can increase the risk of a delayed-union.

Typically, delayed-union suggest that the union is slow, but will eventually occur without additional surgical or non-surgical interventions. Currently, there is no universally validated approach to quantitatively evaluate the progression of fracture healing at various time points from fracture onset to complete recovery. Fracture leads to acute pain and functional impairment that gradually resolve over time if bone fracture healing progresses to a point allowing full functional recovery. The definitions of delayed-union are still subject of interpretations, and the diagnosis of delayed-union is mainly based on time. Commonly, a delayed-union fracture is defined as a fracture that has not united within a period of time (3-7 months) that would be considered adequate for bone healing[7].

Because the lack of commonly accepted criteria for diagnosis, combined with heterogeneity in need for intervention, there are, for now, no standard approaches to assess the risk for and treatment of delayed-unions. Consequently, diagnosis and therapeutic decisions are made on a case by case basis. Once the risk of delayed-union is established, surgeons re-assess the assumption of fracture stability and evaluate the need or feasibility for an immediate revision surgery affecting the fracture site. Commonly, the severity of the patient's condition does not require or allow an immediate revision, and a "wait and see" attitude is mostly adopted until the diagnosis of delayed-union is confirmed or the situation improves. This "wait and see" approach may last several months, which delays the patient's return to a normal life and places a significant financial burden on society.

Market Size

In the US, long bone fractures account for approximately 10% of all non-fatal injuries[8]. Close to 10 million fractures occur every year and over 3 million fracture repair surgeries are performed in Europe, the US and Japan. This led to revenues of more than $6.9 billion in the global fracture repair market in 2017, an increase of 4.6% compared to the year before. This market is expected to continue to grow steadily over the coming years[9]. Major driving factors for the fracture repair devices market are the increase in the elderly population,

[6] FDA Guidance for Industry – Available Therapy, July 2004.
[7] Liebergall et al., Stem cell-based therapy for prevention of delayed fracture union. Molecular Therapy 2013 (8), 1631-1638
[8] Kanakaris et al., The health economics of the treatment of long-bone non-unions. *Injury* 2007(38S)S77-S84.
[9] Orthoworld. The orthopaedic industry annual report for year ending December 31, 2017.

growing healthcare costs, and the increase in prevention measures for various orthopaedic-related problems. The leading causes of orthopaedic fracture cases are the ageing population, increasing participation in sports and rising number of road accidents.

The Company has estimated the incidence of delayed-union fractures based on (i) the number of osteosynthesis (orthopaedic external or internal fixation devices) annually performed and (ii) the reported rates of fractures evolving to delayed-union. In the base case scenario, the annual number of addressable patients in Europe, the US and Japan is estimated to be 715,000 for delayed-union.

Competition

To its knowledge, the Company is the only clinical stage company that develops bone cell products using differentiated bone cells for the treatment of delayed-union fractures. Bone Therapeutics' allogeneic bone cell products, ALLOB, is now in preparation for a Phase IIB clinical trial for the treatment of delayed-union fractures. Delayed-union fractures are rarely treated by physicians which is reflected in the very limited number (5) of ongoing clinical trials reported on *ClinicalTrials.gov* for this condition.[10] Therefore, the Company believes that it can play a significant role in creating this new market, given the fact that the Company benefits from being an early actor in the field. Instead of waiting (for the confirmation of a delayed-union or non-union diagnosis), surgeons will be provided with an early non-invasive therapeutic option, offering reduced healing time and yielding substantial cost savings[11].

Established non-unions are generally treated with bone autograft combined or not with intramedullary nailing, plating, and external fixation devices. Besides this treatment presents a significant success rate 1-year post-surgery of about 75-85% and advantageously avoids risks of disease transmission, it is still associated with considerable side-effects, with complications (pain at harvest site, infection…) reported in 20% of patients (for iliac crest harvest procedures in particular)[12].

In the early phase of delayed-union fractures, several non-invasive techniques have been developed to stimulate a biological healing response of the fracture, such as ultrasound stimulation (Exogen® from Bioventus). In the rare cases that delayed-union fractures are surgically treated, the use of osteosynthesis material and bone grafts is a well-established practice for the repair of fractures. There are numerous choices for bone graft matrices ranging from bone autograft to multitude allografts, such as synthetic bone substitutes or cadaver bone (demineralized bone matrix (DBM) from Biomet, DePuy Synthes, etc.) or cellular allograft (allograft with viable cells from Stryker, Zimmer Biomet, Orthofix, etc.). Next to bone void filler products in support of bone graft surgeries, some medical devices company have also developed "injectable" bone void filler product for unhealed fractures of non-weight-bearing bones.

Apart from bone grafting, Infuse®/InductOs® (the ortho-biological product (*i.e.*, protein) rhBMP-2; Medtronic) is, to the Company's knowledge, the only pharmaceutical therapy approved in Europe and in the US in a restricted indication (treatment of acute, open tibial shaft fractures that have been stabilized with intramedullary nail fixation after appropriate wound management). Studies have revealed unsatisfactory results for other "orthobiologics" (rhBMP-7 from Olympus Biotech, rhPDGF from Wright Medical Group, PTH from Lilly and *Romosozumab* from Amgen/UCB), forcing them to withdraw the products from the market or discontinue their clinical development. Kuros completed in 2011a Phase IIb trial with vPTH (variant of the parathyroid hormone) in combination with a matrix for treating fresh tibia fractures however since then no further news has been announced.

Several biotechnology companies are active in cell therapy for orthopaedic use:[13]

[10] From www.clinicaltrials.gov, Indication "Delayed Union of Fracture", last consulted on August 17, 2018.
[11] Heckman et al. The economics of treating tibia fractures. The cost of delayed unions. Bull Hosp Jt Dis. 1997(56)63-72.
[12] Friedlaender G, et al. Osteogenic protein-1 (BMP-7) in the treatment of tibial non-unions: a prospective, randomised clinical trial comparing Rhop-1 with fresh autograft. *J Bone Joint Surg Am*. 2001(83)151-158.
[13] From www.clinicaltrials.gov, Indication "Non-Union of Fracture", Status "Not yet recruiting", "Recruiting", "Active, non-recruiting" and "Completed", last consulted on August 17, 2018.

- Xcelia (ES), the advanced therapy division of the Banc de Sang i Teixits (Blood and Tissue Bank) of the Health Department of the Catalan government has initiated in 2014 a Phase IIA pilot clinical trial to assess *ex-vivo* expanded adult autologous MSCs fixed in allogeneic bone tissue in association of open surgery (XCEL-MT-OSTEO-ALPHA) in non-hypertrophic pseudoarthrosis (non-union) of long bones. This trial is currently active, but not recruiting.

- Novadip Biociences (BEL) has a preclinical stage autologous undifferentiated stem cell product mixed with cadaver bone. Safety of the method was tested in a small sample of patients with non-union fractures within the context of hospital exemption. However, no further clinical development has been initiated since.

- Shanghai iCell Biotechnology (CN) has recently announced the initiation of a Phase I/IIA clinical trial in China in which the use of human amniotic epithelial cells (hAECs) – stem cells originating from foetal tissues – for the treatment of non-union fractures in the limb will be tested (not yet recruiting with the last update dating from June 2017).

Majority (if not all) of the identified companies work on non-union fractures. To Company's knowledge, Bone Therapeutics is the only cell therapy company focusing on delayed-union fractures. In conclusion, there is only one direct competitor today being active in clinical trials in this field being Xcelia. The major differences are the autologous and the allogeneic approach followed by respectively Xcelia and the Company and the fact that the Company is the only one making use of differentiated cells.

Overview of cell therapy companies active in unhealed fractures[14].

Companies	Location	Products	Source	Product type	Status
Xcelia	Spain	Xcel-Mt-Osteo-Alpha	Autologous	Bone marrow-derived MSC	Ph IIA ongoing
Shanghai iCell Biotechnology	China	-	Allogeneic	Foetal-derived hAEC	Ph I/IIA to be initiated
Novadip Biosciences	Belgium	NVD-001	Autologous	Adipose-derived MSC (3D structure)	Preclinical (some clinical data under hospital exemption)

MSC: mesenchymal stem cells; hAEC: human amniotic epithelial cells.

6.5.2 *Spinal fusion*

Description

Spinal fusion is considered as the gold standard surgery for treating a broad spectrum of degenerative spine disorders, including degenerative disc disease, spondylolisthesis, scoliosis and stenosis, to relieve pain and improve function. Spinal fusion consists of bridging two or more vertebrae with the use of a cage and graft material, traditionally autologous bone graft or bone substitutes such as bioceramics (β-tricalcium phosphate or β-TCP) and cadaver bone – placed into the intervertebral space – for fusing an unstable portion of the spine or immobilizing a painful vertebral motion segment.

Despite the fact that spinal fusion surgery is routine, non-union and failure to relieve lower back pain are unfortunately still frequent. One of the most common complications encountered in spinal fusion surgery is failed fusion (complete or partial), reported in approximately 5% to 35% of procedures, which could lead to debilitating pain, deformities, and subsequent revision surgery. Its management is one of the most challenging problems in this field. Procedures to salvage failed lumbar fusions focus on achieving a solid fusion, and consequently relieving and controlling pain and symptoms, minimizing disability, and improving the quality of life. However, revision surgeries are associated with higher procedure-related complication rates, technical

[14] Company websites and clinicaltrials.gov.

difficulties, and longer operative times. Moreover, success rates are poor and not always reliable for both fusion and clinical results. Furthermore, autograft is a very painful procedure, though efficacious, that surgeons want to move away from. Orthobiologics such as Infuse®/InductOs® have shown efficacy but also very worrying safety issues.

Market Size

Over 1 million spinal fusions are performed each year in Europe and the US, the majority of which are to address degenerative lumbar disc disease. The Company's estimates regarding market size are based on hospital discharge data and market reports. Using these data, the Company estimates that each year 542,000 patients in Europe, the US and Japan undergo lumbar spinal fusion surgery.

In recent years, the spinal fusion market in the US has grown considerably, from 260,000 procedures in 2002[15] to 689,000 in 2016[16]. According to a GlobalData report, this growth is largely the results of the increase in indications for which spinal surgery can be performed. GlobalData estimated that the market will continue to grow, albeit at a smaller annual rate of 3.4%. On the one hand, the ageing population and sedentary lifestyle support further expansion; on the other hand, changing reimbursement policies may start putting pressure on the market.

Competition

The spinal fusion market is segmented into two product classes, *i.e.*, hardware devices (plates, screws and cages) and bone grafts. These two classes are inter-related as the hardware is needed to stabilise the vertebrae and the grafts are needed to promote fusion. Bone autograft is still perceived as the gold-standard for spinal fusion procedures, despite high safety concerns (in particular donor site pain)[17]. As a wide array of alternatives is now on the market, a gradual shift is observed from bone autograft towards bone substitutes. This overcrowded product class - with over 200 different products available for the surgeons - is currently dominated by major medical device manufacturers. The bone substitutes on the market are (i) allografts, mostly cadaver bone (DBM from Biomet, Zimmer, DePuy Synthes, etc.) and (ii) ceramics (Stryker, Baxter, etc.). The market for bone substitutes is characterized by rapid technological change, frequent introduction of new products and evolving surgical practices toward minimally invasive procedures. Experts estimate that this market will be driven mostly by innovation and by the companies' novel positioning as part of a broad therapy system. In such a therapeutic setting, the synergic combination of hardware devices, bone substitutes and adapted surgeries would ensure better therapeutic outcomes.

By contrast, the regenerative segment of the spinal fusion market has little or no competition with only one approved orthobiologic therapy available in Europe and in the US, Infuse®/InductOs® (the recombinant growth factor rhBMP-2 from Medtronic).

The negative media coverage surrounding Medtronic's Infuse® (along with FDA and US Senate investigations and lawsuits, and decreased sales) has opened the market to alternative therapies[18]. For orthobiologics, the vPTH biomaterial from Kuros is ready to be evaluated through a Phase II/III trial in the US for the treatment of chronic back pain[19]. However, in this changing landscape, the Company believes that its allogeneic cell products, used as an add-on therapy to synthetic bone substitutes in standard fusion procedures, could offer a better treatment option and be cost-effective by achieving a faster and more solid fusion.

Companies addressing this field through cell therapy are the following:

[15] Size of spinal fusion market to suffer amid scrutiny. GlobalData, Joseph Gregory, May 6, 2014.
[16] Spinal Fusion – Global Analysis and Market Forecast. GlobalData, Linda Tian, December 2016.
[17] Myeroff C and Archdeacon M. Autogenous Bone Graft: Donor sites and Techniques. The Journal of Bone and Joint Surgery. 2011; 93A (23): 2227-36.
[18] http://www.drugwatch.com/infuse/ and "Medtronic must face revived U.S. lawsuit over Infuse" (Reuters, 28 Dec. 2016)
[19] Kuros Biosciences website.

- Mesoblast (AUS) has developed an allogeneic bone marrow derived MPC's (mesenchymal precursor cells) alone or combined with hyaluronic acid (product candidate MPC-06-ID) for treatment of chronic low back pain caused by disc degeneration which has recently completed patient recruitment for a phase III study.[20]
- Xcelia (ESP) (see also non-union fractures) has initiated a phase II trial in 2012 with expected completion mid 2018 whereby they are using autologous bone marrow derived stem cells fixed in allogeneic human bone tissue (cadaver bone)
- Novadip Biosciences (BEL) has initiated a Phase I/II trial in 2017 with expected completion in 2020 using their autologous adipose derived MSC's incorporated in an allogeneic DBM (product candidate NVD-001) for the treatment of low grade degenerative lumbar spondylolisthesis by interbody fusion.[21]

In conclusion there is only one direct competitor today being active in clinical trials in this field being Mesoblast, the other proposing an autologous approach. The fact that the Company is the only one making use of differentiated cells is a clear potential advantage in terms of potency and safety.

Overview of cell therapy companies active in lumbar spinal fusion[22].

Companies	Location	Product(s)	Source	Product type	Status
Mesoblast	Australia	MPC-06-ID (rexlemestrocel-L)	Allogeneic	Bone-marrow-derived MPC (+ Hyaluronic acid)	Ph III ongoing
Xcelia	Spain	Xcel-Mt-Osteo-Alpha	Autologous	Bone marrow-derived MSC	Ph I/IIA ongoing
Novadip Biosciences	Belgium	NVD-001	Autologous	Adipose-derived MSC (3D structure)	Preclinical (some clinical data under hospital exemption)

MPC: Mesenchymal Precursor Cells; MSC: mesenchymal stem cells.

6.5.3 *Osteoarthritis of the knee*

Description and Market Size

Osteoarthritis ("**OA**"), also known as degenerative joint disease, is the most common chronic joint condition in which the protective cartilage in the joints progressively break down resulting in joint pain, swelling, stiffness and limited range of motion. The knee is one of the joints that are mostly affected by osteoarthritis, with an estimated 250M cases worldwide[23]. Based on studies analysing the prevalence of symptomatic knee osteoarthritis, the Company estimated that there are about 27 million patients suffering from this common orthopaedic condition in the US, Europe and Japan or about 3% of the total population of 838 million people in these countries.

The prevalence of knee osteoarthritis ("**KOA**") is expected to increase in the coming years due to increasingly aging and obese population. Currently, there is no cure for KOA and treatments focus on relieving and controlling pain and symptoms, preventing disease progression, minimizing disability, and improving quality of life. Most drugs prescribed to KOA patients are topical or oral analgesics and anti-inflammatory drugs. Ultimately, severe KOA lead to highly invasive surgical interventions such as total knee replacement.

[20] From www.clinicaltrials.gov and Mesablast press release from 28 March 2018.
[21] From www.clinicaltrials.gov.
[22] Company websites and clinicaltrials.gov.
[23] Vos et al., *A systematic analysis for the Global Burden of Disease Study 2010*. Lancet 2012; 380:2163-96

Viscosupplements are one of the commonly used treatments for moderate KOA. Viscosupplements are injectable solutions containing hyaluronic acid ("**HA**"), a main component of knee joint's synovial fluid and aim to provide added lubrication and protection to the cartilage of the arthritic joint. JTA-004, which consists of hyaluronic acid, an analgesic and anti-inflammatory agent and an enriched protein solution, showed distinct advantages in preclinical studies over other viscosupplements due to its anti-inflammatory and lubrication properties. The worldwide sales of viscosupplements had an estimated value of $2.1B in 2016[24].

Competition

There is currently no cure for OA. Treatment for OA focuses on relieving and controlling pain and symptoms, preventing disease progression, minimizing disability, and improving quality of life. Management of OA includes varied techniques and principles, both non-pharmacologic and pharmacologic in nature.

Most treatments consist of a combination of the following methods: education, weight loss, exercise, joint protection, physical and occupational therapy. A large number of drugs are also prescribed for patients with OA, typically used to reduce the inflammation, which in turn decreases pain and stiffness. These drugs include acetaminophen and non-steroidal anti-inflammatory drugs ("**NSAIDs**"), COX-2 inhibitors, topical analgesics, narcotic analgesics, glucosamine and chondroitin, tramadol and intra-articular (IA) corticosteroids (Manek and Lane, 2000). Although effective in reducing symptoms, NSAIDs are often associated with side effects sometimes described as costly for society. The primary safety concern with NSAIDs is the increase in gastrointestinal problems, including ulceration, haemorrhage, and perforation (Roth, 2011). Compared to traditional NSAIDs, COX-2 inhibitors claim to be more selective in their mode of action, with reduced gastrointestinal complications. However, an increased risk of cardiovascular complications has recently been attributed to various NSAIDs including COX-2 inhibitors (McGettigan and Henry, 2006). IA steroids are effective but usually have quite short duration of effect (Godwin and Dawes, 2004).

In severe cases, when the therapies above do not work, surgery may be considered as a last-resort effort to manage OA symptoms. Surgical interventions include total joint arthroplasty and joint lavage and debridement. There is no evidence demonstrating that lavage or debridement is more effective in relieving pain or improving function than non-surgical treatment (Moseley et al., 2002). Arthroplasty has significantly reduced knee pain and increased functionality in patients who were severely incapacitated before surgery (Pendleton et al., 2000). Prosthesis loosening and infection are among the complications that can occur.

Although there are several non-surgical treatments available for the treatment of knee OA, their long-term use and their safety have not been systematically monitored. Viscosupplementation has been used in the treatment of symptoms associated with knee OA with a favourable safety profile (Pagnano and Westrich, 2005). Viscosupplementation is an IA therapeutic technique for the treatment of knee OA based on the physiologic importance of hyaluronic acid (HA) in synovial joints. Its therapeutic goal is to address the cause of pain and to improve mobility of the joint by replacing the low elastoviscous osteoarthritic synovial fluid with high elastoviscous solutions of HA or its derivatives.

There are several different strengths of viscosupplements of widely different molecular weights. This difference of molecular weight ("**MW**") is thought to be of importance with respect to the volume/amount and number of injections, the residue time in the joint and biologic effects (Huang et al., 2010).

The US viscosupplement market is dominated by Sanofi, whose products have an estimated market share of about 40-50%. Other players on the US market are Anika Therapeutics, Ferring and Fidia Pharma each of which has an estimated market share of 12-13%. The European market is much more fragmented and each local market has its leading brands[25].

[24] Viscosupplementation: Global Analysis and Market Forecasts, April 2017, Global Data
[25] Viscosupplementation: Global Analysis and Market Forecasts, April 2017, Global Data

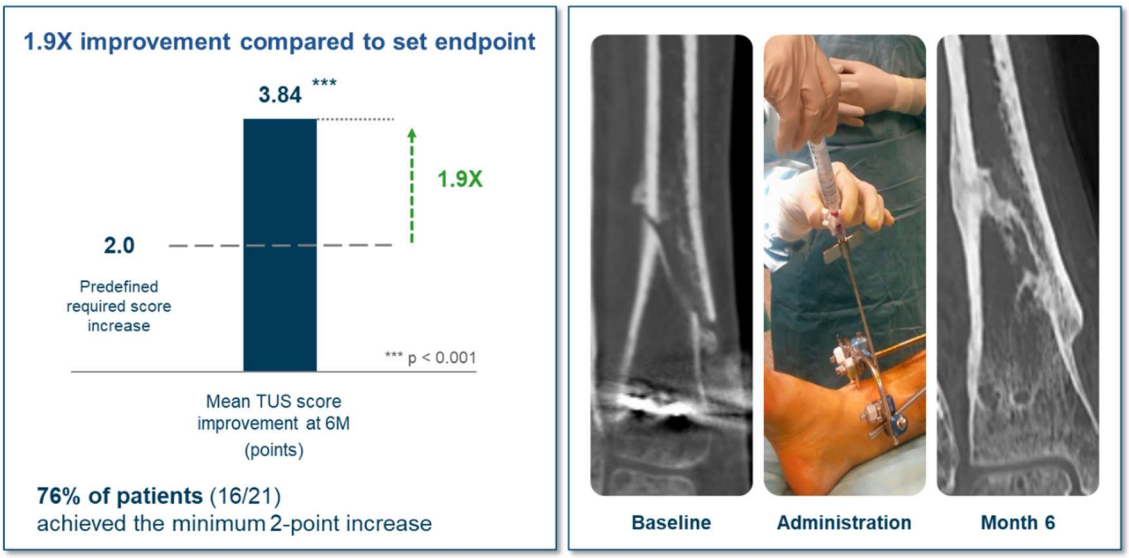
6.6 Results clinical studies

6.6.1 *Delayed-union fractures*

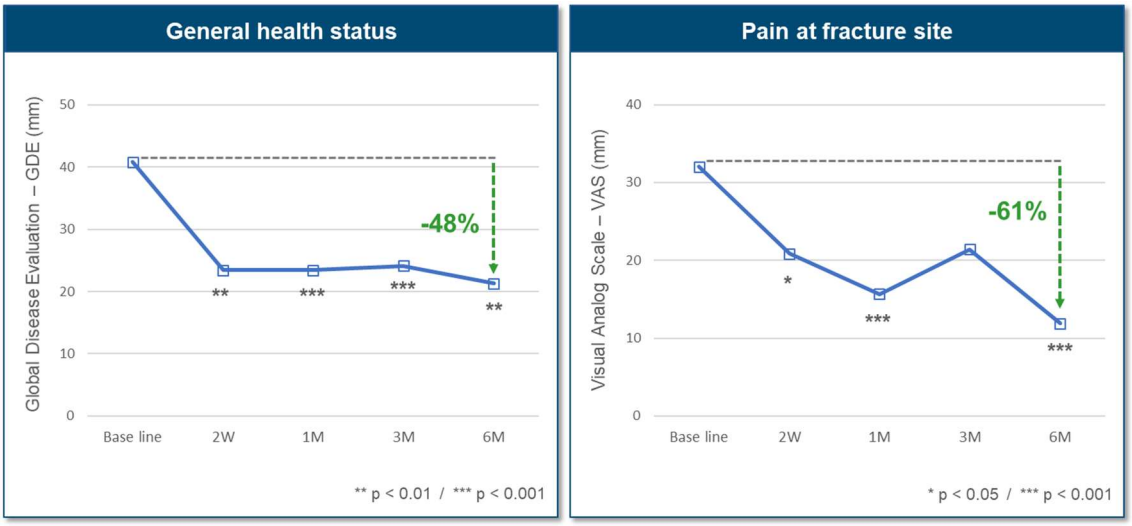
The Phase I/IIA study was a six-month open-label trial to evaluate the safety and efficacy of ALLOB in the treatment of delayed-union fractures of long bones. The study evaluated 21 patients, who each had a fracture that had failed to consolidate after a minimum of three and a maximum of seven months. Each patient received a single percutaneous administration of ALLOB directly into the fracture site and completed a six-month follow-up. Fracture healing of ALLOB-treated patients was assessed using both radiological evaluation (based on CT-scan) and clinical evaluation (e.g. health status and pain).

At six months post administration, 100% of the patients met the primary endpoint, defined as an increase of at least two points on the radiological Tomographic Union Score (TUS) or an improvement of at least 25% of the clinical Global Disease Evaluation (GDE) score vs. baseline.

From a radiological perspective, the patients improved by on average 3.84 points on the TUS score (statistically significant) almost twice the required increase of two points. This minimum two-point increase was achieved by 16 out of 21 patients (76%).



From a clinical perspective, the health status of patients, as measured by the GDE score, improved statistically significantly by on average 48%. The minimum 25% improvement was achieved by 16 out of 21 patients



(76%). Pain at the fracture site, an important secondary endpoint, was statistically significantly reduced by on average 61%.

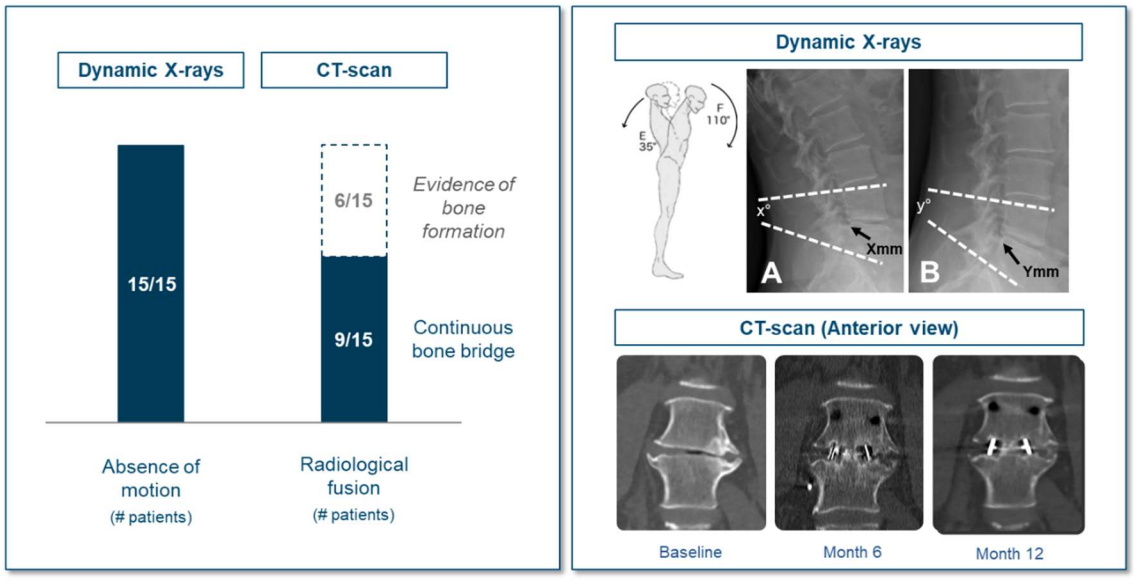
Overall, ALLOB was shown to be well-tolerated and the safety profile was consistent with the interim analysis reported on 20 September 2017. As previously described in the literature covering clinical studies with allogeneic mesenchymal stem cells or their derivatives, it was observed that blood samples of about half of the patients contained donor-specific antibodies, either pre-existing or developed after administration.

6.6.2 *Spinal fusion*

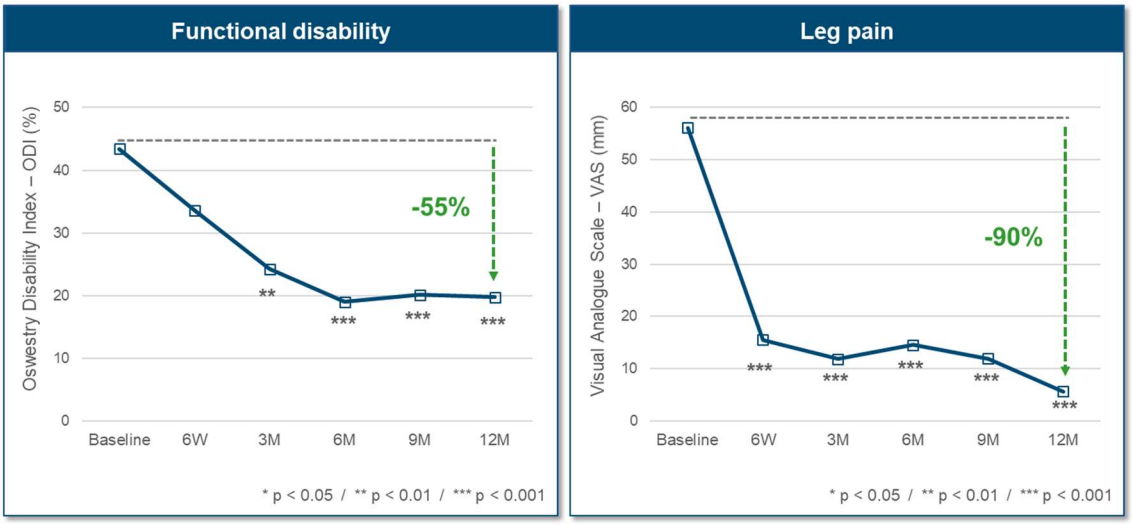
The Phase IIA trial in lumbar spinal fusion is designed to evaluate the safety and efficacy of the addition of ALLOB to the standard of care procedure in which an interbody cage with bioceramic granules is implanted to achieve fusion of the lumbar vertebrae. Endpoints of the study include radiological assessments, with the evaluation of fusion (CT-scan) and intervertebral mobility (dynamic X-rays); clinical assessments, with the improvement in functional disability and reduction in pain; and safety assessments. 16 patients were eligible but 15 were treated as one patient was withdrawn due to a last-minute change in surgical procedure, which was unrelated to the study.

From a radiological perspective, dynamic X-rays reveal absence of motion at the treated level in all of the 15 patients at 12 months. Continuous bone bridges (or fusion) were observed by CT-scans in 9 out of 15 patients 12 months after the surgery, while the remaining 6 patients showed evidence of bone formation without continuous bony bridging.

Clinically, a clear and statistically significant improvement in functional disability from the pre-treatment baseline was observed at 12 months using the Oswestry Disability Index, with a mean score improvement of 55%. In addition, back and leg pain was strongly reduced, by 59% and 90% respectively[28].



From a safety perspective, treatment with ALLOB was well tolerated in all patients. As previously described in the literature covering clinical studies with allogeneic mesenchymal stem cells or their derivatives, it was observed that blood samples of about half of the patients contained donor-specific antibodies, either pre-existing or developed after administration, however no clinical consequences were observed.



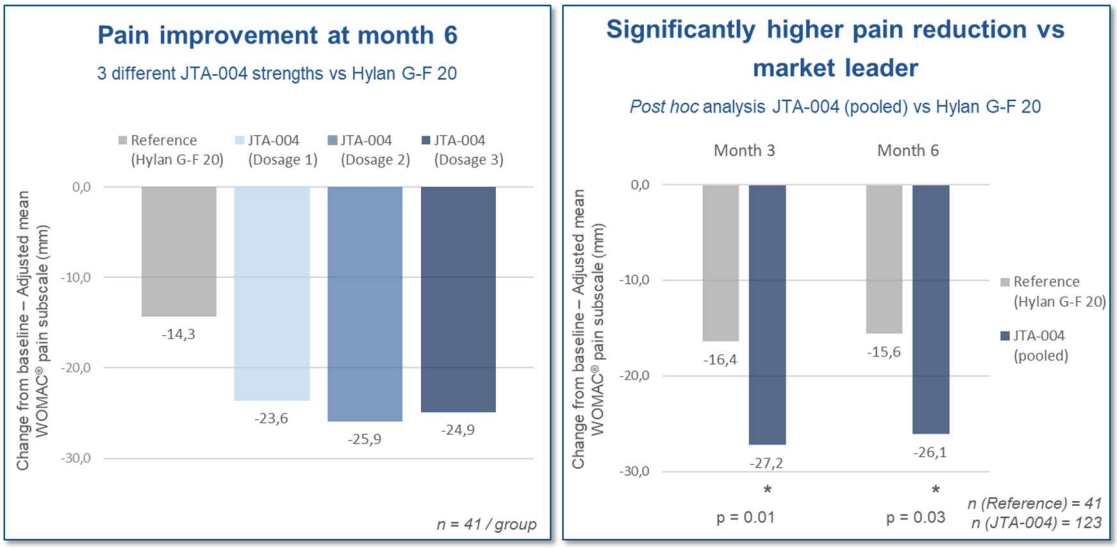
The Company completed the recruitment of its Phase IIA lumbar spinal fusion study with its allogeneic bone-cell therapy product, ALLOB in February 2018. Given this timing, efficacy and safety data for the full set of 32 patients are expected mid-2019, following a follow-up period of 12 months.

6.6.3 *Osteoarthritis of the knee*

The trial was a prospective, multicentre, randomised, double-blind, controlled study including three JTA-004 strengths and one reference product, hylan G-F 20, the global market leader in viscosupplements. The main objective of the study was to demonstrate the superiority of a single intra-articular JTA-004 injection to the reference product.

164 patients were randomly assigned to the reference group or one of the three JTA-004 groups. The primary endpoint of the study was the mean change in WOMAC® VA 3.1 pain subscale score (ranging between 0 and 100 mm) between baseline and 6 months after treatment.

The single intra-articular injection of JTA-004 was generally well tolerated. At six months, patients in the three JTA-004 groups showed an improvement in pain vs. baseline ranging from 23.6 mm to 25.9 mm, while patients in the reference group only showed a 14.3 mm[27] improvement. Due to high variability in primary endpoint at six months, statistically significant differences between the individual JTA-004 groups and the reference group were not achieved.



Analysis of the results revealed that the three JTA-004 strengths had a similar efficacy. Therefore, a post hoc exploratory analysis was subsequently performed between the reference group and all pooled JTA-004 treated patients. The exploratory analysis showed a 26.1 mm improvement for the pooled JTA-004 group vs. 15.6 mm[26] for the reference group at month 6, demonstrating a statistically significant superiority of the pooled JTA-004 group compared to the leading viscosupplement on the market. A 10 mm difference on the WOMAC® Index pain subscale is considered to be a beneficial improvement for the patient (Ehrich et al., 2000; Bellamy et al, 2005).

Due to the difference in HA preparations (linear or reticulated, varying MW and/or concentration), assessment criteria, statistical methodologies, injection schedules (1, 2, 3 or 5 injections per cycle for 1 to 3 cycles per year), the quality and injection techniques among other causes, outcome of clinical trials with viscosupplements had been contradictory which has led to a critical view by certain medical associations with regards to viscosupplements. However, during the last few years, multiple large scale meta-analyses on the efficacy of viscosupplements have been conducted (Maheu et al., 2018; Johansen et al., 2016; Strand V. et al., 2015; Campbell et al., 2015;) and several independent experts group from US (Bannuru et al., 2015; Bhadra et al., 2017; Trojian et al., 2015), EU (Henrotin et al. 2015; Bruyère et al., 2016; Cooper et al., 2016) and Canada (Bhandari et al., 2017) have reviewed these and previous finding to address the controversies surrounding HA. As the meta-analyses have demonstrated the efficacy and safety of viscosupplements and showed that 60-70% of patients were responders, the experts group recommended the use of viscosupplementation as a treatment option for early to moderate knee osteoarthritis. These recommendations are also supported by the wide use of viscosupplements (representing a $2 bn market) in practice, which shows that patients find the benefit of it in real life. Bone Therapeutics is developing an enhanced viscosupplement, JTA-004, containing 2 additional active ingredients besides hyaluronic acid, with the objective to prove superiority vs. the market leader viscosupplement.

6.7 Regulatory framework

In each country where it conducts its research and intends to market its products and product candidates, the Company has to comply with regulatory laws and regulations (hereinafter, collectively the "**Regulatory Regulations**"), including regulations laid down by regulatory agencies and by other national or supra-national regulatory authorities (hereinafter, collectively the Competent Authorities), as well as industry standards incorporated by such Regulatory Regulations, that regulate nearly all aspects of the Company's activities.

The Company's pharmaceutical product candidates are subject to substantial requirements that govern among other things their testing, manufacturing, quality control, safety, efficacy, labelling, storage, record keeping, marketing approval, advertising, promotion, pricing, and reimbursement. The process of maintaining continued compliance with the regulatory requirements requires the expenditure of substantial amounts of time and money.

6.7.1 *Medicinal product and clinical study regulations*

ALLOB is an advanced therapy medicinal product (ATMPs – as defined in regulation 1394/2007) which has been developed in compliance with the European legislation. ALLOB has been classified as tissue engineered products by EMA on 19 July 2011 based on Regulation 726/2004. Under Regulation 1394/2007, a "tissue engineered product" means a product that contains or consists of engineered cells (cells that have been subject to substantial manipulation or are not intended to be used for the same function in the recipient as in the donor) or tissues, and is presented as having properties for, or is used in or administered to human beings with a view to regenerating, repairing or replacing a human tissue. In the US, ALLOB will fall under the Biological Licence Application regulation. In Japan, ALLOB will fall under the new legislation for regenerative medicine which allows for conditional marketing approval after Phase II clinical trials.

[26] The difference in the mean improvement of the reference group at Month 6 between the two analyses was a consequence of the statistical adjustments for both sample size and sample variation in the covariance analysis that was used in both study.

The testing, storage, and distribution of human tissues and cells (intended for human use) and of manufactured products derived from human tissues and cells (intended for human use) is specifically regulated (in Europe by Directive 2004/23/EC, which e.g., requires the licensing of tissue establishments).

The Company is registered as a "Tissue Establishment" (according to the Belgian RD2 of 28 September 2009 and the Belgian Law of 19 December 2008 to transposing the Directive).

The Company's manufacturing site has been inspected by the Belgian national competent authorities (Federal Agency for Medicines and Health Products, Belgium) and is registered as a "Pharmaceutical Establishment" and accredited as a "GMP" facility by the Belgian Competent Authorities (Federal Agency for Medicines and Health Products), as requested by the Directive 2001/83/EC, 2009/120/EC and regulation EC 1394/2007. Manufacturing authorization and intra-EU distribution for ALLOB and JTA-004 has been granted by the Belgian National Competent Authority under the number 1698.

Overview of manufacturing authorizations

Agreement / license	Competent Authority*	Date of approval
Manufacturing authorization and intra-EU distribution authorization for JTA & ALLOB	Federal Agency for Medicines and Health Products	Authorization since February 2011, updated on 8 Jan 2013. Last update (JTA-004) on January 2017
GMP agreement	Federal Agency for Medicines and Health Products	Authorization since 23 Jan 2012 (Addition of production site-Gosselies- on 19 December 2017) Authorization for JTA since 29 Sept 2014
Tissue Bank / Intermediary Structure (ALLOB)	Federal Agency for Medicines and Health Products	Authorization since 1 March 2013

** In the EU, the national Competent Authority is entitled to grant accreditation to the whole of the EU.*

Competent Authorities are aware of the specificities of cell-based product candidates, and give much attention to their upfront characterisation and to the development of assays to measure their biological activity. The preclinical and clinical development paths are broadly similar in Europe (governed by Directive 2001/20) and in the US. Initially, non-clinical studies are conducted to evaluate the mode of action and safety through *in vitro* and *in vivo* studies. Upon successful completion of preclinical studies, a request for a Clinical Trial Authorisation (CTA, in the EU) or an Investigational New Drug application (IND, in the US), needs to be approved by the relevant Competent Authorities and Ethics Committee for clinical trials to be allowed to start. Clinical trials are typically conducted in sequential phases, Phases I, II, III and IV. Phase IV trials are conducted as post-marketing pharmacovigilance studies to identify and evaluate the causality of any long-term effects during a lengthy period treatment for a greater number of patients. These phases may be compressed, may overlap or may be omitted in some circumstances.

The rate of completion of the Company's clinical trials may be delayed by many factors, including slower than anticipated patient enrolment or adverse events occurring during clinical trials.

Competent Authorities typically have between two and six months from the date of receipt of the CTA application to raise any objections to the proposed trial for ATMPs. USFDA shall provide a written determination one month after FDA receives the IND application. Competent Authorities may also require additional data before allowing studies to commence and could demand that studies be discontinued, for example if there are significant safety issues. In addition to obtaining Competent Authority approval, clinical trials must receive Ethics Committee (in the EU) or Institutional Review Board, "IRB" (in the US) approval for every research site (e.g., hospital) where the clinical trials are conducted.

For most of its studies, the Company sought EMA scientific advice before designing its clinical trials in order to incorporate the requirements of the EMA.

The Company received orphan drug status for PREOB (EMA: 2007; FDA: 2008) and ALLOB (EMA: 2013; FDA: 2014) for the treatment of (non-traumatic) osteonecrosis as well as for the osteogenesis imperfecta treatment for ALLOB product (EMA: 2015; USFDA: 2015). When obtaining orphan designation, the Company benefits from a number of incentives, including protocol assistance, a type of scientific advice specific for designated orphan medicines, and market exclusivity (10 years in Europe and 7 years in the US)

once the medicine is on the market. Fee reductions are also available depending on the status of the sponsor and the type of service required.

6.7.2 *Marketing approval*

Although different terminology is used, the data requirements, overall compliance to GMP, GCP and other regulatory requirements and the assessment and decision making process for marketing approval are similar in the EU and in the US. Upon availability of initial efficacy data from Phase II clinical trials *and* confirmatory Phase III clinical trial data, the Company may submit a request for marketing authorization to the Competent Authorities (a Marketing Authorization Application ("**MAA**") to EMA in the EU; a Biologics License Application ("**BLA**") to FDA in the US). FDA and/or EMA may grant approval if the quality, safety *and* efficacy of the medicinal product are proven, deny the approval or request additional studies or data. Following favourable assessment and decision, the products may be commercially launched in the relevant territory. There can be no guarantee that such approval will be obtained or maintained. In practice, effective market launch is often further conditioned upon completion of pricing and reimbursement negotiations with Competent Authorities involved in healthcare and pharmaceutical expenditure at the national or regional level.

When granting marketing authorization, Competent Authorities may impose upon the Company an obligation to conduct additional clinical testing or other post-approval commitments in addition to mandatory pharmacovigilance requirements (referred to as Phase IV clinical trials) (Regulation 1394/2007). Additionally, marketing authorization may be subjected to limitations on the indicated uses for the product. Also, after marketing authorization has been obtained, the marketed product and its manufacturer and marketing authorization holder will continue to be subject to Regulatory Regulations and monitoring by Competent Authorities. The conditions for marketing authorization include requirements that the manufacturer of the product complies with applicable legislation including GMP, related implementing measures and applicable guidelines that involve, amongst others, ongoing inspections of manufacturing and storage facilities.

6.7.3 *Pricing and reimbursement*

In Europe, pricing and reimbursement for pharmaceuticals are not harmonized and fall within the exclusive competence of the national authorities, provided that basic transparency requirements defined at the European level are met as set forth in the EU Transparency Directive 89/105/EEC. As a consequence, reimbursement mechanisms by private and public health insurers vary from country to country. In public health insurance systems, reimbursement is determined by guidelines established by the legislator or a competent national authority. In general, inclusion of a product in reimbursement schemes is dependent upon proof of the product efficacy, medical need, and economic benefits of the product to patients and the healthcare system in general. Acceptance for reimbursement comes with cost, use and often volume restrictions, which again vary from country to country.

The pricing and reimbursement level for the Company's products will depend on the strength of the clinical data set and, as for most novel therapies, restrictions may apply. In most countries, national Competent Authorities ensure that the prices of registered medicinal products sold in their territory are not excessive. In making this judgment, they usually compare the proposed national price either to prices of existing treatments and/or prices in other countries also taking into account the type of treatment (preventive, curative or symptomatic), the degree of innovation, the therapeutic breakthrough, volume of sales, sales forecast, size of the target population and/or the improvement (including cost savings) over comparable treatments. Given the growing burden of medical treatments on national health budgets, reimbursement and insurance coverage is an important determinant of the accessibility of medicines. The various public and private plans, formulary restrictions, reimbursement policies, patient advocacy groups, and cost-sharing requirements may play a role in determining access to products marketed by the Group. The national Competent Authorities may also use a range of policies and other initiatives intended to influence pharmaceutical consumption. To address the above, the Company integrates as part of its clinical development programs the collection of data aimed at facilitating the evaluation of therapeutic benefit, in terms of efficacy and/or reduction in side effect profile, and of its cost. Concomitantly with marketing authorization applications, the Company will engage in a dialogue with key decision makers at different payers in order to identify unique preferences and concerns by payer type and to obtain insight in the perceived value drivers, reimbursement barriers and price elasticity for its products.

6.8 Material agreements

For information on the Company's material financing agreements see Section 6.10.

For information on the Company's material grants and subsidies agreements see Section 6.10.

The Company has entered in addition into the following other material agreements:

6.8.1 *Shareholders' agreement in relation to SCTS*

The Company entered into a shareholders' agreement in relation to SCTS dated 30 November 2011 (as amended on 20 February 2013), together with the other shareholders in SCTS (which are, whether directly or indirectly, also shareholders of the Company). This agreement contains a set of provisions governing the rights and obligations of the Company in relation to SCTS. Amongst others, the agreement contains a broad undertaking by the Company to use the services provided by SCTS in accordance with the invoicing policy included in the agreement, which results in undertaking by the Company to guarantee a preferred minimum dividend payment of 6.5% to the other shareholders of SCTS. Also, under the agreement the other shareholders of SCTS have a put option, pursuant to which the Company will be bound, as of 1 January 2020, to acquire the shares of such shareholders which have exercised their put option at net asset value, with a minimum of 90% of the subscription price (in aggregate, € 1,150,000). In addition, the agreement contains a call option right pursuant to which the Company has the right, until 31 December 2019, to acquire the shares held by such other shareholders, for a price generating an internal rate of return of 8% for these shareholders.

6.8.2 *License agreement between Université libre de Bruxelles (ULB) and the Company regarding ULB-028 patent family*

The Company entered into a license agreement with the ULB regarding the ULB-028 patent family which is owned by the ULB. This agreement provides the Company and its affiliates with an exclusive and worldwide license over the technology claimed by the ULB-028 patent family in the field of skeletal (bone, joint, any orthopaedic) and dental applications. The ULB retains the right to operate this technology for research and educational purposes only. The Company may grant sublicenses, the identity of such sub-licensee(s) being subjected to prior approval by the ULB. In consideration of the rights granted to the Company, the Company must make payments to the ULB upon achievement of certain development and patent related milestones. In addition, the Company must pay to the ULB (i) single digit royalties based on the net sales of licensed products sold by the Company and (ii) a high single digit percentage of all revenues received from sub-licensees for products as of Phase III and low double digit royalties for products in Phase I or II.

The Company has recognized that it must diligently perform research and development obligations and objectives as set out in the company and development plan and must use its best efforts to promote, market and distribute the above technology in a manner consistent with the said plan. In the case of failure to do so, the licensor may require the Company to produce a written report summarizing its efforts during the previous year and the milestones to be achieved in the next year, and if the licensor demonstrate that such report is reasonably not satisfactory, an independent expert can be called to evaluate the licensee's report and the licensor's objections. If the Company does not succeed to reach the new objectives fixed, either on a mutual agreement by the parties or by the independent expert, licensor may either reduce the scope of the agreement or make the agreement non-exclusive or terminate it.

This license agreement will expire on the date of expiry of the last to expire patents in the licensed patent family or ten years after the first commercialization date, whichever is latest. Either party may terminate the agreement if the other party (i) is in breach of its terms and fails or has not taken reasonable steps to remedy the breach within 60 days of receiving written notice to do so, (ii) is declared bankrupt, is the subject of any proceeding related to its liquidation or insolvency, has its assets placed in the hands of a receiver or makes accommodation for the benefits of creditors or (iii) ceases to do business. The Company shall have the right, but shall be under no obligation, to terminate the agreement, within six months prior written notice to ULB. If

the company (i) commits an act of dishonesty or fraud with respect to ULB or the bone cell therapy technology or (ii) challenges (or assists others to challenge) ULB's ownership of, or the validity of the ULB-028 patent, ULB shall have the right to terminate the agreement immediately upon written notice to the Company, without court intervention and without having to respect any notice period.

6.8.3 *Co-ownership agreement between the Université libre de Bruxelles (ULB), the Université de Liège (ULg)-Patrimoine, le Centre hospitalier universitaire (CHU) de Liège and the Company regarding the ULB-061 patent family*

The ULB, the ULg-Patrimoine, the CHU de Liège and the Company entered into a co-ownership agreement dated 18 October 2011 regarding the ULB-061 patent family.

According to this agreement, the Company owns 15% of the claimed invention and related patent rights, the ULB owns 70% of the invention and rights and the ULg and CHU de Liège jointly own the remaining 15%. None of the granted rights can be exercised by a single party but only jointly. While the day-to-day administration of the patent rights and the economic valorisation of the claimed invention will be taken care of by the ULB, all decisions regarding to the geographic scope of the patent rights or their technical content shall be taken jointly by the parties.

The Company was granted a right of first refusal of an exclusive patent license agreement regarding the considered patent family. This license agreement was entered into on 17 April 2014 but was terminated by the Company on 28 January 2017 following strategic review of the Company's portfolio and priorities. Therefore, the co-ownership agreement currently fully governs the ULB-061 claimed invention and patent family rights.

The costs and benefits generated by the patent prosecutions and the operation of the claimed invention shall be shared by the parties according to their respective part in the ownership of the invention and related patents, after a 10% deduction attributed to the ULB for covering its costs for the daily administration of the patent rights and the economic valorisation of the claimed invention.

If the claimed invention is operated by the Company according to its above right of first refusal, the cost of the patent prosecution shall be supported by the Company for the duration of the granted patent license and the benefits of this operation shall be shared with the other parties according to their part in the ownership of the invention and related patent rights.

Each party is granted a right of first refusal relating to the stake of the other parties in the ownership of the claimed invention and related patent rights, and no party is authorized to assign its part in this ownership before the other parties have exercised their right of first refusal.

Each party shall remain the sole owner of its improvements to the invention. If such improvements are provided jointly by the parties, they shall negotiate their respective part in the ownership of these improvements according to their respective contribution to the latter. This agreement remains in force until the expiration or withdrawal of the last patent. However, each party is authorized to leave the co-ownership after a 5-year time period has lapsed following the signature date of the agreement.

6.8.4 *License agreement between Enrico Bastianelli SPRL and the Company regarding the BPBONE-001 and BPBONE-002 patent families*

The Company entered into a license agreement with Enrico Bastianelli SPRL regarding the BPBONE-001 and BPBONE-002 patent families (the agreement refers to the priority patent application number claimed for both families, derived from divisional applications of the said priority application) which were owned by Enrico Bastianelli SPRL prior to their transfer to the Company. This agreement provides the Company and its affiliates with a personal and non-transferable, exclusive, worldwide license over the technology claimed by the BPBONE-001 and BPBONE-002 patent families. The Company may grant sublicenses, the choice of sub-licensee(s) being subjected to prior approval by Enrico Bastianelli SPRL.

In consideration of the rights granted to the Company, the Company pays certain moderate lump-sum payments and average low single digit royalties on net sales to Enrico Bastianelli SPRL. Sublicense agreements are subject to royalties in line with Section 6.8.2 "License agreement between Université libre de Bruxelles (ULB) and the Company regarding ULB-028 patent family".

The Company recognizes that it must diligently perform research and development obligations and objectives and must use its best efforts to promote, market and distribute the above technology. In the case of failure to do so, Enrico Bastianelli SPRL may terminate the agreement. If the exploitation of the technology by the Company would be delayed for a period of 15 months in comparison to the objectives except in case of *force majeure*, Enrico Bastianelli SPRL may also terminate the license agreement.

In the event that the Company develops an improvement to the technology, Enrico Bastianelli SPRL is granted a right of first refusal to negotiate license rights over such improvement outside the skeletal diseases and application field for commercial purposes.

The license agreement will expire on the date of expiry of the last to expire patents in the licensed patent family or ten years after the first commercialization date. Either party may terminate the agreement if the other party (i) is in breach of its terms and fails or has not taken reasonable steps to remedy the breach within 60 days of receiving written notice to do so, (ii) is declared bankrupt, has its assets placed in the hands of a receiver or makes accommodation for the benefits of creditors or (iii) ceases to do business. If the development of the technology is not sufficiently supported by public research grants, the Company has also the right to terminate the agreement.

This agreement was succeeded by an agreement entered into on 17 December 2014. This agreement confirms that the assignment of the BPBONE-001 and the BPBONE-002 patent families to the Company has taken place. Reflecting this new reality, the rights granted under both patent families and the related data and know-how are quasi identical as under the previous agreement but within the field of joint diseases and applications.

Other provisions which differ from the previous agreement relate to New Improvements (which can be exploited by the Company subject to payments of 50% of the payments described above), New Patents (which will be owned by the Company and otherwise governed by the same terms and conditions), the Term of the agreement (expiration of the patents) and the consequences of Termination (the ownership of the BPBONE-001 and BPBONE-002 patent families and of any New Patent will automatically be transferred to Enrico Bastianelli SPRL).

This agreement was completed by an agreement entered into on 23 December 2016, which specifies the terms of cooperation between the Company and Enrico Bastianelli SPRL for the exploitation of the technology claimed by the BPBONE-001 and BPBONE-002 patent families. Under this agreement, the parties agree (i) the Company has the exclusive rights to research and develop a number of programs, including the JTA-004 product for the treatment of human knee osteoarthritis (currently in clinical stage) and the improved "JTA NEXT" products, and (ii) Enrico Bastianelli SPRL is granted an exclusive, royalty-free and worldwide license (with right to sub-licence) over the above technology for veterinary applications and over some specific JTA products for human and veterinary applications which the Company has opted not to develop.

Since June 2017, Enrico Bastianelli SPRL has transferred its agreement rights to Glob-Co SPRL. Glob-Co SPRL is owned by more than 25% by Enrico Bastianelli, its registered office is in Gosselies, Belgium.

6.8.5 *Agreement between Enrico Bastianelli SPRL and the Company regarding the BONE-011 patent family*

The Company entered into an agreement dated 17 December 2014 with Enrico Bastianelli SPRL regarding their jointly owned BONE-011 patent family.

Under this agreement the Company is granted an exclusive and worldwide license in the field of cell therapy for bone diseases (royalty-free) and in the field of joint diseases and applications (on a royalty bearing basis). These royalties to be paid by the Company are identical to the royalties and percentages which are due under the agreement between the same parties regarding the BPBONE-001 and BPBONE-002 patent families (see Section 6.8.4 "License agreement between Enrico Bastianelli SPRL and the Company regarding the BPBONE-001 and BPBONE-002 patent families").

Should this agreement be terminated, both co-owners will be entitled to freely use their co-owned BONE-011 patent in the field of their respective activities: cell therapy for the treatment of bone diseases for the Company and the other applications for Enrico Bastianelli SPRL.

This agreement was completed by an agreement entered into on 23 December 2016, which specifies the terms of cooperation between the Company and Enrico Bastianelli SPRL for the exploitation of the technology claimed by the BONE-011 patent family. These terms are identical to those established under the agreement between the same parties regarding the BPBONE-001 and BPBONE-002 patent families (see Section 6.8.4 "License agreement between Enrico Bastianelli SPRL and the Company regarding the BPBONE-001 and BPBONE-002 patent families").

Since June 2017, Enrico Bastianelli SPRL has transferred its agreement rights to Glob-Co SPRL. Glob-Co SPRL is owned by more than 25% by Enrico Bastianelli, its registered office is in Gosselies, Belgium.

6.8.6 *Sublicense agreement between Enrico Bastianelli SPRL and the Company regarding the BONE-001, BONE-002, BONE-013 and BONE-017 patent families*

The Company entered into an agreement dated 13 December 2016 with Enrico Bastianelli SPRL regarding BONE-001, BONE-002, BONE-013 and BONE-017 patent families owned by the Company. The BONE-017 patent family has been filed in 2018 and corresponds to the fourth and last patent to be included in the present agreement.

Under this agreement, Enrico Bastianelli SPRL is granted an exclusive, royalty-free and worldwide license over the technology claimed by the BONE-001, BONE-002, BONE-013 and BONE-017 patent families (patent rights, data and know how related to the said patent rights) to use, perform research, develop and manufacture products in specific non-bone applications which the Company has opted not to develop. Said non-bone applications fall into the field of (i) articular applications and enthese/tendon/ligament applications, (ii) inflammatory applications, and applications related to diseases of the immune system, and (iii) endocrine and metabolic applications. Accordingly, the Company pursues its research and development programs in bone/dental/maxillofacial applications, including bone diseases, inflammatory bone-related applications, and orthopaedic bone and spine surgeries.

In the event that the exploitation of the rights granted by the Company to Enrico Bastianelli SPRL within the framework of this agreement would lead to a product or a method that Enrico Bastianelli SPRL intends to develop, sell or supply by a third party or in partnership with a third party, the Company has a right of first refusal to negotiate with Enrico Bastianelli SPRL a license or partnership over such product or method at fair market conditions.

Since June 2017, Enrico Bastianelli SPRL has transferred its agreement rights to Glob-Co SPRL. Glob-Co SPRL is owned by more than 25% by Enrico Bastianelli, its registered office is in Gosselies, Belgium.

6.8.7 *Sublicense agreement between SCTS and the Company regarding the EP member of the ULB-028 patent family*

This agreement provides SCTS with a personal, non-transferable, royalty-free license over the technology claimed by the ULB-028 patent family (patent rights, data and know how related to the said patent rights) to

use, perform research, develop and manufacture products in the name of the Company in the framework of the PROFAB agreement (R&D agreement between SCTS, the Region and the Company). This license applies to the osteoarticular indications and applications field.

The Company is granted a worldwide exclusive back-license over all the results and improvements obtained by SCTS in the above field. In consideration of the said back-license, the Company must pay to SCTS certain determined milestones amounts which correspond to the best estimation of SCTS' R&D expenses but can be adjusted in order to match the real expenses. In addition, the Company must pay single digit royalties to SCTS on the revenues from the manufacturing by the Company of products developed and optimized by SCTS under the PROFAB agreement and low single digit royalties on the revenues from the manufacturing of such products by SCTS.

SCTS is in charge of the prosecution, maintaining in force and defence of the validity of the members of the licensed patent family. SCTS recognizes that it must diligently perform its research, development and manufacturing obligations and objectives as set out in the PROFAB agreement and in a manner which is consistent with the standards of the Company. The license agreement will expire on the date of expiry of the PROFAB agreement or later if agreed by the parties.

In the case of the exploitation of PROFAB results, the expiry of the PROFAB agreement also makes an end to the reimbursement period of the funding under this agreement. The decision not to exploit PROFAB results in the above field needs to be taken by both SCTS and the Company.

Either party may terminate the agreement if the other party (i) is in breach of its terms and fails or has not taken reasonable steps to remedy the breach within 60 days of receiving written notice to do so, (ii) is declared bankrupt, has its assets placed in the hands of a receiver or makes accommodations for the benefits of creditors or (iii) ceases to do business.

6.8.8 *Sublicense agreement between the Company and SCTS regarding the BPBONE-001 & 002 patent families*

This agreement provides SCTS with a personal, non-transferable, royalty-free license over the technology claimed by the BPBONE-001 and 002 patent families (patent rights, data and know how related to the said patent rights) to use, perform research, develop and manufacture products under this technology in name of the Company in the framework of the JTA PROD agreement (R&D agreement between the Company, SCTS and the Region). This license applies to the osteoarthritis indications field.

The Company is granted a worldwide exclusive back-license over all the results and improvements obtained by SCTS in the above field. In consideration of the said back-license, the Company must make payments to SCTS in accordance with an agreement between the parties to be set out in a separate document. It is not clear if such separate document has already been agreed between the parties.

SCTS is in charge of the prosecution, maintaining in force and defence of the validity of the members of the licensed patent family. SCTS recognizes that it must diligently perform its research, development and manufacturing obligations and objectives as set out in the JTA PROD agreement and in a manner which is consistent with the standards of the Company.

The license agreement will expire on the date of expiry of the JTA PROD agreement or later if agreed by the parties. In the case of the exploitation of the JTA PROD results, the expiry of the JTA PROD agreement also makes an end to the reimbursement period of the grant under this agreement. The decision not to exploit the PROFAB results in the above field needs to be taken by both SCTS and the Company.

Either party may terminate the agreement if the other party (i) is in breach of its terms and fails or has not taken reasonable steps to remedy the breach within 60 days of receiving written notice to do so, (ii) is declared

bankrupt, has its assets placed in the hands of a receiver or makes accommodations for the benefits of creditors or (iii) ceases to do business.

6.8.9 *Licence Agreement between the Company and Asahi Kasei Corporation*

The Company entered into a license agreement dated 21 September 2017 with Asahi Kasei Corporation, one of Japan's leading industrial companies. This license agreement is an important additional validator of the Company's technology platform and of its global, commercial potential.

Under the agreement, Asahi Kasei is granted an exclusive right to develop, register and commercialize the Company's autologous bone cell therapy product, PREOB, for the treatment of osteonecrosis of the hip with the potential for other orthopedic and bone applications in Japan. The Company kept all rights on PREOB for all other territories, such as EU and US. The agreement includes an option for Asahi Kasei to negotiate to extend the scope of the license to Republic of Korea, People's Republic of China and Taiwan ROC.

According to the agreement, Asahi Kasei paid to the Company an upfront non-refundable license fee of € 1,670,000 and with potential additional payments by Asahi Kasei of up to € 7,500,000 upon the achievement of certain development and commercial milestones and potential tiered royalties payable by Asahi Kasei calculated based on annual net sales of PREOB in Japan.

Following the discontinuation of the PREOB Phase III study in osteonecrosis, the Company has initiated discussions with Asahi Kasei about these findings.

6.9 Collaborations

6.9.1 *Industrial collaborations*

The Company has entered into industrial collaborations with:

- CER Groupe (Belgium), to study the immune response of human cells xenografts in a non-animal heterologous model and to study the effect of ALLOB product on osteomyelitis. Both projects are CWALity[27] projects founded by the Walloon Region. The first project (XENOMOD) ended in April 2017, while the second project (ALLGEL) is still ongoing. CER Groupe is the merger of various non-profit associations, has forged a solid expertise in the field of biomedical research, and is currently recognized by the Walloon Region as a certified Research Centre.

6.9.2 *Academic / Clinical collaborations*

6.9.2.1 Collaboration with the Université libre de Bruxelles

The Company has a core academic, research and license collaboration with the Université libre de Bruxelles and Erasme University Hospital (Brussels). The Université libre de Bruxelles, owner of the ULB-028 patent family entitled "Osteogenic differentiation of bone marrow stem cells, and osteoprogenitor or osteoblastic cells and populations" (see Section 6.8.2 "License agreement between Université libre de Bruxelles (ULB) and the Company regarding ULB-028 patent family") concerning PREOB, has granted the Company a worldwide and exclusive license to use, modify, perform research, develop, manufacture and commercialize the licensed product in the field of skeletal (bone, joint, any orthopaedic) and dental applications.

[27] CWALity, Collaboration in Wallonia ability, a platform from the Walloon Region to promote collaboration between PMEs and local research organisms.

6.9.2.2 Collaboration with CHU of Liège (Sart-Tilman)

According to Belgian Law, when human biological material is used for the manufacturing of allogeneic advanced therapy medicinal products, the reception and processing of the human biological material and its distribution to a Pharmaceutical Establishment can be done via an accredited "Intermediary Structure" tissue establishment if the latter has an agreement with an accredited Tissue Bank which remains responsible for the donation, testing, procurement and release of the human biological material. The Company works in collaboration with the LTCG, the accredited Tissue Bank from the CHU based in Liège Sart-Tilman.

6.9.2.3 Collaboration with the Centre for Microscopy and Molecular Imaging (CMMI)

The Company is cooperating for several of its research projects with the Centre for Microscopy and Molecular Imaging (CMMI) that was created in a joint venture between the Université de Mons and Université libre de Bruxelles. The CMMI has created a profound expertise in imaging and cellular labelling that gives the Company access to essential information for preclinical characterization and validation of products and allows better evaluation of safety and efficacy of clinical products in development. Currently, one project, funded by the Walloon Region, is ongoing in cooperation with the CMMI: the "OSTEOMOD" project evaluates and follows the efficacy of fracture repair treatments *in vivo* in small animals through quantitative and qualitative imaging.

6.9.2.4 Collaboration with the Laboratory of Bone and Metabolic Biochemistry (Université libre de Bruxelles)

Bone Therapeutics is collaborating with the Laboratory of Bone and Metabolic Biochemistry (Université libre de Bruxelles) on the influence of obesity and diabetes on the osteogenic potential of the bone therapy product ALLOB. This 2-years project (this project started in June 2017), named "LIPO", will seek to better understanding the influence of bone marrow adipocytes on bone metabolism and to validate the osteogenic potential of ALLOB in this particular environment. This project would open the way to treatment of delayed-union fractures for patients with type 2 diabetes and/or obese patients, who are currently excluded from clinical studies.

6.10 Financing Agreements

The Company has entered into a number of agreements with its bankers ING Belgique SA/NV and BNP Paribas Fortis SA/NV which cover short (<1 year), medium (1-3 years) and long (>3years) term financing requirements. These requirements are entered into by the Company and /or by SCTS SA. In addition, the Company has obtained a number of loan facilities through regional investment offices (considered as related parties) such as Sambrinvest SA, Fond de Capital à Risque SA, Novallia SA and Sofipôle SA.

Bone Therapeutics SA has the following financing agreements in place:

- Under the framework of the European Regional Development Fund 2007-2013 (ERDF/FEDER) the Company has been granted, through a selection progress organized by the Walloon Region through Novallia SA, a long-term subordinated loan for an amount of € 500,000 for a period of 10 years (with a 2 years moratorium in respect of capital reimbursements). The loan served to finance the development of PREOB for the treatment of non-union fractures. The loan carries a market-based interest rate and as of the third-year fixed quarterly instalments are due to reimburse the capital. There are no securities provided by the Company in respect of this loan agreement. The loan was granted on 25 May 2012, the loan was received on 21 June 2016 and the final repayment is foreseen on 31 March 2022. The outstanding balance at 30 June 2018 amounts to € 0.23 million.

- Under the framework of the European Regional Development Fund 2007-2013 (ERDF/FEDER) the Company has been granted, through a selection progress organized by the Walloon Region through Novallia SA, a long-term subordinated loan for an amount of € 300,000 for a period of 7 years (with a 1-

year moratorium in respect of capital reimbursements). The loan served to finance A Phase IIA, multicentre, open study on the safety and efficacy of allogeneic bone-forming cells (ALLOB) implantation in multiple non-infected delayed-union (DU) fractures. The loan carries a market-based interest rate and as of the second-year fixed quarterly instalments are due to reimburse the capital. There are no securities provided by the Company in respect of this loan agreement. The loan was granted on 2 May 2016, received on 11 May 2016 and the final repayment is foreseen on 31 March 2023. The outstanding balance at 30 June 2018 amounts to € 0.24 million.

- A long-term subordinated loan has been awarded to the Company by Sambrinvest SA for an amount of € 250,000 for a period of 7 years (with a 2 years moratorium in respect of capital reimbursements). The loan served to finance research activities related to severe fractures. The loan carries a market-based interest rate and as of the start of the third-year fixed monthly instalments are due to reimburse the capital. There are no securities provided by the Company in respect of this loan agreement. The loan was granted on 24 February 2011, received on 17 July 2012 and the final payment is foreseen on 30 June 2019. The outstanding balance at 30 June 2018 amounts to € 0.05 million.

- Furthermore, the Company has a number of leasing agreements provided by WBC Incubator and Rentys to finance research equipment, representing an amount outstanding of € 0.17 million as per 30 June 2018.

SCTS SA has the following financing agreements in place:

- La SA Fonds de Capital à Risque has provided a subordinated loan to SCTS SA for an amount of € 370,000. This loan fits within the framework of Regional support as referred to under the EFDR/FEDER regulations. The duration of the loan is for 15 years. The loan carries a market-based interest rate payable on a monthly basis. Capital reimbursement is based on fixed monthly instalments but with a two-year moratorium during which no capital reimbursements will take place. There are no securities provided by SCTS SA in respect of this loan agreement. The loan was granted on 27 March 2013, received on 24 February 2014 and the final payment is foreseen on 28 February 2029. The outstanding balance at 30 June 2018 amounts to € 0.30 million.

- Under the framework of the European Regional Development Fund 2007-2013 (ERDF/FEDER) SCTS SA has been granted, through a selection process organized by the Walloon Region through Novallia SA, a subordinated loan for an amount of € 500,000 euro for a period of 10 years (with a 2 years moratorium in respect of capital reimbursements). The loan serves to finance the development work (optimization of production processes) under the "PROFAB" project. The loan carries a market-based interest rate and as of the third-year fixed quarterly instalments are due to reimburse the capital. There are no securities provided by SCTS SA in respect of this loan agreement. The loan was granted on 21 June 2013, received on 17 July 2013 and the final repayment is foreseen on 30 June 2023. The outstanding balance at 30 June 2018 amounts to € 0.31 million.

- The Walloon Region (through a delegated mission for Sofipôle SA) has provided a subordinated loan to SCTS SA for an amount of € 500,000. This loan serves to co-finance the construction project for a platform for cellular therapy in the SCTS building at the BioPark of Gosselies (south of Brussels). The loan is to be repaid in full at the maturity date being 30 June 2028. The loan carries a market-based interest rate payable on a quarterly basis. There are no securities provided by SCTS SA in respect of this subordinated loan. The loan was granted on 10 April 2013, received on 26 November 2015. This loan has been used at the end of the year 2015. The outstanding balance at 30 June 2018 amounts to € 0.50 million.

- BNP Paribas Fortis SA/NV and ING Belgique SA/NV provided long term investment credit facilities to finance the infrastructure project, each for an amount of € 1,625,000 or € 3,250,000 in total.

  Although the terms and conditions of the investment credit facilities are different, they have a term of 15 years which can be called upon in function of the progress of the completion of the project. In principle, the applicable interest rate amounts to EURIBOR 3M (the reference rate) increased with a market-based

interest rate. SCTS SA has the option to negotiate fixed interest rates for periods up to the end of the contracts. The capital will be repaid in fixed amounts of € 31,250 payable to each bank on a quarterly basis. The reimbursements started at 30 September 2015 and both loans will be fully reimbursed on 30 September 2028.

In addition to the long-term credit facilities, both banks provided a straight loan facility, each for an amount of € 1,450,000 to pre-finance the investment premium granted by the Walloon Region. The contracts were entered into on 27 May 2014. The straight loans facilities were fully drawn at the end of December 2014 and the Company fully reimbursed this loan in 2016. BNP Paribas Fortis SA/NV has, amongst other things, requested the following security in respect of the above loans/facilities to be granted in parity with the security granted to ING Belgique SA/NV:

- a first ranking mortgage granted by SCTS on the assets built with the funds provided for an amount of € 27,500 (€ 25,000 for ING Belgique SA/NV);
- a mandate to a first ranking mortgage granted by SCTS on the assets built with the funds provided for an amount of € 1,760,000 (€ 1,600,000 for ING Belgique SA/NV);
- a pledge on the subsidies provided by the Walloon Region to SCTS and resulting receivables in the framework of the construction of the infrastructure;
- a pledge on the receivables resulting from services provided by SCTS to SISE SA and to HCTS SA;
- a pledge on the shares held by SCTS in SISE SA (2,800 shares representing 30.9% of the shareholding);
- a pledge on the shares held by the Company in SCTS (12,750 shares representing 49.9% of the shareholding);
- a pledge on an amount of € 22,750 placed on a savings account by SCTS SA representing 6 months of interest on the Roll-over credit facility (annual review as of 30 June 2015) in favor of BNP Paribas Fortis SA/NV;
- a pledge on an amount of € 22,750 placed on a savings account by SCTS SA representing 6 months of interest on the Roll-over credit facility (annual review as of 30 June 2015) in favor of ING Belgique SA/NV; and
- commitment (negative pledge) of SCTS not to pay any dividends and alike without the prior agreement of the banks.

6.11 Grants and subsidies

European Union
European Regional Development Fund

Avec
le soutien de la
Wallonie

6.11.1 *Bone Therapeutics*

From incorporation until 30 June 2018, the Company has been awarded non-dilutive financial support from the Walloon Region and by the European Commission totalling € 25,278,000. This financial support has been

granted in the form of recoverable cash advances ("**RCAs**") for an amount of € 21,800,000 of which € 19,322,000 has been paid out to the Company as of 30 June 2018, and in the form of (non-refundable) subsidies for an amount of € 3,473,000 of which € 3,220,000 has been paid out to the Company as of 30 June 2018. The Company intends to continue to apply for RCAs and subsidies to fund its development and research programs.

Each subsidy is defined by a contract number and a name (subsidy name).

6.11.1.1 Recoverable cash advances

RCAs are dedicated to support specific research and development programs. After approval/grant, RCA contracts consist of three steps, i.e., the "research phase", the "decision phase" and the "exploitation phase". During the research phase, the Company receives funds from the Walloon Region based on statements of expenses. At the end of the research phase, the Company should within a period of six months decide whether or not to exploit the results of the research program (decision phase). The exploitation phase has a duration of in nearly all cases of 25 years. In the event the Company decides to exploit the results under an RCA, the relevant RCA becomes refundable. The reimbursements of the RCAs to the Walloon Region consist of two elements, i.e., turnover-dependent reimbursements (a percentage of turnover) and turnover-independent reimbursements (an annual lump-sum independent of the Company's turnover). As of financial year 2016, the accounting treatment for RCA's strictly follow the IFRS guidelines as foreseen under IAS 39 following a recent advise from the IFRS Interpretation Committee ("IFRS IC"). For a detailed description of the respective accounting treatments we refer to the notes to the consolidated financial statements. 15.2.3.3 "Recoverable cash advances (RCA) – Change in accounting policy".

The Company owns the results of the subsidized research. Subject to certain exceptions, the Company cannot grant to third parties, by way of license or otherwise, any right to use the results of the subsidized research without the prior consent of the Walloon Region. A similar prior consent by the Walloon Region is needed in case of a transfer by the Company of an intellectual property right resulting from the subsidized research or a transfer or license of a prototype or installation. Obtaining such consent from the Walloon Region could give rise to a review of the applicable financial terms.

In case the Company decides not to exploit (or not to continue to exploit) the results under an RCA, then such RCA does not become refundable (or respectively is no longer refundable as of the calendar year after such decision) provided that the Company notifies the Walloon Region of such decision and transfers the rights relating to the relevant field of research to the Walloon Region or an entity designated by it. In such case, the Company may also have to grant (or cause to be granted) an exclusive license to the Walloon Region to the underlying patent(s). Also, in case the Company decided to renounce to its rights to patents which may result from the research, title to such resulting patents will need to be transferred to the Walloon Region. Furthermore, the Company is prohibited from conducting any research on behalf of a third party in the relevant field of research for 36 months or 72 months (as the case may be) following the Company's decision not to exploit the results obtained from the research in the relevant field.

RCAs contracts are governed by the applicable Walloon regulations. These regulations change from time to time.

Contracts granted before 2009 (contracts 5369 and 5827) contain the following specific conditions:

- Funding by the Walloon Region covers **70%** of the budgeted costs;
- Certain activities have to be performed within the Walloon Region;
- In case of an out-licensing agreement or a sale to a third party, the Company will have to pay in principle 10% of the payments received (excl. of VAT) to the Walloon Region;
- The exploitation phase initially foreseen in the contracts had a duration of **10 years**. In the course of 2015, the Company was informed by the Walloon Region that the duration of the exploitation of those contracts was extended to 30 June 2041 (being the equivalent of a 25-year exploitation period);

- Turnover-independent reimbursements, turnover-dependent reimbursements, and amounts due in case of an out-licensing agreement or a sale to a third party, are, in the aggregate, capped (except for interests) at **100%** of the principal amount paid out by the Walloon Region;
- Turnover-dependent reimbursements, 5% (including accrued interest) of the principal amount of the RCA, payable in any given year can be set-off against turnover-independent reimbursements already paid out during that year.

Contracts granted before 2015 contain the following specific conditions:

- Funding by the Walloon Region covers **60%** of the budgeted costs (contracts 6064, 6187, 6700, 6446, 6337, 6539, 6805, 6834, 6855, 7029, 7028, 7187 and 7217); **or** covers **75%** of the budgeted project costs if there is a collaboration with a Company established in Walloon Region (contracts 5993, 6081 and 7186);
- Certain activities have to be performed within the European Union;
- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase initially foreseen in the contracts had a duration of **10 years.** In the course of 2015, the Company was informed by the Walloon Region that the duration of the exploitation of those contracts was extended from 10 to 25 years;
- Turnover-dependent reimbursements range between 0.007% and 1.28% of turnover realized during a specific year;
- Interests (at Euribor 1 year (as applicable on the first day of the month in which the decision to grant the relevant RCA was made) + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained by the Company under the Contracts granted before 2015 are expressed to be assumed by the Walloon Region by operation of law.

Contracts granted as of 2015 contain the following specific conditions:

- Funding by the Walloon Region covers **55%** of the budgeted costs (contracts 7405 and 7433);
- Certain activities have to be performed within the European Union;
- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase has a duration of **25 years**
- Turnover-dependent reimbursements range between 0.847% and 0.90% of turnover realized during a specific year;
- Interests (at Euribor 1 year (as applicable on the first day of the month in which the decision to grant the relevant RCA was made) + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained by the Company under the Contracts granted as of 2015 are expressed to be assumed by the Walloon Region by operation of law.

Contracts granted as of 2016 contain the following specific conditions:

- Funding by the Walloon Region covers **45%** of the budgeted costs (contracts 7539, 7646, 7720 and 1510583);
- Certain activities have to be performed within the European Union;

- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase has a duration of **25 years** (except 15 years for contract 7720);
- Turnover-dependent reimbursements are 0.23%, 0.20%, 0.25% and 0.04% respectively for contracts 7539, 7646, 7720 and 1510583 (including accrued interest) of the principal amount of the RCA depending on the actual outcome of the project compared to the outcome projected at the time of grant of the RCA (below or above projections);
- Interests (at Euribor 1 year or at IBOR 1 year if higher and as applicable on the first day of the month in which the decision to grant the relevant RCA was made + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained by the Company under the Contracts granted as of 2016 are expressed to be assumed by the Walloon Region by operation of law.

Changes made to contracts granted before 2015:

During 2015, it was decided to prolong the duration of the exploitation phases of all projects. The duration for those projects has been extended until 31 December 2042.

The Company has contracted the following RCAs with the Walloon Region:

Contract N°	Name	Budget (k€)	Exploitation phase	Turnover-independent reimbursement (k€)	Total reimbursed 06/2018(k€)	Turnover-dependent reimbursement
5369	HOMING*	648	2012-2041	648	475	5%
5827	MATOB*	744	2012-2041	744	510	5%
6064	PREOB*	998	2013-2041	299	221	0.2%
6446	METHODES*	660	2014-2041	198	54	0.073%
5993	JOINTAIC*	432	2014-2042	130	43	0.085%
6834	STABCELL*	395	2015-2041	118	38	0.04%
6805	ALLOB NU*	600	2015-2042	180	55	0.2%
6337	PREOB NU*	2,960	2015-2041	888	296	0.59%
6187-6700	ALLOB*	1,306	2015-2042	392	78	1.2%
6081	GXP*	1,519	2015-2041	456	106	0.007%
6539	MAXBONE*	676	2015-2042	203	22	0.08%
6855	JTA*	600	2016-2042	180	50	0.042%
7029	CRYO*	550	2016-2042	165	17	0.37%
7028	PREOB ON3*	815	2016-2041	244	49	0.05%
7187	BANK*	258	2016-2042	78	3	0.175%

7186	ALLOB IF*	620	2017-2042	186	19	1.28%
7217	MXB BIOPRINTING*	1,000	2017-2042	300	0	0.1093%
7405	MECA OB	1,815	2018-2042	545	0	0.847%
7433	ALLOB SEQ	1,920	2018-2041	576	0	0.90%
7539	LIPO	519	2018-2043	156	0	0.23%
1510583	ALLGEL	155	2019-2043	47	0	0.04%
7646	JTA-NEXT	2,161	2020-2044	648	0	0.20%
7720	RUSTUS	455	2019-2033	136	0	0.25%
TOTAL		**21,804**		**7,517**	**2,035**	

**Exploitation already signified to the Walloon Region*

Out of these contracted RCAs, up to 30 June 2018, € 19,322,000 has been effectively paid out. The remaining € 2,477,000 is expected to be received before mid-2020.

A brief description of the Company's subsidies is given in the Table below.

Subsidy Names	Related Company's Projects & Activities	Description
HOMING	PREOB	Study of homing properties of PREOB
MATOB	PREOB	Study of secretion of extracellular matrix proteins of PREOB
PREOB	PREOB	Phase IIB clinical study in osteonecrosis with PREOB
METHODES	Quality control	Optimisation of QC analytical methods
JOINTAIC	JTA	Pharmaceutical development of JTA
STABCELL	PREOB & ALLOB	Optimisation of PREOB and ALLOB stability
ALLOB NU	ALLOB	Preclinical and clinical development of ALLOB
PREOB NU	PREOB	Non-union clinical study with PREOB
ALLOB	ALLOB	Preclinical and clinical development of ALLOB
GXP	Quality system	Set-up of preclinical, clinical and quality control quality systems
MAXBONE	MXB	Pharmaceutical development of MXB
JTA	JTA	Pharmaceutical development of JTA
CRYO	ALLOB	Development of cryopreservation of ALLOB
PREOB ON3	PREOB	Phase III clinical study in osteonecrosis with PREOB
BANK	ALLOB	Optimization of human biological material supply
ALLOB IF	ALLOB	Preclinical and clinical development of ALLOB in spine fusion
MXB BIOPRINTING	MXB	Preclinical development of 3D MXB cell-matrix products
MECA OB	ALLOB	Study of cell mechanisms implicated in chemotaxis and migration of osteoblastic cells
ALLOB SEQ	ALLOB	Study of the ALLOB cells secretome and its impact on the serum profile of key proteins implicated in bone reconstruction in delayed-union fractures phase II study.
LIPO	ALLOB	Influence of obesity and diabetes on osteogenic potential of ALLOB
ALLGEL	ALLOB	Preclinical study of ALLOB for bone repair in osteitis in small animals

Subsidy Names	Related Company's Projects & Activities	Description
JTA-NEXT	JTA	Increased stability of JTA-004 and product development of JTA-NEXT
RUSTUS	ALLOB	Radiographic and tomographic scores during fracture healing

6.11.1.2 Subsidies

Subsidies granted by the Walloon Region are dedicated to funded research programs and patent applications.

Subsidies granted by the Walloon Region and amounting to € 3,473,000 are related to patent applications (contracts 820020, 920572, 820018, 920571, 820060, 820126, 920569, 820127, 820125, 920570, 1120242, 1320011, 1320145, 1320190, 820019, 820046, 820047, 1120198, 1220075, 1320146, 1120197, 1220076, 1320144, 1220028, and 1220029) together the "**Patent Subsidies**") and research programs (contracts n° 1017112, 6559, 607051, 1217891, 1318272, 1318269 and 1318215).

As of 30 June 2018, the Company has been granted subsidies related to patent applications totalling € 1,287,000 of which € 1,061,000 has been received. The balance will be granted based on statements of expenses to be submitted to the Walloon Region.

The Company has also been granted subsidies for a total amount of € 2,186,000 of which € 2,158,000 by the Walloon Region to fund:

- 70% of costs of research programs under the contracts with the number 1017112, 6559, 1217891, 1318272 and 1318269 for an amount of € 1,653,000
- 80% of costs of research programs under contract n°1318215 for an amount of € 224,000

and by the European Commission to fund 100% of costs of a research program for an amount of € 309,000 (contract n° 607051).

These Region and European Commission subsidies for research are not refundable. Out of the above mentioned subsidies € 2,158,000 has been effectively paid out on 31 December 2017. The remaining € 28,000 is expected to be received before end of 2018.

In addition, the Company had received non-refundable subsidies from different programs (AWEX, Horizon…) for a total amount of € 274,000.

The Company owns the intellectual property rights which would result from the research programs or with regard to a patent covered by a subsidy. Subject to certain exceptions, the Company cannot grant to third parties, by way of license, transfer or otherwise, any right to use the patents (with regard to the Patent Subsidies) or the results (with regard to Research Subsidies) without the prior consent of the Walloon Region. In addition, certain subsidies contain an obligation for the Company to exploit the patent in the countries where the protection was granted and to make an industrial use of the underlying invention.

In case of bankruptcy, liquidation or dissolution, the rights to the patents covered by the Patent Subsidies relating thereto will be assumed by the Walloon Region by operation of law unless the subsidy is reimbursed, in case of liquidation or dissolution. If the Company would lose its qualification of "small or medium-sized enterprise", the subsidies under the Patent Subsidies will terminate and no additional expenses will be covered by such Patent Subsidies.

6.11.2 *Skeletal cell therapy support (SCTS)*

Since incorporation, SCTS has been awarded non-dilutive financial support from the Walloon Region totalling € 5,728,000. This financial support has been granted in the form of RCAs for an amount of € 5,333,000 of which € 4,015,000 has been paid out to SCTS as of 30 June 2108, and in the form of (non-refundable) subsidies for an amount of € 395,000, which has been fully paid out.

6.11.2.1 Recoverable cash advances

RCAs are dedicated to support specific research and development programs. After approval/grant, RCA contracts consist of three steps, i.e., the "research phase", the "decision phase" and the "exploitation phase". During the research phase, SCTS receives funds from the Walloon Region based on statements of expenses.

The research and development programs conducted by SCTS relate to three products owned by the Company, being ALLOB, PREOB and JTA. Separate License Agreements have been agreed between the Company and SCTS for ALLOB, PREOB and JTA in this respect. The RCA contracts 6804 and 7620 refer to the License Agreements PREOB, the RCA contract 7253 refer to the License Agreements JTA, the RCA contracts 7280 and 7406 refer directly to the License Agreements ALLOB and the RCA contract 7763 refers directly to the License Agreements for ALLOB PREOB and JTA. The Company is a party to both RCA contracts as guarantor for the obligations of SCTS under the respective RCA contracts.

At the end of the research phase, SCTS and Bone Therapeutics should within a period of six months decide whether or not to exploit the results of the research program (decision phase). The exploitation phase has a duration of 15 years or 25 years. In the event SCTS decides to exploit the results under an RCA, the relevant RCA becomes refundable. The reimbursements of the RCAs to the Walloon Region consist of two elements, i.e., turnover-dependent reimbursements (a percentage of turnover) and turnover-independent reimbursements (an annual lump-sum independent of SCTS' turnover). As of financial year 2016, the accounting treatment for RCA's strictly follows the IFRS guidelines as foreseen under IAS 39 following a recent advise from the IFRS Interpretation Committee ("IFRS IC"). For a detailed description of the respective accounting treatments we refer to the notes to the consolidated financial statements. 15.2.3.3 "Recoverable cash advances (RCA) – Change in accounting policy".

Subject to certain exceptions, SCTS and Bone Therapeutics cannot grant to third parties, by way of license or otherwise, any right to use the results of the subsidized research without the prior consent of the Walloon Region. A similar prior consent by the Walloon Region is needed in case of a transfer by SCTS of an intellectual property right resulting from the subsidized research or a transfer or license of a prototype or installation. Obtaining such consent from the Walloon Region could give rise to a review of the applicable financial terms.

In case SCTS decides not to exploit (or not to continue to exploit) the results under an RCA, then such RCA does not become refundable (or respectively is no longer refundable as of the calendar year after such decision), provided that SCTS notifies the Walloon Region, of such decision and transfers the rights *in rem* relating to the relevant field of research to the Walloon Region or an entity designated by it. In such case, SCTS may also have to grant (or cause to be granted) an exclusive license to the Walloon Region to the underlying patent(s). Also, in case SCTS would decide to renounce to its rights to patents which may result from the research, title to such resulting patents will need to be transferred to the Walloon Region. Furthermore, SCTS is prohibited from conducting any research on behalf of a third party in the relevant field of research for 72 months following the SCTS's decision not to exploit the results obtained from the research in the relevant field.

The RCAs are governed by the currently applicable Walloon regulations from which certain specific characteristics.

Contracts granted before 2015 contain the following specific conditions:

- Funding by the Walloon Region covers **60%** of the budgeted project costs (contracts n°6804 and 7253);
- Certain activities have to be performed within the European Union;
- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase initially foreseen in the contracts had a duration of **10 years**. In the course of 2015, the Company was informed by the Walloon Region that the duration of the exploitation of those contracts was extended from 10 to 25 years;
- Turnover-dependent reimbursements are 1.28% and 0.10% respectively for contracts 6804 and 7253 (including accrued interest) of the principal amount of the RCA depending on the actual outcome of

the project compared to the outcome projected at the time of grant of the RCA (below or above projections);

- Interests (at Euribor 1 year (as applicable on the first day of the month in which the decision to grant the relevant RCA was made) + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained under the Contracts granted before 2015 are expressed to be assumed by the Region by operation of law.

Contracts granted as of 2015 contain the following specific conditions:

- Funding by the Walloon Region covers **55%** of the budgeted costs (contracts n°7280, 7406 and 7620);
- Certain activities have to be performed within the European Union;
- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase has a duration of **15 years** for contract n°7280 and a duration of **25 years** for contract n°7406 and n°7620;
- Turnover-dependent reimbursements are 0.082%, 0.553% and 0.08% respectively for contracts 7280, 7406 and 7620 (including accrued interest) of the principal amount of the RCA depending on the actual outcome of the project compared to the outcome projected at the time of grant of the RCA (below or above projections);
- Interests (at Euribor 1 year or at IBOR 1 year if higher (as applicable on the first day of the month in which the decision to grant the relevant RCA was made) + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained under the Contracts granted as of 2015 are expressed to be assumed by the Walloon Region by operation of law.

Contracts granted as of 2017 contain the following specific conditions:

- Funding by the Walloon Region covers **45%** of the budgeted costs (contracts 7763);
- Certain activities have to be performed within the European Union;
- Turnover-independent reimbursements represent in the aggregate 30% of the principal amount;
- The exploitation phase has a duration of **25 years**;
- Turnover-dependent reimbursement is 0.04% respectively for contract 7763 (including accrued interest) of the principal amount of the RCA depending on the actual outcome of the project compared to the outcome projected at the time of grant of the RCA (below or above projections);
- Interests (at Euribor 1 year or at IBOR 1 year if higher and as applicable on the first day of the month in which the decision to grant the relevant RCA was made + 100 basis points) accrue as of the 1st day of the exploitation phase;
- Turnover-independent reimbursements and turnover-dependent reimbursements are, in the aggregate (including the accrued interests), capped at **200%** of the principal amount paid out by the Walloon Region;
- In case of bankruptcy, the research results obtained by the Company under the Contracts granted as of 2017 are expressed to be assumed by the Walloon Region by operation of law.

SCTS has contracted the following RCAs with the Walloon Region:

Contract N°	Names	Budget (k€)	Exploitation phase	Turnover-independent reimbursement (k€)	Total reimbursed 06/2018 (k€)	Turnover-dependent reimbursement
6804	PROFAB*	734	2015-2042	221	73	1.28%
7253	JTA PROD*	742	2017-2041	224	15	0.1%
7280	MO SELECT	353	2017-2031	106	0	0.082%
7406	CRYOFIN	1,185	2018-2042	355	0	0.553%
7620	EXCIP	1,589	2018-2043	477	0	0.08%
7763	PROSTERIL	729	2020-2045	219	0	0.04%
TOTAL		**5,333**		**1,602**	**88**	

**Exploitation already signified to the Walloon Region*

Out of these contracted RCAs, as of 30 June, € 4,015,000 has been effectively paid out. The remaining € 1,318,000 is expected to be received before end of 2020.

A brief description of SCTS' subsidies is given in the Table below.

Subsidy Names	Related Company's Projects & Activities	Description
PROFAB	PREOB	Optimisation of PREOB production
JTA PROD	JTA	Optimisation of JTA production
MO SELECT	ALLOB	Optimisation of bone marrow selection
CRYOFIN	ALLOB	Optimisation of ALLOB cryopreservation
EXCIP	PREOB	Development of a new excipient to increase the stability of PREOB
PROSTERIL	Quality control	Manufacturing of cell therapy products: aseptic risk assessment, detection methods and product protection techniques

6.11.2.2 Subsidies

SCTS has also been granted a subsidy by the Walloon Region to fund 90% of the costs of a research program for an amount of € 395,000 (contract n°7120). The subsidy is in principle not refundable. As of 30 June, the full amount has been effectively paid out.

SCTS owns the intellectual property rights which would result from the research program. Subject to certain exceptions, SCTS cannot grant to third parties, by way of license, transfer or otherwise, any right to use the results without the prior consent of the Walloon Region.

SCTS does not expect to lose its SME status in a foreseeable future (i.e., next 3 to 4 years).

6.12 Intellectual property

6.12.1 *Patents and patent applications owned or licensed by the Company*

The Company's research programmes and product candidates are covered by several patent families (patents and patents applications), which are either owned by the Company or licensed to the Company. There is one key PREOB product patent (ULB-028) currently granted in Japan, Singapore, the US and Canada, and two key ALLOB product patents: (i) BONE-001 is granted in Europe, Japan, Canada, India, Hong Kong, Singapore and Australia and (ii) BONE-017 which has been filed in 2018 (PCT application)

In total, the Company's intellectual property portfolio comprises 9 patent families:

- ULB-028 (WO 2007/093431): Cell populations comprising osteoblastic cells characterised by the expression of certain cell markers, and further comprising the method for obtaining such a cell population.

- BONE-001 (WO 2009/087213): Cell populations comprising osteoblastic cells characterised by the expression of certain cell markers, and further comprising the method for obtaining such a cell population.

- BONE-002 (WO 2009/080749): Therapeutic use of isolated bone-forming cells in the treatment of the inflammatory component of inflammatory rheumatic diseases (IRD).

- BONE-004 (WO 2009/135905): Isolated mesenchymal stem cells (MSC) derived from bone marrow and expressing certain cell-surface markers and methods for obtaining such MSC.

- BONE-006 (WO 2009/135914): Therapeutic use of isolated bone-forming cells in the treatment of bone diseases or conditions associated with immunodeficiency or immunosuppression.

- BONE-011 (WO 2014/049063): Discovery of advantageous properties of solvent/detergent-treated plasma in pharmaceutical formulations, which render the formulations particularly suitable for administration to bone or joints, such as to treat musculoskeletal diseases.

- BPBONE-001 (WO 2009/101194): Intra-articular pharmaceutical composition for use in the treatment and/or the prevention of acute or chronic osteoarticular diseases, such as osteoarthritis, and acute or chronic osteoarticular symptoms (*i.e.*, pain, loss of mobility and/or function).

- BPBONE-002 (WO 2009/101210): Pharmaceutical composition for use in the treatment and/or the prevention of acute or chronic osteoarticular diseases and acute or chronic osteoarticular symptoms, especially osteoarthritis.

- BONE-013 (WO 2016/170112): Method for *in vitro* preservation of cells comprising maintaining adherent mesenchymal stem cells (MSC) or adherent MSC-derived cells in suspension in a composition comprising at least 20% v/v human plasma or human serum or a mixture thereof.

- BONE-017 (PCT/EP2018/076030): Cell populations comprising osteoblastic cells characterised by the expression of certain cell markers, and further comprising the method for obtaining such a cell population.

The Company owns the exclusive worldwide license of ULB-028.

The Company owned 15% of the ULB-061, for which the ULB were responsible for the day-to-day administration of the patent rights and the economic valorisation of the claimed invention (see Section 6.8.3). By mutual agreement between ULB, ULg and the Company, the ULB-061 family has been withdrawn as of July 2017.

Overview of patents and patent applications.

Reference	Publication No	Title (product)	Priority date	Territory	End of term
ULB-028	WO 2007/093431	Osteogenic differentiation of bone marrow stem cells, and osteoprogenitor or osteoblastic cells and populations (PREOB)	16 Feb 2006	JP	16 Feb 2027
				SG	16 Feb 2027
				US	30 Aug 2028
				CA	16 Feb 2027
				(EP, HK)	under examination

Reference	Publication No	Title (product)	Priority date	Territory	End of term
BONE-001	WO 2009/087213	Osteogenic differentiation of bone marrow stem cells and mesenchymal stem cells using a combination of growth factors (ALLOB)	11 Jan 2008	JP	9 Jan 2029
				SG	9 Jan 2029
				AU	9 Jan 2029
				AU-DIV	9 Jan 2029
				EP	9 Jan 2029
				CA	9 Jan 2029
				IN	9 Jan 2029
				HK	9 Jan 2029
				(CN-DIV, KR-DIV, US)	under examination
BONE-002	WO 2009/080749	Human bone-forming cells in the treatment of inflammatory rheumatic diseases (PREOB & ALLOB)	21 Dec 2007	AU	19 Dec 2028
				EP	19 Dec 2028
				HK	19 Dec 2028
				JP	19 Dec 2028
				SG	19 Dec 2028
				CA	19 Dec 2028
				KR	19 Dec 2028
				(US)	under examination
BONE-004	WO 2009/135905	Mesenchymal stem cells and bone-forming cells (PREOB & ALLOB)	7 May 2008	SG	7 May 2029
				AU	7 May 2029
				US	13 Feb 2030
				JP	7 May 2029
				(CA, EP, HK, IN, , US-DIV2)	under examination
BONE-006	WO 2009/135914	Human bone-forming cells in the treatment of conditions and bone diseases associated with immunodeficiency or immunosuppression (PREOB)	7 May 2008	SG	7 May 2029
				AU	7 May 2029
				EP	7 May 2029
				HK	7 May 2029
				KR	7 May 2029
				(JP-DIV2,)	under examination
BONE-011	WO 2014/049063	Formulations involving solvent/detergent-treated plasma (S/D plasma) and uses thereof (JTA)	26 Sep 2013	EP	26 Sep 2033
				SG	26 Sep 2033
				KR	26 Sep 2033
				AU	26 Sep 2033
				(CA, CN, HK, IL, IN, JP-DIV, US)	under examination
BPBONE-001	WO 2009/101194	Pharmaceutical composition for use in the treatment and/or the prevention of osteoarticular diseases (JTA)	13 Feb 2009	EP	13 Feb 2029
				JP-DIV	13 Feb 2029
				CN	13 Feb 2029
				HK	13 Feb 2029
				SG	13 Feb 2029
				AU	13 Feb 2029
				KR	13 Feb 2030
				KR-DIV	13 Feb 2029
				CA	13 Feb 2029
				US	13 Feb 2029
				US-DIV	13 Feb 2029
				IN	13 Feb 2029
				IL	13 Feb 2029
				(BZ, ,)	under examination

Reference	Publication No	Title (product)	Priority date	Territory	End of term
BPBONE-002	WO 2009/101210	Pharmaceutical composition for use in the treatment and/or prevention of osteoarticular diseases (JTA)	16 Feb 2009	SG AU JP US IL IN CA (BZ, CA, EP, , US-DIV)	16 Feb 2029 16 Feb 2029 16 Feb 2029 16 Feb 2029 16 Feb 2029 16 Feb 2029 16 Feb 2029 under examination
BONE-013	WO 2016/170112	*In vitro* preservation of therapeutic cells (PREOB & ALLOB)	23 Apr 2015	AU (EP, US, JP, BR, CA, CN, HK, IL, IN, KR, SG)	23 April 2036 under examination
BONE-017	PCT/EP2018/076030	Method for differentiating mesenchymal stem cells (ALLOB)	20 Oct 2017	PCT application	under examination

Overview of patent ownership and related contracts.

Reference	Product (Clinical stage)	Owner(s)	Contract(s)
ULB-028	PREOB (Phase III)	Université libre de Bruxelles (ULB)	Exclusive, worldwide license to the Company sublicense to SCTS* for manufacturing with an exclusive worldwide back-licence to the Company
BONE-001	ALLOB (Phase II)	Bone Therapeutics SA	The Company grants an exclusive right to Glob-Co SPRL for specific non-bone applications
BONE-002	PREOB (Phase III) & ALLOB (Phase III)	Bone Therapeutics SA	The Company grants an exclusive right to Glob-Co SPRL for specific non-bone applications
BONE-004	PREOB (Phase III) & ALLOB (Phase III)	Bone Therapeutics SA	
BONE-006	PREOB (Phase III)	Bone Therapeutics SA	
BONE-011	JTA (Phase II) JTA Next / Preclinical	Bone Therapeutics SA (50%) Enrico Bastianelli SPRL (50%)	A worldwide exclusive license has been granted to Glob-Co SPRL on a selection of joint diseases and applications Royalty-free sublicense to SCTS* for manufacturing with an exclusive worldwide back-license to the Company
BPBONE-001	JTA (Phase II) JTA Next / Preclinical	Bone Therapeutics SA	Formerly owned by Enrico Bastianelli SPRL – transferred to the Company subject to payment by the Company of royalties. A worldwide exclusive license has been granted to Glob-Co SPRL on a selection of joint diseases and applications Royalty-free sublicense to SCTS* for manufacturing with an exclusive worldwide back-license to the Company
BPBONE-002	JTA (Phase II) JTA Next / Preclinical	Bone Therapeutics SA	Formerly owned by Enrico Bastianelli SPRL – transferred to the Company subject to payment by the Company of royalties. A worldwide exclusive license has been granted to Glob-Co SPRL on a selection of joint diseases and applications Royalty-free sublicense to SCTS* for manufacturing with an exclusive worldwide back-license to the Company

Reference	Product (Clinical stage)	Owner(s)	Contract(s)
BONE-013	Excipient for cell products such as PREOB (Phase III) & ALLOB (Phase II)	Bone Therapeutics SA	The Company grants an exclusive right to Glob-Co SPRL for specific non-bone applications
BONE-017	ALLOB (Phase II)	Bone Therapeutics SA	The Company grants an exclusive right to Glob-Co SPRL for specific non-bone applications

** SCTS is an affiliate of the Company (which holds 49.9% of SCTS' share capital).*

6.12.2 *Trademarks and designs*

On the date of this Registration Document, the Company obtained trademarks for PREOB ALLOB, MXB and JTA products. International registration of PREOB under class 5 (goods) and class 42 (services) was obtained in April 2012 in the Benelux, the EU, the US, Canada and Japan. ALLOB was internationally registered under class 5 and class 42 in February 2012 and in the Benelux, the EU, the US, Canada, Japan and South Korea. International registration of MXB under class 5 and class 42 was obtained in September 2015 in EU, US, Japan, Korea, Australia, Canada and Hong Kong and is currently ongoing for Israel. International registration of JTA under class 5 and class 42 was obtained in September 2015 in the EU, the US, Japan, Korea, China, Australia, Canada and Hong Kong and is currently ongoing for Israel.

6.12.3 *Orphan Drug Designation*

Orphan Drug Designation ("**ODD**") provides a special status to a drug developed for the treatment of rare diseases or rare medical conditions. When obtaining orphan designation, the Company benefits from a number of incentives, including regulatory assistance and market exclusivity (10 years in Europe and 7 years in the US) once the medicine is approved for commercialisation. Through the ODD scheme, the Company benefits from significant fee reductions (90% or more) in respect of the protocol development and scientific advice and product registration procedure in Europe as well as in the US. The Company received ODD for PREOB and ALLOB for the treatment of (non-traumatic) osteonecrosis. PREOB received ODD for osteonecrosis from the EMA in October 2007 and from the FDA in March 2008. ALLOB received ODD for osteonecrosis from the EMA in July 2013 and from the FDA in January 2014. In addition, the Company announced that it received ODD for ALLOB for osteogenesis imperfecta from the EMA and FDA.

6.13 Manufacturing

The Company aims to achieve the following objectives through its manufacturing process:

- Provide adequate production capacity at all stages of the development of the Company;
- Continuous optimization of processes to reduce costs and increase capacity of the available infrastructure;
- Protection of knowhow through in-house production and strictly manage relations with potential contract manufacturers producing for other territories.

The products manufactured by the Company have the following product specifications:

- ALLOB is a cellular-based product consisting respectively in viable human autologous or allogeneic bone-forming cells derived from *ex vivo* cultured bone marrow mesenchymal stromal cells. They are not genetically modified and not combined.
- The product is a medicinal product which has been developed in compliance with the European legislation and has been classified as a tissue engineered product within the European regulatory framework governing the advanced therapy in Europe (Regulation 1394/2007). Under Regulation 1394/2007, a tissue engineered product means a product that contains or consists of engineered cells

(cells that have been subject to substantial manipulation or are not intended to be used for the same function in the recipient as in the donor), administered to human beings with a view to regenerating, repairing or replacing a human tissue.

- In the US, ALLOB will fall under the Biological License Application regulation.

- In Japan, ALLOB will fall under the new legislation for regenerative medicine. This new legislation creates opportunities for an accelerated conditional market access for cell products based on Phase II clinical trial results.

The manufacturing process of the Company's products is as follows:

- Two steps can be defined in ALLOB manufacturing process:

  - The collection/procurement of the human bone marrow (starting material) from healthy donors;

  - The manufacturing of ALLOB in dedicated accredited facilities.

- ALLOB is manufactured in certified facilities[28].

- Bone marrow donation is performed in accordance with the specific regional legislation governing cell and tissue collection. Bone marrow is harvested by a trained and qualified physician from adult alive healthy volunteer donors (ALLOB). Bone marrow is collected in compliance with the European regulation N° 2004/23/EC and based on specific criteria and methods for tests or examinations (this may be subject to change upon new legislation). The patient or donor selection criteria include relevant factors that may assist in identifying and screening out persons whose donation could present a health risk to the recipients or to themselves. The traceability of the human biological material is maintained from bone marrow procurement to ALLOB administration. Eligibility criteria for donor selection are based (i) on serology, (ii) on medical history and anamnesis and (iii) on physical/clinical examination. After obtaining written informed consent, bone marrow is aseptically harvested from the posterior iliac crest under local anaesthesia. The bone marrow is collected in a sterile bag (blood bag) and sent out under controlled conditions to the manufacturing facilities[29].

- The ALLOB manufacturing process consists in the *ex vivo* culture of human bone marrow-derived mesenchymal stromal cells in order to generate human bone-forming cells. ALLOB manufacturing processes have been developed to minimize the number of cell manipulations and to limit the number of reagents entering in contact with the cells. ALLOB is manufactured following standardized and validated manufacturing process by trained operators. Manufacturing process includes 3 key steps (i) bone marrow and culture medium preparation, (ii) *ex vivo* culture in specific proprietary culture medium and (iii) cells recovering and conditioning in drug product. At the end of manufacturing, ALLOB cells are collected, controlled and re-suspended in excipients.

- ALLOB is provided in a single-use, pre-filled, ready-to-use syringe. They can be provided in several dosages depending on the indication and the size of the bone defect to be treated. They are conditioned to be sent to hospitals under controlled conditions for administration.

Facilities and capacity:

[28] The Company received a GMP agreement for its current facilities at the Galactic Innovation Campus (GIC) building in Brussels from the FAMPH on 23 January 2012. A renewal of the authorization was received following an inspection on 26 January 2014 and 27 January 2014. The Company received authorization under number 1698 IMP for the manufacturing, quality control and intra-EU distribution for both ALLOB and PREOB.

[29] For its PREOB product the Company has a license as a Tissue Bank/Production Establishment for human autologous tissue-derived materials by the FAMPH received on 18 July 2011. The license was renewed following inspection on 22 May 2014 (validity form 1 July 2014 to 30 June 2018). For its ALLOB product the Company has a license as a Tissue Establishment/Intermediary Structure by the FAMPH for human allogeneic tissue-derived materials delivered on 19 February 2013 (validity from 1 March 2013 to 28 February 2017, renewal is under evaluation).

The Company has been producing at its facilities based at the Galactic Innovation Campus (GIC) building in Brussels with two production lines (PREOB and ALLOB) which are both GMP approved. The available capacity met the requirements for the current pre-clinical and clinical developments.

- The Company's production activities were transferred to the new facilities at the BioPark of Gosselies (south of Brussels) in the course of 2018. The new facility has been inspected by the inspectorate of the Belgian Federal Agency for Medicines and Health Products (FAMHP). The GMP certificate has been issued by the FAMHP on 19 December 2017 and the authorization to manufacture the PREOB investigational medical products according to GMP on 19 January 2018. The registration of the Gosselies site as Production Establishment for human body material, according the Belgian Royal Decree of 28 September 2009 has been introduced with the Blood and Human Body Material division of the FAMHP. The site has been inspected successfully on 22 March 2018.

- The Company has continued operating its production operations in 2Q2018 at the Galactic Innovation Campus (GIC) at Anderlecht (Brussels). The Company has had access at the Anderlecht Campus to a total dedicated space of 800m² for production and related activities. At this Brussels based facility two production units are available accommodating two GMP approved production lines for its products PREOB and ALLOB. The available capacity met the requirements for the current clinical & pre-clinical programs. In early 2Q2018, the production activities have been progressively transferred to the new facilities at the Bio Park of Gosselies (south of Brussels).

- With the finalization of the PhIIa clinical trials in DU1 and IF1 studies, the ALLOB manufacturing has been halted in early 2018. Moreover, following the advice of the Data Safety Monitoring Board on the interim analysis of the PREOB O/N3 study, the company has decided to stop the study and proceed with the analysis of the results. As a consequence, the production of material for clinical supply has been interrupted. Instead, the Manufacturing team has been involved progressively in the development of the new ALLOB production platform, including large cell culture scale, filling in Aseptic Technologies vials and final cryopreservation. Those manufacturing improvements will be validated in 2019 and used for the supply of the ALLOB DU2 clinical trial.

- In the long term, the production of the allogeneic product ALLOB (product made from bone marrow from independent donors) should be based in a central manufacturing facility in Gosselies..

6.14 Information technology

The Company uses adequate commercial platforms to support its operations, such as an ERP platform for finance and production purposes.

The Company has implemented in the course of 2017:

- All user stations (130 stations) have been standardized under Windows 10 in a common domain to replace independent stations under Windows 7.
- The Company has migrated its WAN accesses to a new operator, securing them and quintupling its bandwidth.

The Company has reduced its dependency on third parties considerably and can rely now on a much more reliable platform to support its operations. Further investment in this respect are planned for 2018. The Company has begun compliance for GDPR.

6.15 Insurance

The Company has insurance covers in place both for insurance risks in the ordinary course of business as well as business specific insurances. Overall, the Company makes sure to have all coverage in place as required by

law and when considered necessary, additional insurance policies were concluded to ensure continuity of business or to ensure that safeguarding or reimbursing third parties from damages occurred through its activities would not put the Company at risk. At all times, the Company considers the scope of the coverage and related the costs of the insurances against the potential risk of damages.

The Company is insured to cover work accidents, both for itself as well as for SCTS, as required by law. In addition, the Company concluded a supplementary policy to ensure it is covered for an amount exceeding the legal minima. In addition, the Company has a policy in place which covers both professional as well as third party liability.

All ongoing clinical trials are covered by insurance policies in accordance with the regulations in place in all countries where these trials are taking place. Property owned by the Company (through the affiliate SCTS) is insured for fire and theft and each company has an insurance for fire and theft for content. The Company has also concluded a D&O policy for the benefit of its directors.

7 ORGANISATIONAL STRUCTURE

7.1 Organigram

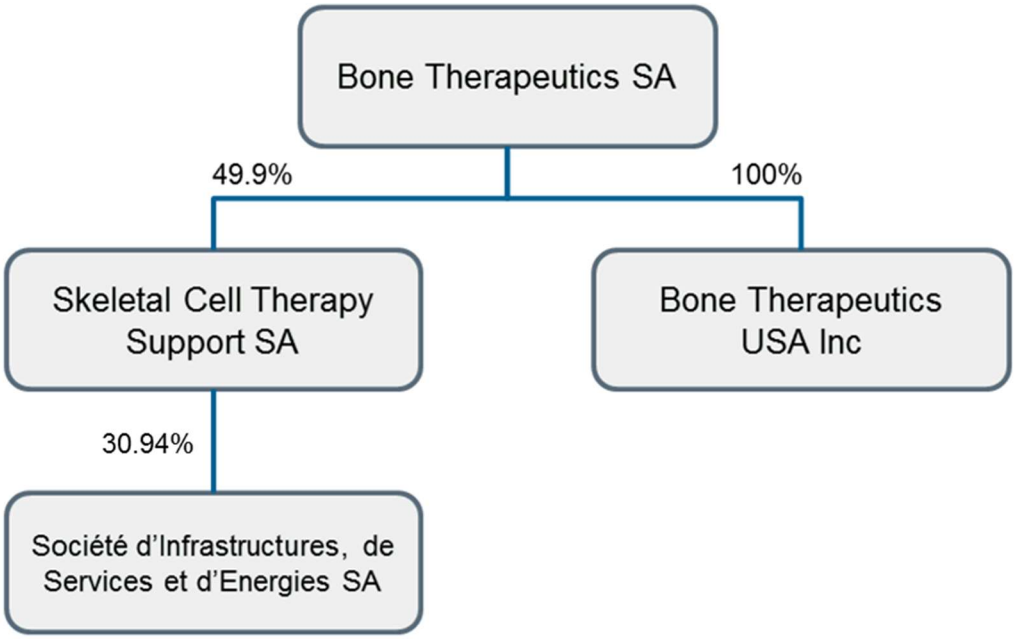
At the date of this Registration Document, the Company has the following affiliates:

Belgium

- Skeletal Cell Therapy Support SA ("**SCTS**"), incorporated on 5 December 2011.
- Société d'Infrastructure, de Services et d'Energies SA ("**SISE**"), incorporated on 12 December 2011.

United States of America

- Bone Therapeutics USA Inc., incorporated on 26 March 2015.



7.2 Information on Holdings

The Company holds 49.9% of the shares issued by Skeletal Cell Therapy Support, a limited liability company (*société anonyme*) with registered office at rue Auguste Piccard 37, 6041 Gosselies, Belgium and with company number 0841.570.812 (RLE Charleroi).

The rest of the shares of SCTS are held, directly or indirectly, by certain regional investment bodies, being Sofipôle SA (23.48%) and Sambrinvest SA (12.72%) and seven other private investors.

Until 31 December 2019, the Company has the right to acquire the shares held by the other shareholders of SCTS, for a price generating an internal rate of return of 8% for these shareholders, taking into account the net dividends received (call option). As of 1 January 2020, the other shareholders have the right to sell to the Company their shares in SCTS, at net asset value, with a minimum of 90% of the subscription price (put option).

SCTS is part of the Walloon Cell Therapy Platform ("**PWTC**") comprising three service companies:

- SCTS;

- Hepatic Cell Therapy Support ("**HCTS**"), a limited liability company (*société anonyme*) with registered office at Rue Auguste Piccard 37, 6041 Gosselies, Belgium and with company number 0841.727.891 (RLE Charleroi); and

- Société d'Infrastructures, de Services et d'Energies, a limited liability company (*société anonyme*) with registered office at Rue Auguste Piccard 37, 6041 Gosselies, Belgium and with company number 0841.727.101 (RLE Charleroi).

SCTS holds 30.94% of the shares issued by SISE. The rest of the shares of SISE are held by HCTS, Sofipôle SA and Sambrinvest SA.

The Company also holds 100% of the shares issued by Bone Therapeutics USA Inc, an incorporation company with registered office at 10 Milk Street, Suite 1055, 02108 MA Boston and with identification number 001166538 ("BT USA").

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Environment and health & safety

The Company complies in all material respects with the rules on the protection of health and safety of its employees. Such rules provide for measures which in particular aim to eliminate risk factors and accidents at work. The Company aims to ensure the safety and health of employees in all work-related aspects, including when it calls upon persons or services outside the Company, using means and measures of protection of employees. Such means and measures include information and training sessions for the employees, in particular on how to avoid risks or manage risks that cannot be avoided, by giving appropriate instructions to the employees, by promoting collective protection measures and by adapting working conditions, equipment and work methods.

First aid, fire-fighting and employee evacuation related activities are co-ordinated with the co-occupiers of the building at the Galactic Innovation Campus (GIC) in Brussels, with the co-occupiers of the building I-Tech Incubator Campus at the Biopark at Gosselies and with the co-occupiers of the building of the Walloon Cell Therapy Platform ("PWTC") (*Plateforme wallonne de thérapie cellulaire*) at the Biopark at Gosselies. The Company ensures training for a number of employees in respect of first aid.

The Company has set up a service for protection and prevention at its premises, such as the monitoring of the health of employees, provided by an independent health service company. Scientific employees receive an annual medical check-up.

Every employee must take care of his/her safety and health, as well as the safety and health of persons potentially affected by his/her actions or omissions at work. In accordance with the training and instructions given, employees must use equipment, tools and materials related to their business activity properly, must use the personal protection equipment properly and must not disable, arbitrarily change or remove safety devices and must immediately report any work situation that poses a serious and immediate threat.

Similarly, the Company complies in all material respect with environmental rules and regulations with respect to waste, waste management and biological hazard. For example, biological wastes are sterilized, appropriately packages and handled for destruction by specialized external companies.

The Company has an unique permit and an environmental permit (included Class 2), delivered by the IBGE (*Institut Bruxellois pour la gestion de l'environnement*, the ministry for environment of the Brussels Region), for the exploitation of the laboratories at the Galactic Innovation Campus (GIC) building in Brussels and delivered by the SPW-DGO3 (Service Public de Wallonie : Direction générale opérationnelle agriculture, ressources naturelles et environnement), for the exploitation of the laboratories at the Walloon Cell Therapy Platform ("PWTC") (*Plateforme Wallonne de Thérapie Cellulaire*).

8.2 Properties and facilities

At the end of April 2015, the Company has moved a large part of its operational activities to new facilities at the BioPark situated at 6041 Gosselies (south of Brussels), 37 rue Auguste Piccard (also the registered address of the Company). These new facilities are owned by its affiliate SCTS SA. This new facility covers approximately 3000m² in total. Almost 1700m² are for administrative and R&D purposes and include also an animal house. 1300m² are foreseen for production activities. The Company continued to run its production operations until Q2 2018 at the Galactic Innovation Campus (GIC) at Anderlecht (Brussels) and then, the production activities were transferred to the new facilities at the Bio Park of Gosselies (south of Brussels). In 2018 the validations necessary to ensure the production of ALLOB to supply the next clinical trials in 2H2018 will be performed. In addition the Company is renting approximately 350 m² of supplementary office space next door to its facilities at Gosselies at the I-Tech Inbubator Campus to host its clinical department.

The facility at Gosselies fits in a larger project known as PWTC or the "Plateforme Wallonne de Thérapie Cellulaire" whereby two cell therapy companies[30] have joined forces to build facilities at a joined location on the Biopark at Gosselies (50 km south of Brussels near the airport Brussels South). PWTC comprises three service companies: SCTS (*Skeletal Cell Therapy Support*), HCTS (*Hepatic Cell Therapy Support*) and SISE (*Société d'Infrastructures, de Services et d'Energies*). SCTS and HCTS will make a maximum use of shared services provided through SISE SA to establish their industrial project, but on the same time maintaining full control of their proprietary production processes and know-how by having their own physically separated building infrastructure. The project allows for both companies to considerably expand their production capacity in future.

Next to providing services SISE SA is also the landowner on which the infrastructure of SCTS SA is constructed. There is long term (99 years) lease agreement in place between SISE SA and SCTS SA which started on 12 June 2013.

Both the new infrastructure under constructions and the long-term land lease right of 99 years are reported as property, plant and equipment in the consolidated financial statements of the Company.

8.3 Investments

Overview of the Company's principal investments for the financial years ended on 31 December 2015, 31 December 2016 and 31 December 2017.

(in thousands €)	2017	2016	2015	Before 2015	Total
	New	New	New	New	
Building	310	573	2,812	5,005	8,700
Laboratory equipment	86	184	91	1,854	2,215
Land	0	0	0	233	233
Other	7	35	43	183	268
Intangible assets	9	29	52	121	211

For more details, we refer to the Section 5.3 "Investments".

[30] Bone Therapeutics SA through SCTS SA and Promethera SA through its subsidiary HCTS (Hepatic Cell Therapy Support) SA.

9 CAPITAL RESOURCES

9.1 IFRS Consolidated statement of shareholders' equity

At the end of June 2018, the Company's capital amounts to € 16,337,771, represented by 7,632,350 ordinary shares without nominal value. The consolidated share premium amounted to € 48.87 million whereby the costs related to capital increases are deducted from the proceeds from the capital increase through the share premium account. The reconciliation, at consolidated level is shown in the consolidated statement of shareholders' equity below:

(in thousands of euros)	**Attributable to owners of the parent**				**Non-controlling interests**	**TOTAL EQUITY**
	Share capital	**Share premium**	**Retained earnings**	**Total equity attributable to owners of the parent**		
Balance at 1 January 2016	**20,708**	**42,670**	**(35,232)**	**28,146**	**0**	**28,146**
Total comprehensive income of the period	0	0	(12,989)	**(12,989)**	-32	-13,021
Share-based payment	0	0	123	**123**	0	123
Movement non-controlling interests	0	0	(32)	**(32)**	32	0
Other	0	0	23	**23**	0	23
Balance at 31 December 2016	**20,708**	**42,670**	**(48,108)**	**15,270**	**0**	**15,270**
Total comprehensive income of the period	0	0	(12,752)	**(12,752)**	(18)	(12,769)
Issue of share capital	0	0	0	**0**	0	0
Decrease of share capitral	(6,046)	0	6,046	**0**	0	0
Transaction costs for equity issue	0	(5)	0	**(5)**	0	(5)
Allocation to the legal reserve	0	0	3	**3**	0	3
Share-based payment	0	0	(89)	**(89)**	0	(89)
Movement non-controlling interests	0	0	(18)	**(18)**	18	0
Other	0	0	(27)	**(27)**	0	(27)
Balance at 31 December 2017	**14,662**	**42,665**	**(54,944)**	**2,383**	**0**	**2,383**
Impact of restatement based on IFRS 15	0	0	1,501	**1,501**	0	1,501
Balance at 1 January 2018	**14,662**	**42,665**	**(53,443)**	**3,884**	**0**	**3,884**
Total comprehensive income of the period	0	0	(8,452)	**(8,452)**	(2)	(8,454)
Issue of share capital	1,676	6,205	0	**7,881**	0	7,881
Specific reserve for convertible bonds	0	0	685	**685**	0	685
Allocation to the legal reserve	0	0	5	**5**	0	5
Share-based payment	0	0	26	**26**	0	26
Movement non-controlling interests	0	0	(2)	**(2)**	2	0
Other	0	0	(3)	**(3)**	0	(3)
Balance at 30 June 2018	**16,338**	**48,870**	**(61,184)**	**4,023**	**0**	**4,023**

9.2 Securities issued by the Company

At the date of this Registration Document, the Company's capital amounts to € 12,531,511.76, represented by 8,310,546 ordinary shares without nominal value.

The Company has issued 524,760 warrants which give right to subscribe to an equal number of shares. The total of exercisable warrants is 167,300.

The Company has issued convertible bonds and bond warrants to subscribe to convertible bonds. At the date of this Registration Document, 95 convertible bonds are outstanding, with a total nominal value of -€ 237,500 and 2,380 bond warrants are outstanding.

9.3 Overview funding

Up to 30 June 2018, the Company has been able to fund its operations with a long-term perspective through the following funding instruments:

- € 74.50 million in net proceeds from private equity placements in the Company;
- € 1.28 million in invested cash through the non-controlling interest held by third parties in its affiliate SCTS SA;
- € 31.28 million of non-dilutive funding, mainly through recoverable cash advances, subsidies and patents provided by the Walloon Region and to lesser extent through regular grants. In total, € 25.28 million was granted to the Company and € 5.73 million was granted to SCTS;
- € 3.25 million as a long-term investment credit provided by BNP Paribas Fortis SA/NV and ING Belgique SA/NV (each for half of the amount) for the construction of the SCTS building at the Biopark of Gosselies (South of Brussels);
- € 2.62 million in loans, provided by related parties (regional investment vehicles) which have been recorded as current and non-current financial liabilities and
- € 2.53 million through an investment grant provided by the Walloon Region on the SCTS building.

10 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Company's success and ability to compete depends largely on its ability to protect its property technology and information and to operate without infringing the intellectual property rights of others.

10.1 Intellectual property

The Company's research programmes and product candidates are covered by several patent families (patents and patents applications), which are either owned by the Company or licensed to the Company. There is one key PREOB product patent (ULB-028) currently granted in Japan, Singapore, the US and Canada, and two key product ALLOB patents (i) BONE-001 granted in Europe, Japan, Canada, India, Hong Kong, Singapore and Australia and (ii) BONE-017 filed in September 2018 (PCT application).

In total, the Company's intellectual property portfolio comprises 10 patent families including the exclusive licence by the Université libre de Bruxelles for the ULB-028 patent. For a detailed description, we refer to Section 6.12.

10.2 Research and developments, patents and licences costs

The Company has incurred several R&D costs over the years.

The R&D expenses are described as follow:

(in thousands of euros)	**31/12/2017**	**31/12/2016**	**31/12/2015**
Lab fees and other operating expenses	6,093	6,405	6,462
Employee benefits expenses	6,173	6,472	5,770
Depreciations, amortisations and impairment losses	444	453	326
Patents costs	412	318	352
Total	**13,122**	**13,649**	**12,910**

11 CELL THERAPY: MARKET TRENDS

11.1 Cell therapy in general

Regenerative medicine is a fast growing domain, with cell-based therapies representing the most mature sub-sector. This area has since several years been characterized by intense academic research and these programmes have recently reached the industry. The larger number of Phase I/II trials compared to more advanced trials demonstrates the start of the move from preclinical research into the clinic. The Alliance for Regenerative Medicine reported in its 2017 Annual Data Report[31] that there are more than 854 regenerative medicine companies worldwide with 946 ongoing clinical trials at the end of 2017. In the area of stem cell-based treatments, currently 14 products are approved by the FDA (compared to 9 in 2014, 7 in 2012 and five in the three years before) and 10 products by the EMA. The worldwide stem cell therapy market is estimated to grow at a CAGR of 20% from 2018 to 2024[32].

Interest in regenerative medicine and cell therapy is reflected in the amount invested in companies in the field. In 2017, a total amount of $7.5 billion dollar was globally invested in the sector (IPOs, VC/PE, Follow-ons, Corporate partnerships, excluding M&A), comparable to peak investments noted during 2015 of about $9 billion or a 75% increase compared to 2016[33].

The increasing funding from various governments and private organizations, the focus on stem cell research by the growing industry and the rising global awareness of stem cell therapies further sustain the growth of the stem cell therapy market.

The increase in legislative guidance and support for diseases targeted by regenerative medicine is also fuelling the industrial development by bringing a clear regulatory path to market and incentives for clinical development. A recent example is Japan, where a new legislation, which allows for conditional marketing approval after Phase II clinical trials, has been passed in order to accelerate the development of new regenerative medicine therapies that could help address areas of significant unmet medical need. The introduction of regulations, such as regulation (EC) 1394/2007 defining tissue-engineered products, demonstrates the growing importance of the regenerative medicine field.

Despite the continued interest for regenerative medicine from academia, regulators and the industry, and the increasing number of regenerative products being approved and marketed, the development of cell-based therapies still remains an uncertain endeavour. This process is subject to risks such as unanticipated problems related to product development, insufficient efficacy of the product, unwanted side effects, as well as regulatory compliance and financing risk, amongst others.

11.2 Orthopaedics

The treatment of bone defects and bone diseases has since long involved the use of bone grafts and implants. These approaches have known little innovation over the past years and require highly invasive surgeries including a very painful secondary harvest surgery for autologous bone graft with a substantial risk of complications. The introduction of tissue engineering over the past few decades has generated considerable interest in exploiting the potential of cell-based therapy in orthopaedics. Consequently, we have seen the initiation of several research projects and 'pilot' studies. According to the Alliance for Regenerative Medicine, in 2014 15 stem cell-based products were in preclinical and Phase I trials and 13 products were in Phase II and III clinical trials in the field of musculoskeletal diseases, with the majority (11 out of 13) targeting joint

[31] ARM Annual data report (2016)
[32] Zion Market Research: *Stem Cell Therapy Market by Type (Allogenic SCs and Autologous SCs) by Therapeutic Application (Musculoskeletal Disorders, Wounds & Injuries, Cardiovascular Diseases, Gastrointestinal Diseases, Immune System Diseases, and Others), by Cell Source (Adipose Tissue-Derived Mesenchymal SCs, Bone Marrow-Derived Mesenchymal SCs, Embryonic SCs, and Other Sources), and by End User (Hospitals and ASCs): Global Industry Perspective, Comprehensive Analysis and Forecast, 2017 – 2024*
[33] ARM Annual data report (2015, 2016, 2017)

conditions such as cartilage and tendon lesions and arthritis, and only Mesoblasts (referred to in section 6.5.2) being active in the field of bone regeneration, the same as the Company is in. Early-stage initiatives by companies such as Xcelia, Novadip Biosciences or Epibone show however the interest of the industry in regenerative medicine in orthopaedics. According to the Company, Bone Therapeutics is the only clinical-stage company developing bone cell products using differentiated bone cells for the treatment of orthopaedic conditions.

11.3 Minimally invasive approach

Minimally invasive approaches are performed with minimal incision in the patient's body and facilitate lower hospitalisation and recovery times and ensure minimal trauma and blood loss. These advantages in addition to the increased awareness regarding minimally invasive surgeries, have increased its use by physicians. The trend towards minimally invasive surgery is also attributed to the increasing incidence of various diseases that usually require surgical treatment, the ageing of the global population (elderly people carry a high risk in terms of success of the surgery) and the introduction of technologically advanced products (*e.g.* visualization and monitoring technologies). The global market for minimally invasive surgery has been estimated to grow at the rate of 10.9% from 2018 to 2025[34].

11.4 Osteoarthritis

Due to the aging population, the increasing number of obesity cases, number of patients suffering from osteoarthritis are on the rise. According to the WHO, around 10% to 15% of all adults aged over 60 have some degree of osteoarthritis, with high prevalence among women than men. The UN estimated that, by 2050, people aged over 60 will account for more than 20% of the world population. Of this 20% will have symptomatic osteoarthritis, and one-third of this population will be severely disabled. As a consequence, about 130 million people globally will suffer from osteoarthritis by 2050. Osteoarthritis accounts for more than 50% of the entire musculoskeletal diseases. The Global Burden of Disease 2010 study ranked osteoarthritis as 11th highest contributor to global disability.[35] As a result, the global osteoarthritis treatment market is expected to witness a CAGR of 4.2% over the period 2018-2023 according to a recent rapport from Mordor Intelligence.[36]

[34] BIS Research: *Global Minimally Invasive Surgical Systems Market - Analysis and Forecast, 2018-2025* (2018)
[35] Persistent Market Research (March 2018): Global Market Study on Osteoarthritis Treatment
[36] Mordor Intelligence (July 2018) Osteoarthritis treatment market: Segmented by Product, Anatomy and Geography - Growth, Trends, and Forecast (2018 - 2023)

12 CORPORATE GOVERNANCE

12.1 General

This section summarizes the rules and principles by which the corporate governance of the Company is organized. Those rules and principles are based on the Corporate Governance Charter of the Company which has been approved by the Board of Directors on 6 February 2015. This charter can be obtained free of charge at the registered office of the Company and is available on the Company's website (www.bonetherapeutics.com, under the section investors / governance).

12.2 Compliance with the Corporate Governance Code

Pursuant to the Belgian Act of 6 April 2010 on the reinforcement of the corporate governance of listed companies and autonomous government enterprises and the amendment of the rules on the exclusion of employment in the bank and financial sector (*Loi visant à renforcer le gouvernement d'entreprise dans les sociétés cotées et les entreprises publiques autonomes et visant à modifier le régime des interdictions professionnelles dans le secteur bancaire et financier*), as implemented by the Royal Decree of 6 June 2010 regarding the designation of the corporate governance code on listed companies (*Arrêté Royal portant désignation du Code de gouvernement d'entreprise à respecter par les sociétés cotées*), Belgian listed companies should comply with the Belgian Code for Corporate Governance issued on 12 March 2009 by the Belgian Corporate Governance Committee (the "**Corporate Governance Code**" or "**CGC**"), unless it discloses the justification why it has decided to deviate from the provisions of the Corporate Governance Code (the rule of *comply or explain*).

The Company's corporate governance charter (the "**Corporate Governance Charter**") was adopted in accordance with the recommendations included in the Corporate Governance Code.

The Board of Directors of the Company intends to comply with the Belgian Corporate Governance Code, except in relation to the following matters:

- Provision 2.9 of the Code: At the date of the Registration Document, no Company Secretary has been assigned by the Board. Since the IPO (6 February 2015) the Board has assigned Allen & Overy to provide services in this respect amongst others minuting of board meetings. Given the limited size of the Company the Board is of the opinion there is no need to appoint a full time Company Secretary.
- Provision 5.5 of the Code: At the date of this Document, the Nomination and Remuneration Committee is only composed of 2 members. The Board is of the opinion that the actual members have the appropriate knowledge and power to conduct the committee and to have a professional judgement on the decision to take to propose it to the Board of Directors.
- Provision 7.7 of the Code: Although at the date of this Registration Document, no options have been granted to non-executive directors, the Company has reserved the possibility to grant variable remuneration (upon advice of the Nomination and Remuneration Committee), such as long-term stock-related incentive plans, to non-executive directors, so that the Company, as a small-sized listed enterprise, could grant options or warrants to non-executive directors if it would be of the opinion that such grant is necessary to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise.

The Board of Directors will review the Corporate Governance Charter from time to time and adopt such amendments thereto as it deems necessary and appropriate. The Corporate Governance Charter and the Company's articles of association are available at the Company's website and at its registered office, and can be obtained free of charge.

12.3 Board of Directors

12.3.1 *Composition of the Board of Directors*

The Board of Directors is the main decision-making body of the Company, and has full power to perform all acts that are necessary or useful to accomplish the Company's corporate purpose, save for those acts for which only the shareholders' meeting of the Company has the required powers in accordance with applicable laws or the Company's articles of association. The responsibility for the management of the Company is entrusted to the Board of Directors as a collegial body.

The Board of Directors pursues the long-term success of the Company by providing entrepreneurial leadership, while assessing and managing the risks of the Company.

The Board of Directors is composed of minimum three members as set out in the articles of association and the Corporate Governance Charter.

At least half of the members of the Board of Directors are Non-Executive Directors, and at least three members of the Board of Directors are Independent Directors, within the meaning of *inter alia* Article 526*ter* of the Belgian Companies Code.

The members of the Board of Directors are appointed by the shareholders' meeting of the Company for a renewable term of maximum four years. If a director mandate becomes vacant, the remaining members of the Board of Directors will have the right to temporarily appoint a new director to fill the vacancy. The shareholders' meeting can revoke the mandate of any director at any time.

In principle the Board of Directors meets at least four times a year, and also whenever a meeting is deemed necessary or advisable for its proper functioning. A meeting of the Board of Directors is validly constituted if there is a quorum, which requires that at least half of the members of the Board of Directors or present or represented during the board meeting. In any event, the Board of Directors can only validly deliberate if at least two Directors are present in person.

At the IPO, the board was composed of eleven, mostly local members. In 2017, the Board was adapted to include international experts in cell therapy, biotech and orthopaedics. In 2018, the number of members has been reduced to nine members, 7 Independent and 2 Executive Directors.

The table below provides an overview of the mandates held in 2018 and the current mandates at the date of the Registration Document:

Name	Position	Start or renewal of mandate	End of mandate	Nature of mandate	Professional address
Innoste SPRL, with as permanent representative Jean Stéphenne	Chairman	2018	2021	Independent	Avenue Alexanadre 8, 1330 Rixensart, Belgium
Roland Baron	Director	2015	2019	Independent	Milford Street 33, Boston MA 02118, Unites States of America
Chris Buyse until 13 June 2018	Director	2017	2018	Independent	Baillet Latourlei 119A, 2930 Brasschaat, Belgium
Claudia D'Augusta	Director	2018	2020	Independent	Calle Estrelas 5, 28224 Pozuelo De Alarcon - Madrid – Spain
Marc Alexander Initiative & Advisory GmbH with as permanent representative Dirk Dembski	Director	2017	2019	Independent	Schirnerstraβe 14 41515 Grevenbroich, Germany

Name	Position	Start or renewal of mandate	End of mandate	Nature of mandate	Professional address
Magenta Tree BVBA, with as permanent representative Thierry François until 13 June 2018	Director	2015	2018	Independent	Ophemstraat 133, 3050 Oud-Heverlee, Belgium
Wim Goemaere BVBA, with as permanent representative Wim Goemaere until 25 April 2018	Director	2016	2018	Non-Executive	Zakstraat 72, 9112 Sinaai, Belgium
Wagram Invest SA, with as permanent representative Michel Helbig de Balzac	Director	2016	2020	Independent	Avenue du Parc 61, 1310 La Hulpe, Belgium
Thomas Lienard SPRL, with as permanent representative Thomas Lienard	Managing Director	2016	2019	Executive	Avenue Coghen 262 bte 7, 1180 Uccle, Belgium
Paul Magrez until 13 June 2018	Director	2015	2018	Independent	Lindenhoekje 7, 1970 Wezembeek-Oppem, Belgium
Castanea Management Limited with as permanent representative Damian Marron	Director	2017	2021	Independent	Tabernacle Streer 69-85, London EC2A 4RR, England
Jean-Paul Prieels	Director	2017	2019	Independent	Avenue Louise 32-46, 1050 Brussels, Belgium
Swinson SNC Management & Consult, with as permanent representative Steven Swinson until 20 February 2018	Director	2017	2018	Chairman	Chemin de la Dauphine 8, 1291 Commugny, Switzerland
Finsys Management SPRL with as permanent representative Jean-Luc Vandebroek	Director	2018	2022	Executive	Rue Charles Plisnier 25, 1420 Braine l'Alleud, Belgium

A brief overview of the relevant experience of the Independent Directors in place is set out below.

- **Mr. Jean Stéphenne (permanent representative of Innoste SPRL)** is a highly-experienced life sciences executive, who has served in senior leadership roles at a large number of biotechnology and pharmaceutical companies, most recently as Chairman of TiGenix. Together with the Board of TiGenix, he oversaw the clinical development and European marketing authorisation of its most advanced allogeneic cell therapy product for the treatment of complex perianal fistulas in Crohn's disease. Jean Stéphenne was also previously a Member of the Corporate Executive Team of GlaxoSmithKline (GSK) and Chief Executive of GSK Biologicals (now GSK Vaccines). During his 40-year tenure, he grew a company of 50 people into a fully integrated worldwide leader in vaccine development, with 12,000 employees. Jean Stéphenne currently serves on the Board of various life sciences companies including Vaxxilon, OncoDNA, CureVac and Bepharbel. Previous board positions include Besix Group, BNP Paribas Fortis, GBL and IBA. For his contribution to the Belgian economy and global public health, he has received diverse business recognitions and was honoured with various titles by the Belgian and British governments.

- **Prof. Dr. Roland Baron** is professor at the Harvard Medical School, Endocrine Unit, Massachusetts General Hospital, and Head of the Division of Bone and Mineral Research and Chair of Oral Medicine at the Harvard School of Dental Medicine since January 2008. He received his DDS and PhD degrees from the Medical School at the University of Paris, France. From 1977 to 2007, Dr. Baron was a professor in the departments of Medicine, Orthopaedics and Cell Biology at Yale University School of Medicine. From 1994 to 2002, he held the position of Vice President and Head of the Bone Diseases

Group at Hoechst Marion Roussel and then Aventis. In 2002, he founded ProSkelia, a small pharmaceutical company devoted to the discovery and development of new drugs for bone and hormonal diseases. He has held the positions of President and Chief Scientific Officer of ProSkelia and then ProStrakan, until April 2006. He is the founder and past Editor-in-Chief of BONE, the Official Journal of the International Bone and Mineral Society until 2006. Dr. Baron has published over 330 scientific papers in the field of bone biology and bone diseases.

- **Mr. Chris Buyse** has over 30 years' experience in international finance and financial management. He holds a Master's degree in Applied Economics from the University of Antwerp and an MBA from the Vlerick School of Management in Ghent. From August 2006 to June 2014, he was CFO and Director at ThromboGenics NV, a biotechnology company listed on NYSE Euronext Brussels. Before joining ThromboGenics, he was CFO of CropDesign, where he coordinated the acquisition by BASF in July 2006. Prior to joining CropDesign, he served as finance manager of WorldCom/MCI Belux, and CFO and CEO ad interim of Keyware Technologies. Before, he held positions in finance at Spector Photo Group, Lyonnaise des Eaux (Suez) and Unilever. He is currently managing partner of Fund+ NV and holds a Director position in several private and public companies.

- **Mrs. Claudia D'Augusta** is a seasoned financial professional with more than 20 years' experience in corporate finance, capital markets and M&A. She is currently General Manager and Chief Financial Officer at TiGenix N.V. and is part of the Executive Committee at TiGenix, which was recently acquired by Takeda for EUR 520 million. Prior to TiGenix, Claudia D'Augusta held various other senior financial positions across a number of international public and private companies. Claudia D'Augusta holds a degree in Economics and a Ph.D. in Business Administration from the University of Bocconi, Milan, Italy.

- **Mr. Dirk Dembski (permanent representative of Marc Alexander Initiative & Advisory GmbH)** has held a variety of roles in biotechnology, orthopaedics and medical companies and has built and driven global sales and marketing operations and served in business development positions. He is currently CEO of SpineWelding AG and previously served as Managing Director of bricon GmbH, the German business unit of Naton Medical Group, one of China's largest Medtech companies, where he completed several acquisitions and drove the international business. He also worked as Vice President of Sales, Marketing and Business Development at Olympus Biotech for EMEA, Asia Pacific and Latin America, where he successfully marketed a portfolio of bone growth factors, cell technologies and innovative biomaterials. Dirk Dembski has also worked as director of sales and marketing for Small Bone Innovations, a bone medical technology company which was acquired by Stryker.

- **Mr. Thierry François (permanent representative of Magenta Tree BVBA)** holds a Master's degree of Science in Engineering and Management from the Solvay Brussels School of Economics and Management (ULB), as well as Guberna certificates. He also is a CFA charterholder and a Certified Financial Analyst (EFFAS). With more than 20 years of experience in corporate finance, sell-side equity research and private equity, he is a true expert in corporate governance and asset management. He started his career in 1993 as a university trainee at the BNP Paribas Fortis Bank (Générale de Banque at the time), and worked his way up to Corporate Research Officer (1994-1997). He then moved on to Vermeulen-Raemdonck (part of ING Bank), where he served as a senior financial analyst. In 2000, he returned to Fortis Bank, to take the position as Director Equity Research (2000-2004) and later as Head of Investment Analysts (2004-2011). Since, he operates as an independent investment professional for companies such as Econopolis, Korys and private equity funds. He is the founder and owner of Magenta Tree.

- **Wim Goemaere BVBA, represented by Mr. Wim Goemaere**, (former CFO) is an experienced senior financial executive with close to 30 years international business experience, the majority of which he spent within the biotechnology space. After graduating in Applied Economics from KU

Leuven (Belgium) in 1987, he began his career at BP where he held various roles in finance until leaving the Company in 1995, to join the Flanders Institute for Biotechnology (VIB) as CFO. Mr. Goemaere played a key role in the Institute's development up to one of Europe's leading research bodies in life sciences. In 2008, he moved to Devgen, a Belgium-based multinational agro-biotech company listed on the NYSE Euronext Brussels, where he held the position of CFO for five years. Mr. Goemaere was instrumental in ensuring endorsement of Devgen in the financial markets and in the take-over of Devgen by Syngenta for € 403 million. Furthermore, he played an important role into the Company's business expansion in Asia.

- **Mr. Michel Helbig de Balzac (permanent representative of Wagram Invest SA)** has a long-standing experience in venture capital as the founder and managing partner of BAMS Angels Fund I SCA (founded in 2005) and Nausicaa Ventures SCA (2009), both investing in early-stage and early-growth new technology companies and located in Louvain-la-Neuve (Belgium). He has particular knowledge in the fields of biotech, medical devices and energy, and represents the funds at the board of several of the investee companies such as Ovizio, Imaging Systems and Bio-Sourcing. He serves as the Chairman of the Board of Directors of Bone Therapeutics between June 2013 and June 2017. Previously, he was an acknowledged investor and entrepreneur with several high-growth companies. Complementary to venture capital, he has been very active in the development and financing of large-scale renewable energy development projects such as the North Sea offshore wind farm Northwester 2 consortium, comprised of Colruyt, TTR Energy (TPF Group), Incontrol, and his own company Wagram Invest, which was granted a 224 MW area concession in 2013. From 2002 to 2013 he was influential in helping to launch a range of wind farm projects in the Walloon Region. From 2009 to 2014, he was the Chairman of Edora, the Belgian Federation for Renewable Energy, of which he is currently Director, and more recently a board member of the Belgian Offshore Platform association. Mr. Helbig started his professional career in 1985 with McKinsey, where he was active in the steel and paper industries and the insurance and hospital sectors before taking on the responsibility of Administrative Director and General Secretary of their Brussels Office. He then joined Dewaay Bank in 1994 where he led the development of various private banking and corporate finance projects. Mr. Helbig has a broad academic background from UCL (Belgium) in philosophy, political sciences (with a focus on international relations), economic sciences, and European studies, and an MSc degree in Urban and Regional Planning.

- **Dr. Paul Magrez** is a medical doctor and computer scientist with more than 30 years of experience in diagnostics (personalized medicine), clinical biology, biotechnology (vaccines), and pharmaceutical industries. His experience mainly resides in the development of business plans, the search for private and public funding and the business & commercial development. After 15 years in large pharmaceutical companies (UCB, SB, GlaxoWellcome, GSK), in different executive positions, he became CEO of several companies in the field of biotechnology (Innogenetics), in-vitro diagnostics (Biomedical Diagnostics in Paris) and clinical biology (Pasteur CERBA). In 2011, Dr. Magrez founded his own consulting firm in support of SMEs and start-ups, Paul Magrez BVBA. In 2015, together with three other partners, he founded a life sciences investment fund: FUND+.

- **Damian Marron (permanent representative of Castanea Management Limited)** is an experienced life sciences executive with a successful track record of value creation through public and venture capital financing, portfolio planning and turnaround, M&A, licensing agreements and research and marketing collaborations. He has particular competencies in cell therapy, immuno-oncology and orphan diseases. Damian served most recently as Chief Executive Officer of Agalimmune and has also served as Chief Executive Officer of TxCell, a France-based specialist in personalised T-cell immunotherapies, where he led the Company's IPO on Euronext Paris. As Chief Executive Officer of Trophos, France, he helped raise EUR 34 million in financing and positioned the company for a subsequent acquisition by Roche for EUR 700 million. Damian Marron also served as Executive Vice President, Corporate Development, for NiCox, where he supported the CEO in financing rounds raising over EUR 175 million.

- **Dr. Jean-Paul Prieels, PhD** holds a PhD in Biochemistry from Université libre de Bruxelles in Belgium. He started his industrial career at Petrofina in 1983 as Biotechnology Manager and joined GlaxoSmithKline Biologicals in 1987. His responsibilities gradually expanded to lead the vaccine preclinical R&D development activities as Senior Vice President of Research & Development at GlaxoSmithKline Biologicals in Rixensart, Belgium, in 2011. His career spans from basic research to applied research and product development. He was instrumental in the development of several commercially available vaccines, such as Rotarix, Cervarix and Synflorix. Today he is Director at Vaximm AG, NCardia, Themis, Leukocare, Nouscom, and DNAlytics. He is member of the Scientific Advisory Board of Singapore Bioprocessing Technology Institute, MolMed SPA and CureVac, and member of the European Vaccine Initiative Board of Stakeholders.

- **Mr. Steven Swinson (permanent representative of Swinson SNC Management & Consult)** has served in a number of senior roles in orthopaedic medical technology and electronics, including general management, senior strategy, sales, marketing and commercial operation positions at Medtronic International, a global leader in medical technology. At Medtronic, he led the Spine and Biologics division for Canada and Western Europe, and was Vice President and General Manager for the international spine division. In a 30-year international business career covering Asia, US, Europe and Africa, he has also held senior positions in the diagnostic and medical divisions of General Electric and Hewlett Packard. Steve has a PhD in electrical engineering from the University of Manchester and a MBA from the University of Chicago. Steve Swinson is currently chairman of the board of Vexim, a medical device company specializing in minimally invasive treatment of vertebral fractures and is also on the board of directors of Acteon Group, a leader in dental equipment and imaging products. He became chairman of the Board in July 2017.

At the date of this Registration Document, none of the Directors and the members of the Executive Committee have at any time within at least the past five years:

- had any conviction in relation to fraudulent offences; or
- been adjudged bankrupt or entered into an individual voluntary arrangement; or
- been a director of any company at any time of, or within 12 months preceding, any receivership, compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- had his assets from the subject of any receivership or has been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority; or
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

12.3.2 *Other mandates*

Other than set out in the table below, no member of the Board of Directors or member of the Executive Committee has, at any time in the previous five years, been a member of the administrative, management or supervisory bodies or partner of any companies or partnerships. Over the five years preceding the date of this Registration Document, the members of the Board of Directors and the members of the Executive Committee hold or have held in addition to their function with the Company, the following main directorships of administrative, management or supervisory bodies and partnerships:

Board of Directors and/or Executive Committee Members	Current Mandates	Past Mandates
Jean Stéphenne (permanent representative of Innosté SA)	Chairman at Vesalius Biocapital Chairman at Nanocyl Chairman at Bepharbel Chairman at OncoDNA Director at BESIX Director at NSide Director at Curevac Director at Vaxxilon Director at Merieux Development Director at Ronveaux Director at Belgian Foundation against Cancer President of Welbio and Foundation University Louvain	Chairman at Tigenix Chairman of BioWin Director of Auguria Residential Real Estate Fund Director at BNP Paribas Fortis Director at Groupe Bruxelles Lambert (GBL) Director at VBO/FEB Director at Theravectys
Roland Baron	Professor, Harvard Medical School and Mass. General Hospital Professor and Chair, Oral Medicine, Harvard School of Dental Medicine Co-Chair of the International Federation of Musculoskeletal Research Societies	President and member of the executive committee of the American Society for Bone and Mineral Research
Chris Buyse	Director at Celyad SA Director at Iteos SA Director at Bioxodes SA Managing partner at Fund+ NV Director at Keyware technologies NV Director at Immo David NV Director at Pinnacle investments NV Director at Creabuild NV Director at Bio Incubator NV Director at Life Sciences Research Partners VZW Director at Francqui Foundation, private foundation Director at Inventiva SA Director at CoBioRes NV	Director at Thrombogenics NV Director at Orgenisis Inc
Claudia D'Augusta	General Manager and CFO at Tigenix SA Director at TiGenix SAU Director at TiGenix Inc Director at TiGenix US, Inc Director at ReNeuron Group plc	
Dirk Dembski	CEO at SpineWelding AG	Executive Managing Director at Naton Medical Group Vice President Olympus Biotech International
Thierry François (permanent representative of Magenta Tree BVBA)	Manager at Magenta Tree BVBA Chairman of the Belgian Venture Capital & Private Equity Association VZW Director of First Retail International 2 NV Managing Director of Econopolis Wealth Management NV Director of Econopolis Strategy NV	Director at Sofindev II NV Director at Sofindev III NV Director at Re-Vive Brownfield Fund II CVBA

Board of Directors and/or Executive Committee Members	Current Mandates	Past Mandates
	Director of Econopolis Switzerland SA Director of EPi BVBA Director of EP REA NV	
Wim Goemaere (permanent representative of Wim Goemaere BVBA)	Chief Operating Officer at VIB Director at Ardoyen VZW Director at Bio-incubator Leuven NV	Chief financial officer at Devgen NV Director at Devgen Inc. (US). Director and chief financial officer at Devgen Seeds and Crop Technology PvT (India) and Devgen Seeds and Crop Technology PTE (Singapore) Director at SISE SA Director at Synergia Medical
Michel Helbig de Balzac (permanent representative of Wagram Invest SA)	Managing partner at Nausicaa Ventures SCA Managing director at BAMS Angel Fund I SCA Managing director at Wagram Invest SA Director at Ovizio SA Director at Biosourcing SA CEO at Kyotech 1 SA Director at Belgian Offshore Platform	Director at EDORA ASBL
Thomas Lienard (permanent representative of Thomas Lienard SPRL)	Director at Essencia Wallonie	Managing Director at Lundbeck SA Director Prométhéa ASBL
Paul Magrez	General Manager at Paul Magrez BVBA VC Partner at Fund+ NV	Chief Executive Officer and chairman of the board of directors at BARC NV Chief Executive Officer and chairman of the board of directors at LBS NV Chief Executive Officer and chairman of the board of directors at CRI NV
Damian Marron (permanent representative of Castanea Management Limited)	Director at Agalimmune	CEO and director at TxCell Director at France Biotech CEO at Agalimmune CEO at Cytheris Director at Theralpha
Jean-Paul Prieels	Director of Vaximm AG Board Member of DNAlytics Director of NCardia Director of Themis Director of Leukocare Director of Nouscom	Director at Okairos AG Director of TheraDiag SA Chairman of Immune Health Board Member of Henogen Board Member of Pevion Biotech AG Board Member of Q-Biologicals Director of Abivax SA Director of Promethera Biosciences Director of Euroscreen Director of PDC*line Pharma Director of Masthercell
Guy Heynen	Chief executive officer at Guy Heynen Consulting Independent board member and advisor at Ogeda Independent board member at Pluriomics SA President of the Board of Creativenture SA	Regional Medical Monitor at Pfizer GmbH President of the board and scientific advisor at Progenosis SA

Board of Directors and/or Executive Committee Members	Current Mandates	Past Mandates
Steve Swinson (permanent representative of Swinson SNC Management & Consult)	Chairman of the board at Vexim Chairman of the board at Acteon Group Chairman of the board at Al-Faisaliah Group (JSC)	Director at KB Medical Vice President Europe & Canada Medtronic Spine & Biologics
Jean-Luc Vandebroek (permanent representative of Finsys Management SPRL)	Director at SISE SA	Director of Bihr Europe SA Director of Moteo Two Wheels Europe NV
Benoît Champluvier (permanent representative of B. Champluvier Management and Consulting Services (BCMCS)	Director at SCTS SA	Director Downstream Process & Coordinator New Technologies at GlaxoSmithKline
Nora Meskini	N/A	N/A
Yves Geysels	N/A	N/A

12.3.3 *Activity report*

The Board of Directors met 12 times during 2017 to discuss and decide on specific matters. Below is the detail of the attendance:

Board of Directors	Number of attendances[37]
Prof. Roland Baron	12/12
M. Chris Buyse	12/12
M. Dirk Dembski	8/8
Magentra Tree BVBA, represented by M. Thierry François	12/12
Wim Goemaere BVBA, represented by M. Wim Goemaere	12/12
Wagram Invest SA, represented by M. Michel Helbig de Balzac, Chairman	12/12
Thomas Lienard SPRL, represented by M. Thomas Lienard	12/12
M. Paul Magrez	12/12
Castanea Management Limited, represented by M. Damian Marron	8/8
SFPI SA, represented by M. Jean-Paul Prieels	12/12
M. Marc Nolet de Brauwere van Steeland	6/6
Swinson SNC Management & Consult represented by M. Steven Swinson	9/9
M. Jean-Jacques Verdickt	4/4

In 2018, until the date of the Registration Document, the Board of Directors met 13 times discuss and decide on specific matters. Below is the detail of the attendance:

Board of Directors	Number of attendances[38]
Innoste SPRL, represented by M. Jean Stéphenne	12/12

[37] Number of attendances compared to maximum number of attendance considering time of appointment and conflicts of interest
[38] Number of attendances compared to maximum number of attendance considering time of appointment and conflicts of interest

Prof. Roland Baron	11/13
M. Chris Buyse	7/7
Claudia D'Augusta	8/9
Marc Alexander Initiative & Advisory GmbH represented by M. Dirk Dembski	13/13
Magentra Tree BVBA, represented by M. Thierry François	8/8
Wim Goemaere BVBA, represented by M. Wim Goemaere	4/4
Wagram Invest SA, represented by M. Michel Helbig de Balzac, Chairman	13/13
Thomas Lienard SPRL, represented by M. Thomas Lienard	13/13
M. Paul Magrez	7/7
Castanea Management Limited, represented by M. Damian Marron	13/13
M. Jean-Paul Prieels	13/13
Finsys Management SPRL, represented by Jean-Luc Vandebroek	5/5
Swinson SNC Management & Consult represented by M. Steven Swinson	2/2

12.3.4 *Performance Evaluation of the Board*

Out of the activity report included above it is clear that the Board as a Company organ has been very active with a strong participation and contribution of all its members during the course of 2017.

After the IPO, the Board of Directors has continued to investigate how it could best organize itself to address the challenges ahead and to align with the requirements for listed companies. The Board reflected on the composition of the Board (post IPO) in respect of the number of Board Members, on guaranteeing continuity and on extra skills. Several profiles were identified in areas where it would be opportune to strengthen the Board (industry specific scientific knowledge, corporate finance and business development). Based on these profiles a search was initiated. Amongst a long list of candidates in total 3 candidates where withheld which could qualify as independent Board Members and who could strengthen the board in the areas indicated above. These new members were appointed in the run-up to the IPO. In the same process 3 Non-Executive Directors decided to resign as board member.

It was decided that when board seats become available in the years to come, special efforts will be done to attract new board members of the other sex in accordance with Article 96 §2, 6° of the Belgian Companies Code (and with the law of 28 July 2011) to assure that by 01/01/2021 (for newly listed companies, the legal quota is applicable as from their sixth year on the stock market) the appropriate quorum will be reached. This quota applies to the board as a whole, comprising both executive and non-executive directors. In 2018, Claudia D'Augusta was hired and the Board of Directors is composed of one of the other sex at the date of the Registration Document.

As of 2015, the Board is responsible for a periodic assessment of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company. In this respect, the Board assesses its size, composition, performance and interaction with the Executive Directors and Executive Committee at least every two to three years, if required with the assistance of a third party. Such an evaluation was initiated at the end of 2016 with the assistance of an external party. As a result of this exercise the composition of the Board had changed in the course of 2017 to better align that composition with the current needs of the Company. In 2018, the number of members was reduced to 9.

Such periodic evaluation aims to:

- Assess the operation of the Board in general;

- Verify whether material issues are thoroughly prepared and discussed;
- Evaluate the actual contribution of each director to the operation of the Board, his attendance at the Board and Committee meetings and his constructive involvement in discussions and decision-making;
- Verify the Board's current composition against the Board's desired composition.

The contribution of each director is evaluated periodically in order to, taking into account changing circumstances, be able to adapt the composition of the Board. In order to facilitate such evaluation, the directors give their full assistance to the Nomination and Remuneration Committee and any other persons, whether internal or external to the Company, entrusted with the evaluation of the Directors.

Furthermore the Board will assess the operation of the Committees at least every two to three years. For this assessment, the results of the individual evaluation of the Directors are taken into consideration. The Chairman of the Board and the performance of his role within the Board are also carefully evaluated. The Nomination and Remuneration Committee should, where appropriate and if necessary in consultation with external experts, submit a report commenting on the strengths and weaknesses to the Board and make proposals to appoint new Directors or to not re-elect Directors. A director not having attended half the number of meetings of the Board will not be considered for re-election at the occasion of the renewal of his mandate.

In addition the Non-Executive Directors should regularly (preferably once a year) assess their interaction with the Executive Directors and the Executive Committee. At different occasions during the year 2015 the board together with the executive directors took the opportunity to reflect on how to streamline the interactions between both the non-executive directors and the executive directors including the implementation of a reporting on key performance indicators. For this purpose a bi-monthly report has been introduced in the meantime which informs the non-executive directors in a standardized way of progress made in different areas during the period.

12.3.5 *Committees within the Board of Directors*

12.3.5.1 General

The Board of Directors has established a nomination and remuneration committee (the "**Nomination and Remuneration Committee**") and an Audit Committee (the "**Audit Committee**"). These committees (the "**Committees**") have a mere advisory role.

The Board of Directors has determined the terms of reference of each Committee with respect to its respective organisation, procedures, policies and activities.

12.3.5.2 Audit Committee

12.3.5.2.1 Role

The Audit Committee supports the Board of Directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense.

12.3.5.2.2 Duties

The Audit Committee is the main contact point of the external auditor. Without prejudice to the legal duties of the Board of Directors, the Audit Committee is entrusted with the development of a long-term audit programme encompassing all of the Company's activities, and is in particular entrusted with:

- monitoring the financial reporting process;

- monitoring the effectiveness of the Company's internal control and risk management systems;
- monitoring the internal audit and its effectiveness, including advising the Board of Directors on its annual assessment of the need for an internal auditor;
- monitoring the statutory audit of the annual and consolidated accounts, including any follow up on any questions and recommendations made by the external auditor;
- reviewing and monitoring the independence of the external auditor, in particular regarding the provision of additional services the Company may require; and
- monitoring the compliance with the legislation and regulations that apply to the Company.

The final responsibility for reviewing and approving the Company's interim and annual financial statements, as presented to the shareholders, remains with the Board of Directors.

12.3.5.2.3 Composition

The Corporate Governance Charter of the Company states that the Audit Committee is composed out of at least three members, all its members being Non-Executive Directors. At least one of the members of the Audit Committee is an independent Director, who has accounting and auditing expertise. This expertise in accounting and auditing implies a degree of higher studies in economics or finance or relevant professional experience in those matters.

The Audit Committee is chaired by one of its members, who may not be the chairman of the Board of Directors.

The duration of the mandate of a member of the Audit Committee will not exceed the duration of his/her mandate as director of the Company.

The following Directors were members of the Audit Committee until they ended their mandates in June 2018. They both complied with the requirements regarding accounting and audit experience:

Name	Position	Professional address
Chris Buyse	Chairman – Independent Director	Baillet Latourlei 119A, 2930 Brasschaat, Belgium
Magenta Tree BVBA, with as permanent representative Thierry François	Member – Independent Director	Ophemstraat 133, 3050 Oud-Heverlee, Belgium

The new composition of the Audit Committee is as follows:

Name	Position	Professional address
Claudia D'Augusta	Member – Independent Director	Calle Estrelas 5, 28224 Pozuelo De Alarcon - Madrid – Spain
Wagram Invest SA, with as permanent representative Michel Helbig de Balzac	Chairman – Independent Director	Avenue du Parc 61, 1310 La Hulpe, Belgium

Marc Alexander Initiative & Advisory GmbH with as permanent representative Dirk Dembski	Member Director	–	Independent	Schirnerstraβe 14 41515 Grevenbroich, Germany

Currently the Audit Committee is counting 3 members. Claudia D'Augusta and Michel Helbig de Balzac qualify both in respect of having the necessary competences and qualifications in respect of accounting and audit matters as well as both of the members having an extensive experience in the management of biotech companies.

12.3.5.2.4 Operation

The Audit Committee will meet at least four times a year and whenever a meeting is deemed necessary or advisable for its proper functioning. Decisions are taken by a majority vote. The Chairman of the Board of Directors has a permanent invitation to attend the meetings of the Audit Committee. The Audit Committee may also invite other persons to attend its meetings.

The Audit Committee meets with the external auditor and the internal auditor (if any) at least twice a year, to discuss matters relating to its terms of reference, issues falling within the powers of the Audit Committee and any issues arising from the audit process and, in particular, any material weaknesses in the internal audit.

During 2017 and 2018, the Audit Committee met four times.

12.3.5.3 Nomination and Remuneration Committee

12.3.5.3.1 Role

The Nomination and Remuneration Committee makes recommendations to the Board of Directors with respect to the appointment of Directors, the Executive Directors and other members of the Executive Committee. In addition, the Nomination and Remuneration Committee makes recommendations to the Board of Directors on the Company's remuneration policy, on any remuneration whatsoever granted to the Directors and members of the Executive Committee and on any agreements or provisions relating to the early termination of employment or collaboration with the Directors and members of the Executive Committee.

12.3.5.3.2 Duties

The Nomination and Remuneration Committee must ensure in general that the appointment and re-election process of the members of the Board of Directors, the Executive Directors and the members of the Executive Committee is organised objectively and professionally and, in particular and notwithstanding the legal powers of the Board of Directors, has the following duties:

- draft (re)appointment procedures for members of the Board of Directors and the members of the Executive Committee;
- nominate candidates for any vacant directorships, for approval by the Board of Directors;
- prepare proposals for reappointments;
- periodically assess the size and composition of the Board of Directors and, if applicable, making recommendations with regard to any changes;
- analyse the aspects relating to the succession of Directors;

- advise on proposals (including, of the management or of the shareholders) for the appointment and removal of directors and of members of the Executive Committee;
- advise the Board of Directors on proposals made by the Executive Directors for the appointment and removal of Executive Directors and of members of the Executive Committee;
- prepare and assess proposals to the Board of Directors on the remuneration policy for members of the Board of Directors, and, where applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders;
- prepare and assess proposals for the Board of Directors on the remuneration policy for the members of the Executive Committee, and, where applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders, at least with regard to the:
    - main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
    - key elements of the remuneration, including the:
    - relative importance of each component of the remuneration package;
    - performance criteria applicable to the variable elements (determination of milestones and their evaluation period); and
    - fringe benefits.
- prepare and assess proposals to the Board of Directors regarding the individual remuneration of members of the Board of Directors and the Executive Committee, including, depending on the situation, on variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and, where applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders;
- make proposals to the Board of Directors regarding arrangements on early termination and, where applicable, on the resulting proposals to be submitted by the Board of Directors to the shareholders;
- submit to the Board of Directors (a) a remuneration report which describes, amongst other things, the internal procedure for the development of a remuneration policy and the determination of the remuneration level for Non-Executive Directors and members of the Executive Committee and (b) a declaration regarding the remuneration policy applied with respect to the members of the Executive Committee, including a description of any material changes thereto since the previous financial year;
- advise the Board of Directors on agreements relating to the appointment of the Executive Directors and other members of the Executive Committee; and
- verify that the variable criteria for setting remuneration for an executive director or a member of the Executive Committee are expressly stated in the agreement, and that the payment of this variable remuneration only takes place if such criteria are met during the relevant period.

When performing its duties relating to the composition of the Board of Directors, the Nomination and Remuneration Committee takes into account the criteria for the composition of the Board of Directors, as stated in the terms of reference of the Board of Directors.

12.3.5.3.3 Composition

The Nomination and Remuneration Committee is composed of at least three Directors. All members of the Nomination and Remuneration Committee are Non-Executive Directors, with a majority being independent Directors. The majority of the members has the necessary expertise with regard to remuneration policies, *i.e.* has a degree in higher education and has at least three years' experience in personnel management matters or matters related to the remuneration of Directors and managers of companies. The Board of Directors considers that all members of the Nomination and Remuneration Committee have sufficient experience in personnel management and matters related to remuneration.

The Nomination and Remuneration Committee is chaired by the chairman of the Board of Directors or by another non-executive member of the Nomination and Remuneration Committee. The chairman of the Board of Directors does not chair the Nomination and Remuneration Committee when dealing with the designation of his or her successor.

The duration of the term of a member of the Nomination and Remuneration Committee will not exceed the duration of his mandate as director of the Company.

The following members were members until the General Assembly Meeting held in June 2018:

Name	Position	Professional address
Paul Magrez	Chairman - Independent	Lindenhoekje 7, 1970 Wezembeek-Oppem, Belgium
Chis Buyse	Member - Independent	Baillet Latourlei 119A, 2930 Brasschaat, Belgium
Wagram Invest SA, with as permanent representative Michel Helbig de Balzac	Member- Independent	Rue de Rodeuhaie 1, 1348 Louvain-La-Neuve, Belgium

The following Directors are members of the Nomination and Remuneration Committee:

Name	Position	Professional address
Innoste SPRL, with as permanent representative Jean Stéphenne	Chairman – Independent Director	Avenue Alexanadre 8, 1330 Rixensart, Belgium
Castanea Management Limited with as permanent representative Damian Marron	Member – Independent Director	Tabernacle Streer 69-85, London EC2A 4RR, England

12.3.5.3.4 Operation

The Nomination and Remuneration Committee meets at least twice a year, and whenever a meeting is deemed necessary and advisable for its proper functioning. Decisions are taken by a majority vote. The chairman of the Board of Directors has a permanent invitation to attend the meetings of the Nomination and Remuneration Committee, except for meetings at which his own appointment, removal or remuneration is discussed. The Nomination and Remuneration Committee may invite other persons to attend its meetings (it being understood that a member of the Board of Directors may not attend the meeting of the Nomination and Remuneration Committee which handles his remuneration).

During 2017, the Nomination and Remuneration Committee met four times with particular emphasis on the:

- performance evaluation 2016 of the Executive Directors including bonus determination
- definition of the objectives 2017 of the Executive Directors
- discussion about a new stock option plan for Board members and employees
- recruitment of new Board members

During 2018, the Nomination and Remuneration Committee met three times with particular emphasis on the:

- performance evaluation 2017 of the Executive Directors including bonus determination
- definition of the objectives 2018 of the Executive Directors
- discussion about a new stock option plan for Board members and employees
- discussion about nomination of Yves Geysels and Linda Lebon.

12.4 Executive Committee

12.4.1 *General*

The Board of Directors has established an Executive Committee (the "**Executive Committee**"), which advises the Board of Directors, and which therefore does not constitute a management committee (*comité de direction*) under article 524*bis* of the Belgian Companies Code. The terms of reference of the Executive Committee have been determined by the Board of Directors.

12.4.2 *Executive Committee*

12.4.2.1 Role

The Executive Committee assists the Executive Directors in the management of the Company. The Executive Committee reports to and is accountable to the Board of Directors for the discharge of its responsibilities.

12.4.2.2 Duties

The Executive Committee has the following tasks:

- proposing, developing, implementing and monitoring the Company's strategy, taking into account the values of the Company, its risk profile and key policies;
- supervising compliance with the legislation and regulations that apply to the Company;
- develop, manage and assess internal control systems to allow identification, assessment, management and monitoring of financial and other risks;
- organising, coordinating and monitoring all functions of the Company;
- prepare complete, timely, reliable and accurate financial statements of the Company in accordance with the accounting standards and policies of the Company, and prepare the Company's required disclosure of the financial statements and other material financial and non-financial information;

- supporting the Executive Directors in the day-to-day management of the Company and with the performance of their other duties;

- investigate, draw up and develop policies proposals and strategic or structural projects to be presented to the Board of Directors for approval, report to the Board on their implementation, and provide information that is necessary to the Board to enable it to carry out its duties;

- develop, manage and assess internal control systems to allow identification, assessment, management and monitoring of financial and other risks.

The Executive Committee reports to and is accountable to the Board for the discharge of its responsibilities.

12.4.2.3 Composition

The Executive Directors (CEO and CFO) together with the senior managers (CCMO, CTMO, CRAO and the Director of Clinical Operations) are members of the Executive Committee. The Executive Committee is chaired by the CEO of the Company and in his absence by the CFO. The members of the Executive Committee are appointed and may be dismissed by the Board of Directors at any time. The Board of Directors appoints them on the basis of the recommendations of the Nomination and Remuneration Committee, which also assists the Board of Directors on the remuneration policy for the members of the Executive Committee, as well as their individual remunerations

The remuneration, duration and the conditions of resignation of the members of the Executive Committee are governed by the agreements entered into between the Company and each member of the Executive Committee in respect of their function within the Company.

The following persons were members of the Executive Committee in 2018:

Name	Title
Thomas Lienard SPRL, represented by Thomas Lienard	Chief Executive Officer and Executive Director
Finsys Management SPRL, represented by Jean-Luc Vandebroek	Chief Financial Officer and Executive Director
Guy Heynen	Chief Clinical Medical Officer
B. Champluvier Management and Consulting Services SPRL (BCMCS), represented by Benoit Champluvier	Chief Technology and Manufacturing Officer
Lebon Regulatory Science Strategy SPRL, represented by Linda Lebon	Chief Regulatory Officer from 1 October 2018
Nora Meskini	Director of Clinical Operations until 30 June 2018
Yves Geysels	Director of Clinical Operations from 1 August 2018

At the date of this report, the CCRO works for the Company on a part-time basis (3 days a week).

The Company is still looking to replace its former Chief Medical Officer Miguel Forte who left in October 2017.

- **Thomas Lienard SPRL, represented by Mr. Thomas Lienard**, (41) (CEO). Mr. Lienard has over 15 years of national and international sales and marketing experience in the pharmaceutical industry. Prior to joining Bone Therapeutics, Mr. Lienard worked at Lundbeck, where he acted as Managing Director for Belgium and Luxemburg and was vital to the launch of several products. He led a team of up to 80 employees, generating over EUR 50 million in sales. Before his position at Lundbeck, Mr. Lienard worked at Eli Lilly and Company, where he held various positions in sales and marketing in Europe and the US, including Sales Director Belgium in 2010. Mr. Lienard started his career in 1999 as consultant at McKinsey & Company. Mr. Lienard graduated from Solvay Brussels School of

Economics and Management as Master in Business Engineering in 1999 and obtained a Master of Business Administration (MBA) from Harvard Business School in Boston in 2004. Mr. Lienard is the new CEO of the Company as of 10 October 2016.

- **Finsys Management SPRL, represented by Mr. Jean-Luc Vandebroek,** (46) (CFO). Jean-Luc Vandebroek is a seasoned finance executive with extensive international finance experience at major public and privately-owned companies. Jean-Luc has built a successful career spanning 15 years at the Belgian-US retailer, Delhaize Group (now Ahold Delhaize). During this period, he held various senior financial positions with increasing responsibility, including roles as Corporate Director Finance Europe and US and Vice President Finance BeLux. He later became Group Chief Financial Officer at Fluxys, a listed, pan-European gas infrastructure group, where he was responsible for the financing of large infrastructure investments using diverse forms of funding on capital markets. Prior to joining Bone Therapeutics, Jean-Luc served as Director and Chief Financial Officer of Moteo Two Wheels and Bihr Europe, the motorcycle division of Alcopa Group, a Belgian family holding with an annual revenue of around EUR 1.7 billion.

- **Dr. Guy Heynen**, (72) (CCMO). Dr. Heynen started his career at the Belgian National Foundation for Research and in research roles at University Hospital, Liege, Belgium where he received his degree in medicine. Dr. Heynen is a specialist in rheumatology and immunology, with extensive experience both in university medical practice and in the pharmaceutical industry. He has over 35 years' experience in medical affairs and regulatory functions at local, regional and international levels and has a particular focus on management, team building and leadership. The majority of his career has been with Pfizer Inc. where he held a number of senior roles including medical director for Pfizer Switzerland, European team leader for the Alzheimer's disease drug Aricept and Medical Team Leader for Pfizer's anti-inflammatory drug franchise based in New York, US. Dr. Heynen also served as medical affairs director at Anbics AG, Switzerland from 2003-2006 and remains a Regional Medical Monitor for Pfizer GmbH Berlin.

- **B. Champluvier Management and Consulting Services (BCMCS) SPRL, represented by Dr. Benoit Champluvier** (57) (CTMO). Dr. Champluvier joined from GlaxoSmithKline Vaccines, where he has more than 20 years' experience of driving innovation and complex bioprocesses, supporting the development and launch of a number of new vaccines. Dr. Champluvier graduated from the Université Catholique de Louvain (UCL) in 1984 with an engineering degree in agronomics and a degree in economics. He then started a PhD in agronomic sciences at the UCL and was a postdoctoral researcher at the Institut für Enzymtechnologie in Jülich, Germany. He started his career at Jungbunzlauer in 1992. He joined GSK in 1993 as junior scientist and subsequently held several roles of increasing responsibilities, such as Manager R&D Fermentation, Manager Immunotherapeutics Process, Director Downstream Process Technology and Director GMP Pilot Plant.

- **Lebon Regulatory Science Strategy SPRL, represented by Ms. Linda Lebon,** (CRAO). Linda Lebon is a strategic regulatory expert with more than 25 years of experience in regulatory affairs. During her career, she has provided regulatory support to companies in strategic global drug development for both clinical and non-clinical projects. Until recently, she was Vice President Regulatory Affairs at Argenx, a clinical-stage biotechnology company focused on developing antibodies for autoimmune disease and cancer. Linda has held positions in several large pharmaceutical companies as well as senior positions in regulatory CROs and advisory firms, including Quintiles and Voisin Life Sciences. As an independent consultant, she has also supported several notable fast-growing life sciences companies including Celyad, Mithra and iTeos Therapeutics, in their product developments in Europe, America and Japan. In these roles she has been closely involved with the transitional process between R&D activities and the regulatory stage of development.

- **Ms. Meskini** (47) (Director of Clinical Operations). Ms. Meskini has over 19 years of experience in the execution and coordination of clinical trials. Prior to her position at Bone Therapeutics, she was Associate Director of the European Clinical Program at Cytori Therapeutics for three years. Earlier, she held positions as Program Director Clinical Operations EMEA and Senior Clinical Research Manager EMEA at Biosense Webster (Johnson & Johnson).

- **Mr. Yves Geysels** (61) (Director of Clinical Operations). Mr. Geysels obtained a PhD in Physiotherapy from the Free University of Brussels in 1990 where he worked on experimental animal models to study the vascular regeneration processes in free skin grafts. He joined in 1991 the Clinical Research Department of Hoechst Belgium and from 1998 until 2001 he worked as a Clinical Trials Manager at Bristol-Myers Squibb Belgium. Till 2011, Yves was Head of International Clinical Research Operations (ICRO) for Novartis Belgium and joined in 2012 IQVIA as Head of Clinical Operations for Belgium, The Netherlands and the Nordic region. Today he is Director Clinical Operations at Bone Therapeutics and visiting Professor of Clinical Research at the Faculty of Medicine, Department of Biomedical Sciences at the University of Namur. He is the founder and Honorary President of the Belgian Association of Clinical Research Professionals (ACRP.be).

12.4.3 *Operation*

The Executive Committee meets regularly whenever it is required for its proper functioning.

The CEO and the CFO have been appointed as Executive Directors of the Company and can be removed by the Board of Directors of the Company. The CEO and the CFO are entrusted by the Board of Directors with the day-to-day management of the Company.

12.5 Scientific Advisory Board

12.5.1 *Role*

The Company has established a scientific advisory board, which acts as the expert panel of the Company. This expert panel consists of the key thought leaders in fields of expertise relevant to the Company and assists the Company with the following matters:

- Provide strategic guidance for program development;
- Provide a neutral view on the progress of technology and science;
- Provide external validation of intellectual property or new technologies.

12.5.2 *Composition*

The scientific advisory board is currently composed of the following experts:

- **Prof. Dr. Roland Baron**, Professor and chair at Harvard Medical School and Mass. General Hospital, founder and CSO ProSkelia (Paris) from 2002 to 2006, vice-president R&D "Bone Diseases & Hormonal Disorders" at Aventis Pharma from 1995 to 2002.
- **Prof. Dr. David Scadden**, Professor and co-director at Harvard Stem Cell Institute, director at Centre for Regenerative Medicine, founder of Fate Therapeutics (Boston).
- **Prof. Dr. Joseph Lane**, Professor and orthopaedic surgeon at the Hospital for Special Surgery in New York, assistant dean at Weill Cornell Medical College of New York, expert in orthopaedics and metabolic bone diseases.
- **Prof. Dr. Steven Goldring**, Professor, chair and CSO at the Hospital for Special Surgery in New York, professor of medicine at Harvard Medical School (Boston) from 1996 to 2006, expert in Rheumatology.

- **Prof. Dr. Sundeep Khosla**, Professor Physiology & Medicine at the Mayo Clinic in Minnesota, President of the American Society for Bone & Mineral Research from 2010 to 2011, expert in osteoporosis and bone biology.

12.6 Clinical Advisory Boards

12.6.1 *Role*

The Company has also established clinical advisory boards for Spinal Fusion and Difficult Fracture. These expert panels consist of the key thought leaders in fields of medical expertise relevant to the Company and assists the Company with strategy and design of the clinical trials and other medically related matters.

12.6.2 *Composition of the Clinical Advisory Board for Spinal Fusion*

The clinical advisory board is currently composed of the following experts:

- **Prof. Dr. Jean-Charles Le Huec**, Professor and chair at Dept. Orthopaedic and Traumatology, Bordeaux University Hospital, Head of Spine Unit and Director of Surgical Research Lab, former president of European Spine Society and ISASS.

- **Prof. Dr. Bronek Boszczyk**, Professor and head of Service at Centre for Spinal Studies and Surgery of Nottingham University Hospitals, specialized in complex reconstructive and revision procedures in adult deformity and tumours of the spine.

- **Dr. Isador Lieberman**, Orthopaedic Surgeon at Texas Back Institute, is an expert in minimally invasive spinal surgical techniques and developed a number of spinal surgery instruments and implants (12 issued and 12 pending US patents).

- **Prof. Dr. Finn Christensen**, Professor and Orthopaedic Surgeon at Aarhus University Hospital, orthopaedic spine surgeon at Institute of Clinical Medicine, assistant treasurer at European Spine Society, Eurospine.

12.6.3 *Composition of the Clinical Advisory Board for Difficult Fracture*

The clinical advisory board is currently composed of the following experts:

- **Prof. Dr. Martijn Poeze**, Head of Trauma Surgery at University Hospital Maastricht. He is specialist in foot and ankle trauma surgery and is the medical head of the network for Acute Care Limburg.

- **Prof. Dr. Gerald Zimmermann**, Head of the Department of Accident Surgery and Sport Traumatology at the Theresien Hospital of the University of Heidelberg. Prof. Dr. Zimmermann is an expert in joint surgery and treatment of non-union fractures.

- **Prof. Dr. René Verdonk** is professor emeritus in Orthopaedic Surgery at Ghent University Hospital. He was the former head of the Department of Orthopaedic Surgery and Traumatology and a specialist in patellofemoral surgery and meniscal transplantation.

- **Prof. Dr. Patrice Mertl**, Head of Orthopaedic Surgery and Traumatology at University Hospital of Amiens. He is a specialist in prosthetic knee and hip surgery.

- **Prof. Dr. Theodore Miclau**, Head and Vice Chair Orthopaedic Surgery at the San Francisco General Hospital and Director of the UCSF/SFGH Orthopaedic Trauma Institute. Prof. Dr. Miclau is an expert in the cellular and molecular mechanisms of bone regeneration and repair.

12.7 Internal control and risk management systems

12.7.1 *Internal mechanism*

- The role of the Executive Directors & Executive Committee is to develop and maintain adequate control system to assure:
    - the realization of company objectives;
    - the reliability of financial information;
    - the adherence to applicable laws and regulations;
    - monitor the internal and external impact of the risks identified by its Committees, and the management of the risks identified.
- The Audit Committee has guiding, supervisory and monitoring role with respect to the Executive Directors & Executive Committee, as regards the development, maintenance and execution of internal controls and:
    - assists the Board of Directors in respect of control issues in general;
    - acts as the interface between the Board of Directors and the external auditors of the Company.
- No internal audit role has been assigned at this point in time as the size of the business does not justify a permanent role in this respect - typical internal audit activities will be outsourced from time to time whereby the Audit Committee will determine frequency of these audits and select topics to be addressed
- In 2015, the Company took measures to improve the controls and the efficiency of the payment process and implemented tools to allow for a more detailed budget follow-up.
- Based on observations made by the external auditors in respect of payroll process, the recoverable cash advances process, the expenditure process and the process for capitalisation of the R&D costs, an action plan was established for implementation in the course of 2016.
- In 2017, a new budgeting process was implemented. Each department was asked to provide a separate budget which were subsequently integrated into a global company budget. The new budgeting procedures was designed to provide a stronger involvement to the departments of the Company providing a more accurate forecast of the spending on a more granular level. A monthly reporting of the actual spending was also installed such that each department could follow their spending compared to their budgets creating an additional level of cost-awareness.

12.7.2 *Risk analysis*

We refer to Chapter 1 of this Registration Document for a detailed risk analysis of the Company.

12.7.3 *Financial risk management*

12.7.3.1 Liquidity risk management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's main sources of cash inflows at current are obtained through capital increases, subsidies, government loans and where appropriate loans from commercial banks to finance long term requirements (investment in infrastructure). A key objective of the Board together with the Executive Directors is to ensure that the Company remains adequately financed to meet its immediate and medium term needs.

If necessary and appropriate the Company assures itself of short term borrowing facilities to cover short term cash requirements.

12.7.3.2 Interest rate risk management

The Company has limited interest rate risk on long term investments loans concluded through its subsidiary SCTS on 15 July 2014 which are currently financed at variable interest rates linked to EURIBOR 3M. This risk has been quantified by means of a sensitivity analysis mentioned under section 1.1.7.3. For these long-term loans the Company is permanently monitoring the short-term interest rates versus options to swap these rates with a long-term interest rate (IRS) in function of the remaining term of the loan.

Other longer-term loans granted by regional investment bodies but also including the turnover independent reimbursements (30%) related to RCA's concluded as of 2009 are carrying fixed interest rates. The group at current does not undertake any hedging.

12.7.3.3 Credit risk

The Company believes that its credit risk, relating to receivables, is limited because currently almost all of its receivables are with public institutions. Cash and cash equivalent and short-term deposits are invested with highly reputable banks and financial institutions.

The maximum credit risk, to which the Group is theoretically exposed as at the balance sheet date, is the carrying amount of the financial assets. At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

12.7.3.4 Foreign exchange risk

The Company is currently not exposed to any significant foreign currency risk.

However, should the Company enter into long term collaboration agreements with third parties for which revenues would be expressed in a foreign currency, the Company might in such case consider to enter into a hedging arrangement to cover such currency exposure (in case the related expenditure is planned in local currency). The Company will also monitor exposure in this respect following the establishment of its US subsidiary. At current, there is no significant exposure in USD.

12.7.4 *Controls, supervision and correctives actions*

Within the Board of Directors, an annual strategy meeting is organised:

- The management presents strategic plans for the different aspects of the business;
- The Board of Directors reviews these plans and selects between strategic options when necessary;

- The Board reviews on a regular basis the validity of the strategic options chosen and redirect where necessary.

The Executive Directors develop a long term financial plan (minimum 3 years looking forward) incorporating the strategy decided upon – this plan is updated on a regular basis to keep it in line with the strategy plans.

The Executive Directors develop an annual budget which is approved by the board and which is closely monitored during the year. Deviations are reported to the board and corrective action is taken when necessary.

The Company has implemented an ERP system in support of its financial and logistics management. This system will be evaluated at regular intervals in how far it meets the needs of the organization. Where and when necessary, the system will be further upgraded to address new needs or to strengthen controls.

In general supervision and monitoring of the operations of the Company is done on a permanent/daily basis at all levels within the Company. As a general policy deviations are reported at all times to the supervisory level.

12.8 Market abuse regulations

In its Governance Charter, the Company established several rules to prevent illegal use of inside information by Directors, shareholders, management members and employees, or the appearance of such use.

These prohibitive provisions and the monitoring of compliance with them are primarily intended to protect the market. Insider dealing attacks the very essence of the market. If insiders are given the opportunity to make profits on the basis of inside information (or even if the mere impression thereof is created), investors will turn their back on the market. A decreased interest may affect the liquidity of listed shares and prevents optimal company financing.

An insider can be given access to inside information within the scope of the normal performance of his duties. The insider has the strict obligation to treat this information confidentially and is not allowed to trade financial instruments of the Company to which this inside information relates.

The Company keeps a list of all persons (employees or persons otherwise working for the Company) having (had) access, on a regular or occasional basis, to inside information. The Company will regularly update this list and transmit it to the FSMA whenever the FSMA requests the Company to do so.

12.9 Remuneration report

12.9.1 *Procedure*

The Nomination and Remuneration Committee (or Remco), set up by the Board, is responsible for outlining a remuneration policy for the executive and non-executive directors.

12.9.1.1 Directors

Board members are remunerated based on a benchmarking exercise done on a regular basis by the Remco with other peer companies to ensure that this remuneration is fair, reasonable and competitive and is sufficient to attract, retain and motivate the Directors of the Company. In this respect the Remco and the Board shared the view that all board members independent and non-independent, should be compensated equally with a fixed compensation. For the Chairman and the chairs of the committees the board proposed a supplementary compensation.

Without prejudice to the powers granted by law to the shareholders meeting, the Board of Directors may set and revise at regular intervals the rules and the level of compensation for its Directors.

12.9.1.2 Executive Directors and the Executive Committee

The remuneration of the Executive Directors and the remuneration of the members of the Executive Committee are determined by the Board of Directors on recommendations made by the Nomination and Remuneration Committee, further to recommendations made by the Executive Directors (except where their own remuneration is concerned). The Company strives to offer a competitive remuneration within the sector.

12.9.2 *Remuneration policy*

12.9.2.1 Director's remuneration

The remuneration of the Directors is determined by the shareholders' meeting upon proposal of the Board of Directors on the basis of the recommendations made by the Nomination and Remuneration Committee.

The following remuneration policy is in place for the Non-Executive Directors' remuneration.

The Non-Executive Directors received a fixed remuneration in consideration for their membership of the Board of Directors and their membership of the Committees, with the exception of Jean-Jacques Verdickt, who renounced the right to any remuneration in this respect.

Upon advice of the Nomination and Remuneration Committee, the Board of Directors may propose to the shareholders' meeting to grant stock options or warrants in order to attract or retain Non-Executive Directors with the most relevant skills, knowledge and expertise. Insofar as this grant of stock options or warrants constitutes variable remuneration in accordance with Article 554 of the Belgian Companies Code, such a remuneration will be submitted for approval to the annual general shareholders meeting.

The Nomination and Remuneration Committee recommends the level of remuneration for Non-Executive Directors, subject to approval by the Board of Directors and, subsequently, by the shareholders' meeting. The Nomination and Remuneration Committee benchmarks Directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees.

The remuneration package for the Non-Executive Directors was revised and approved by the shareholders' meeting of the Company held on 26 May 2016 and consists of a fixed annual fee of € 20,000 for the Non-Executive Directors (with the exception of Mr. Jean-Jacques Verdickt), and € 40,000 for the Chairman. Such fee is supplemented (i) with a fixed annual fee of € 5,000 for members of the Audit Committee (with the exception of Mr. Jean-Jacques Verdickt), to be increased by € 5,000 for the Chairman of the Committee and (ii) with a fixed annual fee of € 5,000 for members of the Nomination and Remuneration Committee, to be increased by € 5,000 for the Chairman of the Committee. Any changes to these fees will be submitted to the shareholders' meeting for approval. The Executive Directors will not receive any specific remuneration in consideration for their membership of the Board of Directors.

The total remuneration for the Independent Directors for 2017 amounts to € 223,334. The table below provides an overview of the remuneration per Independent Directors.

	Remuneration
Non-Executive Directors	**EUR**
Wagram Invest SA with permanent representative Michel Helbig de Balzac	35,000
Chris Buyse	35,000
Paul Magrez	30,000
Magenta Tree BVBA with permanent representative Thierry François	25,000

Swinson SNC Management & Consult, with as permanent representative Steven Swinson	21,667
Roland Baron	20,000
SFPI SA with permanent representative Jean-Paul Prieels	20,000
Castanea Management Limited with as permanent representative Damian Marron	11,667
Dirk Dembski	10,000
Marc Nolet de Brauwere van Steeland	10,000
Wim Goemaere BVBA with as permanent representative Wim Goemaere	5,000
Jean-Jacques Verdickt	0

On an individual basis, a remuneration of € 24,000 was paid to Mr. Roland Baron for his role of Chief Scientific Officer consultant for the Company.

The total remuneration for the Independent Directors for 2018 amounts to € 223,750. The table below provides an overview of the remuneration per Independent Directors.

	Remuneration
Non-Executive Directors	**EUR**
Innoste SA	45,000
Wagram Invest SA with permanent representative Michel Helbig de Balzac	26,250
Roland Baron	20,000
Marc Alexander Initiative & Advisory GmbH with permanent representative Dirk Dembski	20,000
Jean-Paul Prieels	20,000
Castanea Management Limited with as permanent representative Damian Marron	20,000
Chris Buyse	17,500
Claudia D'Augusta	15,833
Paul Magrez	15,000
Magenta Tree BVBA with permanent representative Thierry François	12,500
Swinson SNC Management & Consult, with as permanent representative Steven Swinson	6,667
Wim Goemaere BVBA with as permanent representative Wim Goemaere	5,000

On an individual basis, a remuneration of € 24,000 was paid to Mr. Roland Baron for his role of Chief Scientific Officer consultant for the Company.

All Directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred as a result of participation in meetings of the Board of Directors.

There are no loans outstanding from the Company to the members of the Board of Directors. There are no employment or service agreements that provide for notice periods or indemnities between the Company and Non-Executive Directors.

Also, any agreement, entered into or extended on or after 3 May 2010, between the Company and a Non-Executive Director, which would provide for a variable remuneration, must be submitted for approval to the next annual shareholders' meeting.

The table below provides an overview of significant positions held directly or indirectly on 31 December 2017 of shares by the Non-Executive Members of the Board of Directors. The overview must be read together with the notes referred to below.

	Shares	
Non-Executive Directors	**Number**	**%***
Wagram Invest SA with as permanent representative Michel Helbig de Balzac[39]	314,730	4.59%
Chris Buyse[40]	0	0.00%
Paul Magrez	0	0.00%
Magenta Tree BVBA with as permanent representative Thierry François	0	0.00%
Swinson SNC Management & Consult, with as permanent representative Steven Swinson	0	0.00%
Roland Baron	1,750	0.03%
SFPI SA with as permanent representative Jean-Paul Prieels[41]	401,406	5.86%
Castanea Management Limited with as permanent representative Damian Marron	0	0.00%
Dirk Dembski	0	0.00%
Marc Nolet de Brauwere van Steeland	166,562	2.43%
Wim Goemaere BVBA with as permanent representative Wim Goemaere	0	0.00%
Jean-Jacques Verdickt[42]	177,892	2.60%

' the denominator = 6,849,654 shares at 31 December 2017*

The table below provides an overview of significant positions held directly or indirectly at the date of the Registration Document of shares by the Non-Executive Members of the Board of Directors. The overview must be read together with the notes referred to below.

	Shares	
Non-Executive Directors	**Number**	**%***
Innoste SA	4,712	0.06%
Wagram Invest SA with as permanent representative Michel Helbig de Balzac[43]	314,730	3.82%
Roland Baron	1,750	0.02%

' the denominator = 8,246,056 shares at 14 November 2018*

None of the Independent and Non-Executive Directors hold warrants at the date of the Registration Document.

12.9.2.2 Remuneration of the CEO and the other Executive Directors and the Executive Committee

12.9.2.2.1 Remuneration policy

The remuneration package applicable in 2017 for the Executive Directors and the members of the Executive Committee is in line with the remuneration levels in comparable companies for these functions. The Company did not substantially change the policy in 2018.

The key components of this policy can be summarized as follows:

[39] Through Naussica Ventures SCA and Business Angels Fund I SCA
[40] Through LSRP VZW
[41] All shares held by SFPI SA
[42] Through JJ Verdickt & consorts
[43] Through Naussica Ventures SCA and Business Angels Fund I SCA

- The Company wants to offer a market competitive compensation to allow the recruitment, retention and motivation of expert and qualified professionals and considering the scope of their responsibilities.

- The remuneration will be structured to allow to link an appropriate part of the remuneration to individual performance and the performance of the Company and to align the interest of the individual as much as possible with the interest of the Company and its shareholders.

- For this purpose key performance indicators (company and or individual) are agreed upon in advance. These indicators can be operational or financial in nature (progress in clinical and pre-clinical programmes, financial management of key financial parameters, realization of collaborations or concluding new grants, investor relation activities, compliance matters and regulatory approvals and successful completion of audits). The valuation period is aligned with the fiscal year.

- The variable remuneration will be partly in cash and partly in shares, warrants or other instruments allowing to acquire shares through schemes to be approved by the annual shareholder meeting.

- The variable remuneration will only be paid when the key performance indicators agreed upon in advance are effectively met. The remuneration committee will evaluate the realization of the performance criteria and will make a proposal in respect of the variable remuneration to the board.

- The Company's articles of association explicitly allow to deviate from what has been defined under Article 520ter of the Belgian Companies Code (by decision of the General meeting date: 5 February 2015). Article 520ter stipulates that: "Unless provided otherwise in the articles of association or approved by the annual general shareholders' meeting, (a) variable remuneration for leaders must be based, at least for 25%, on performance criteria measured over a period of at least two years and for (another) 25% on performance criteria measured over a period of at least three years and (b) shares may only be definitively acquired by Directors and leaders and stock options or other rights to acquire shares may only be exercised by leaders at the earliest three years after they have been granted to them. The rules set out under (a) above, do not apply if the variable remuneration represents 25% or less of the total annual remuneration of the leader."

- In accordance with Article 554 of the Belgian Companies Code, which applies to agreements with leaders entered into or extended after 3 May 2010, any such agreement which includes a provision providing for a severance package exceeding 12 months' remuneration, or, on motivated advice of the Nomination and Remuneration Committee, exceeding 18 months, must be submitted for prior approval to the next annual shareholders' meeting. Any proposal to grant a higher severance package must be communicated to the works council (or to other designated bodies or persons representing the employees, if this council does not exist; *i.e.*, the employee representatives in the committee for the prevention and protection in the workplace or, in the absence of this committee, to the trade union delegation) at least thirty days prior to the publication of the convening notice of the next annual general shareholders meeting, which may then give its advice to the annual general shareholders meeting, at the latest on the day of publication of the convening notice of the annual general shareholders meeting. This advice is published on the website of the Company.

- In accordance with Article 520bis of the Belgian Companies Code, the criteria for granting variable remuneration to leaders must, as of 1 January 2011, be included in the contractual or other provisions governing the relevant legal relationship. The variable remuneration can only be paid out if the milestones for the reference period have been met. If the aforementioned obligations are not complied with, the variable remuneration may not be taken into account for calculating the severance pay.

- The Company currently does not foresee in a specific pension plan neither for the CEO nor for the other members of the Executive Committee.

In accordance with Article 96, §3 of the Belgian Companies Code, this remuneration report includes the amount of the remuneration of, and any other benefits granted to, the Company's CEO, on a broken-down basis.

Following his resignation as CEO it was agreed that Enrico Bastianelli continued to provide support to the Company until 11 April 2017. For these services a total amount of € 137,000 was paid for the period 10 October 2016 until 11 April 2017. For the period 11 April 2017 up to 10 October 2017 an amount of € 137,000 was paid as a non-compete fee.

In the financial year 2017, Bone Therapeutics paid a total remuneration of € 355,000 to Thomas Lienard SPRL in his capacity of (interim-) CEO. This includes:

- A fixed remuneration of € 265,000;
- A variable component of € 74,000 in relation to the realisation of objectives for 2017
- Other of € 16,000 (car and group insurance)

The Executive Committee (excluding the CEO) in place during 2017 was as follows:

- Wim Goemaere BVBA, represented by Wim Goemaere, CFO – until 30 September 2017
- Finsys Management SPRL, represented by Jean-Luc Vandebroek – from 1 September 2017
- B. Champluvier Management and Consulting Services (BCMCS) SPRL, represented by Benoit Champluvier, CTMO
- Enrico Bastianelli SPRL, represented by Valérie Gangji, CMO – until 6 March 2017
- mC4Tx, represented by Miguel Forte, CMO – from 6 March 2017 till 30 October 2017
- Guy Heynen, CCRO
- Nora Meskini, Director of Clinical Operations

Currently, all members of the Executive Committee are engaged on the basis of a service agreement except for Nora Meskini, Director of Clinical Operations which is employed under a regular employee contract. The contracts with all members of the Executive Committee can be terminated at any time, subject to certain pre-agreed notice periods not exceeding 12 months, which may, at the discretion of the Company, be replaced by a corresponding compensatory payment.

The total fees paid to the members of the Executive Committee (excl. the CEO) amounted to € 1,140,000 in 2017 (full company costs but excluding VAT and stock based compensation).

This includes:

- A fixed remuneration of € 1,018,000
- A variable component of € 93,000 in relation to the realisation of objectives for 2017
- Other of € 29,000 (car and group insurance)

The Executive Committee does not hold any shares of the Company on 31 December 2017 but holds 60,000 warrants.

The table below provides an overview of the shares and warrants held by the members of the Executive Committee on 31 December 2017.

	Shares		Warrants	
Managers	**Number**	**%**	**Number**	**%***
Thomas Lienard SPRL	-	-	24,000	0.34%
B. Champluvier Management and Consulting Services (BCMCS)	-	-	16,000	0.22%
Guy Heynen	-	-	20,000	0.28%

** calculated as the percentage of all outstanding shares and warrants (7,016,954 which is 6,849,654 shares and 167,300 warrants) at 31 December 2017*

The table below provides an overview of the shares and warrants held by the members of the Executive Committee at the date of the Registration Document.

	Shares		Warrants	
Managers	**Number**	**%**	**Number**	**%***
Thomas Lienard SPRL	-	-	24,000	0.28%
Finsys Management SPRL	2,880	0.03%	-	-
B. Champluvier Management and Consulting Services (BCMCS)	-	-	16,000	0.19%
Guy Heynen	-	-	20,000	0.24%

** calculated as the percentage of all outstanding shares and warrants (8,477,846 which is 8,310,546 shares and 167,300 warrants) at 12 December 2018*

All the warrants mentioned above have been accepted. They are all vested.

Guy Heynen, CCRO was granted 20,000 warrants out of Plan C. Thomas Lienard SPRL and B. Champluvier Management and Consulting Services (BCMCS) were granted 40,000 warrants in total out of Plan A. The vesting and other conditions of these warrant plans are explained under section 15.4 of this document.

12.9.2.3 Severance provisions and payments

- Thomas Lienard

The management agreement between Thomas Lienard SPRL and the Company is tacitly renewed on a yearly basis for a maximum of five years. Both the Company and Thomas Lienard SPRL may terminate the management agreement by means of a six months' notice. Moreover, the Company may terminate the management agreement with immediate effect and without payment of any indemnity in the event Thomas Lienard SPRL commits a serious breach of its obligations under the management agreement. Thomas Lienard SPRL may terminate the management agreement with immediate effect in the event the Company commits a serious breach of its obligations under the management agreement, in which case he will receive an indemnity corresponding to six months' fees. In addition, in the event of a change of control of the Company, the Company must pay an indemnity corresponding to a year's fees to Thomas Lienard SPRL if the management agreement is terminated within the year of the change of control or during the 30 days preceding such an event, unless Thomas Lienard SPRL commits a serious breach of its obligations under the management agreement. This change of control indemnity will also be due in the event the services to be procured by Thomas Lienard SPRL under the management agreement are unilaterally and materially reduced within two years of the change of control and if Thomas Lienard SPRL terminates the management agreement because of this reduction.

The management agreement also provides for a non-compete clause preventing Thomas Lienard SPRL and Thomas Lienard in person from engaging in any activities in the European Union or in the United States that

are similar to those being pursued by the Company or SCTS during the term of the management agreement or for a period of three years after termination of the management agreement.

- Jean-Luc Vandebroek

The management agreement between Finsys Management SPRL and the Company is tacitly renewed on a yearly basis for a maximum of five years. Both the Company and Finsys Management SPRL may terminate the management agreement by means of a six months' notice. Moreover, the Company may terminate the management agreement with immediate effect and without payment of any indemnity in the event Finsys Management SPRL commits a serious breach of its obligations under the management agreement. Finsys Management SPRL may terminate the management agreement with immediate effect in the event the Company commits a serious breach of its obligations under the management agreement, in which case he will receive an indemnity corresponding to six months' fees. In addition, in the event of a change of control of the Company, the Company must pay an indemnity corresponding to a year's fees to Finsys Management SPRL if the management agreement is terminated within the year of the change of control, unless Finsys Management SPRL commits a serious breach of its obligations under the management agreement. This change of control indemnity will also be due in the event the services to be procured by Finsys Management SPRL under the management agreement are unilaterally and materially reduced within two years of the change of control and if Finsys Management SPRL terminates the management agreement because of this reduction.

The management agreement also provides for a non-compete clause preventing Finsys Management SPRL and Jean-Luc Vandebroek in person from engaging in any activities in the European Union or in the United States that are similar to those being pursued by the Company or SCTS during the term of the management agreement or for a period of three years after termination of the management agreement.

- Benoit Champluvier

The management agreement between B. Champluvier Management and Consulting Services SPRL (BCMCS SPRL) and the Company is tacitly renewed on a yearly basis for a maximum of five years. Both the Company and BCMCS SPRL may terminate the management agreement currently respecting a six months' notice period. Moreover, the Company may terminate the management agreement with immediate effect and without payment of any indemnity in the event BCMCS SPRL commits a serious breach of its obligations under the management agreement. BCMCS SPRL may terminate the management agreement with immediate effect in the event the Company commits a serious breach of its obligations under the management agreement, in which case he will receive an indemnity corresponding to six months' fees.

The management agreement also provides for a non-compete clause preventing BCMS SPRL and Benoit Champluvier in person from engaging in any activities in the European Union or in the United States that are similar to those being pursued by the Company or SCTS during the term of the management agreement or for a period of three years after termination of the management agreement.

- Guy Heynen

No specific rules applied to the contract of Guy Heynen except a period of 30 days written notice will be applied in terms of termination.

- Linda Lebon

The management agreement between Lebon Regulatory Science Strategy SPRL and the Company is tacitly renewed on a yearly basis for a maximum of five years. Both the Company and Lebon Regulatory Science Strategy SPRL may terminate the management agreement by means of a three months' notice. Moreover, the Company may terminate the management agreement with immediate effect and without payment of any indemnity in the event Lebon Regulatory Science Strategy SPRL commits a serious breach of its obligations under the management agreement. Lebon Regulatory Science Strategy SPRL may terminate the management

agreement with immediate effect in the event the Company commits a serious breach of its obligations under the management agreement, in which case she will receive an indemnity corresponding to six months' fees.

The management agreement also provides for a non-compete clause preventing Lebon Regulatory Science Strategy SPRL and Linda Lebon in person from engaging in any activities in the European Union or in the United States that are similar to those being pursued by the Company or SCTS during the term of the management agreement or for a period of three years after termination of the management agreement.

- Yves Geysels

Yves Geysels has an employment contract with the Company. In the event of termination of the employment contract, the legal provisions of Belgian law apply.

12.9.2.4 Claw back provisions

There are no provisions allowing the Company to reclaim any variable remuneration paid to the CEO or the other- members of the Executive Committee.

13 RELATED PARTY TRANSACTIONS

13.1 General

Each member of the Executive Committee and each Director needs to focus to arrange his or her personal business to avoid direct and indirect conflicts of interest with the Company. The Company's corporate governance charter contains specific procedures when potential conflicts could appear.

13.2 Conflicts of interest of Directors

There is a conflict of interest when the administrator has a direct or indirect financial interest adverse to that of the Company. In accordance with Article 523 of the Companies Code, a director of a limited company which "*has, directly or indirectly, an interest of an economic nature in a decision or an operation under the Board of Directors*" is held to follow a particular procedure. If members of the Board, or of the Executive Committee or their permanent representatives are confronted with possible conflicting interests arising from a decision or transaction of the Company, they must inform the Chairman of the Board thereof as soon as possible. Conflicting interests include conflicting proprietary interests, functional or political interests or interests involving family members (up to the second degree).

If Article 523 of the Belgian Companies Code is applicable, the Board member involved must abstain from participating in the deliberations and in the voting regarding the agenda items affected by such conflict of interest. Below is an overview of the meetings of the Board of Directors in which the conflict of interest procedure has been applied.

13.2.1 *Board of Directors of 21 February 2017*

Before the start of the deliberation, Thomas Lienard SPRL (with as permanent representative Thomas Lienard) and Wim Goemaere BVBA (with as permanent representative Wim Goemaere) declare having a potential conflict of interest, as defined in Article 523 of the Company Code.

This conflict of interest arises from the fact that Thomas Lienard SPRL and Wim Goemaere BVBA are respectively the CEO and the CFO of the Company and the beneficiaries of a bonus for which the Board must determine the objectives to be achieved.

Justification of the decision to be taken:

The Board believes that variable compensation is an important element of a human resources policy that is both incentive and motivating for management and that the choice of appropriate and ambitious objectives in line with the Company's strategic choices is essential to align the interests of management with the interests of the Company.

Financial Consequences for the Corporation:

The Board does not decide on the maximum amount of the annual bonus, which was agreed before with the beneficiaries, but only on the objectives to be achieved in order to obtain the 2017 bonus. The decision has therefore no additional financial impact for the Company but will only determine the conditions for granting the annual bonus.

Social Interest:

Considering the above arguments, the Board is of the view that the decisions are taken and fit within the context of the Company's corporate interest.

The two aforementioned directors do not participate in the deliberations or the vote on these items on the agenda. In compliance with the Article 523 of the Company Code, the Company's statutory auditor will be informed of these conflicts of interest.

Deliberations and decisions

Assessment of 2016 objectives and 2017 objectives

The Chairman of the Nomination and Remuneration Committee reminded the other non-executive directors of the 2016 objectives of the CEO and the CFO and presented the Nomination and Remuneration Committee's recommendations concerning (i) the achievement of the objectives for 2016 and (ii) the common and personal objectives for 2017, as sent to the non-executive directors before the meeting. The Board approved the recommendations of the Nomination and Compensation Committee.

13.2.2 *Board of Directors of 25 April 2018*

Before the start of the deliberation, Thomas Lienard SPRL (with as permanent representative Thomas Lienard) declares having a potential conflict of interest, as defined in Article 523 of the Company Code.

This conflict of interest arises from the fact that Thomas Lienard SPRL is the CEO of the Company and the beneficiary of a bonus for which the Board must determine the objectives to be achieved.

Justification of the decision to be taken:

The Board believes that variable compensation is an important element of a human resources policy that is both incentive and motivating for management and that the choice of appropriate and ambitious objectives in line with the Company's strategic choices is essential to align the interests of management with the interests of the Company.

Financial Consequences for the Corporation:

The Board does not decide on the maximum amount of the annual bonus, which was agreed before with the beneficiaries, but only on the objectives to be achieved in order to obtain the 2017 bonus. The decision has therefore no additional financial impact for the Company but will only determine the conditions for granting the annual bonus.

Social Interest:

Considering the above arguments, the Board is of the view that the decisions are taken and fit within the context of the Company's corporate interest.

The executive director does not participate in the deliberations or the vote on these items on the agenda. In compliance with the Article 523 of the Company Code, the Company's statutory auditor will be informed of these conflicts of interest.

Deliberations and decisions

Assessment of 2017 objectives and 2018 objectives

The Chairman of the Nomination and Remuneration Committee reminded the other non-executive directors of the 2017 objectives of the CEO and presented the Nomination and Remuneration Committee's recommendations concerning (i) the achievement of the objectives for 2017 and (ii) the common and personal

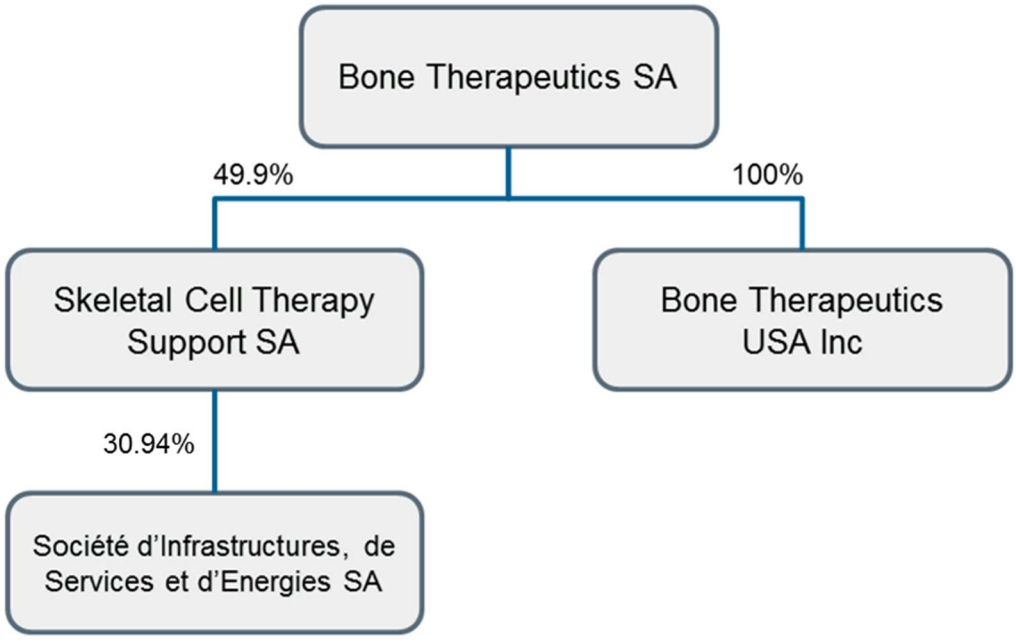
objectives for 2018, as sent to the non-executive directors before the meeting. The Board approved the recommendations of the Nomination and Compensation Committee.

13.3 Existing conflicts of interest of members of the Board of Directors and of the Executive Committee and related party transactions

Currently, as far as the Company is aware, none of the other members of the Board of Directors have a conflict of interest within the meaning of Article 523 of the Belgian Companies Code that has not been disclosed to the Board of Directors. Other than potential conflicts arising in respect of compensation-related matters, the Company does not foresee any other potential conflicts of interest in the near future.

13.4 Related Party Transactions

At the date of this Registration Document, the Company has the following affiliates:



13.4.1 *Transactions with SCTS*

The Company has granted SCTS three personal, non-transferable royalty-free licenses to use, perform, research, develop and manufacture products in name of the Company. A first license is granted by the Company to SCTS over the technology claimed by the ULB-028 patent family, in the framework of the PROFAB and EXCIP agreements entered into by the Company and SCTS (*i.e.* a research and development agreement between the Company, SCTS and the Region). A second license is granted by the Company to SCTS over the technology claimed by the BPBONE-001 and 002 patent families in the framework of the JTA PROD agreement (*i.e.* also a research and development agreement between the Company, SCTS and the Region). A third license is granted by the Company to SCTS over the technology claimed by the BONE-001 patent family; in the framework of the MO SELECT and CRYOFIN agreements (*i.e.* also a research and development agreement between the Company, SCTS and the Region).

As the Company and SCTS operate together closely whereby both companies are occupying the same building (owned by SCTS) and staff employed by SCTS is operating under a consultancy arrangement on administrative and research projects for account of Bone Therapeutics, agreements have been put in place to govern this relation and a VAT grouping was established between the two companies (effective as of 1 January 2016).

13.4.2 *Transactions with Bone Therapeutics USA Inc.*

In course of 2017 and 2018, expenses related to all activities executed through Bone Therapeutics USA Inc. have been re-invoiced to the Company at 30 June 2018.

13.4.3 *Transactions with SISE*

SISE leases a land to SCTS in the context of a long lease right (99 years) and performs certain infrastructure and maintenance services for the Company and SCTS.

13.4.4 *Transactions with the Walloon Region*

As a result of the relationship of the Walloon Region with some shareholders of the Company and the extent of financing received, the Company judges that the government is a related party. The Company (and SCTS) have obtained a number of loan facilities through re-gional investment offices, such as Sambrinvest SA, Fond de Capital à Risque SA, Novallia SA and Sofipôle SA. Also, since its incorporation and until 31 December 2017, the Company has been awarded non-dilutive financial support from the Walloon Region, amounting to in aggregate € 31.28 million, in the form of both recoverable cash advances and subsidies.

13.4.5 *Transactions with the Executive Committee*

There is no transactions with the Executive Committee.

For information on the Executive Committee remuneration, see Section 12.9.2.2 “Remuneration of the CEO and the other Executive Directors and the Executive Committee”.

13.5 Transactions with affiliates

Article 524 of the Belgian Companies Code provides for a special procedure which must be followed for transactions with Bone Therapeutics’ affiliated companies or subsidiaries. Such a procedure does not apply to decisions or transactions that are entered into the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed one percent of the Companies’ consolidated net assets.

14 EMPLOYEES

14.1 Number of employees

On 31 December 2017, the Company employs 94 employees in total. The table below shows the evolution of employment since 2014 and does not take into account the temporary workers and the management members.

	2014		2015		2016		2017	
As of 31December	**BT**	**SCTS**	**BT**	**SCTS**	**BT**	**SCTS**	**BT**	**SCTS**
R&D	34	35	57	37	57	35	53	31
Administration	2	1	5	2	4	5	6	4
Total	36	36	62	39	61	40	59	35
Total of BT and SCTS	**72**		**101**		**101**		**94**	

To support its growth, staff was recruited throughout all departments but in particular the clinical department, the production department and the pre-clinical department.

30% of employees are qualified to PhD level. Scientific specialization domains include cellular and molecular biology, pharmaceutical sciences, veterinary medicine, physiology and life sciences. Eleven different nationalities are working at Bone Therapeutics today.

14.2 Arrangements for involving the employees in the capital of the Company

The Company has created a pool of warrants to grant to employees. Reference is made to Section 15.4.2.1 for more detailed information on the warrant plan A for employees.

15 SHARES AND SHAREHOLDERS

15.1 History of capital - Capital increase and issuance of shares

15.1.1 *Securities issued by the Company*

At the date of the Registration Document, the Company's capital amounts to € € 12,531,511.76, represented by 8,310,546 ordinary shares without nominal value.

The Company has issued 524,760 warrants which give right to subscribe to an equal number of shares. On the date of this Registration Document, 167,300 warrants are outstanding.

On 7 March 2018, the Company has issued 389 CBs and 7,391 associated Bond Warrants in a private placement.

15.1.2 *History of capital*

At the occasion of the incorporation of the Company (at the time, a private limited liability company (*société privée à responsabilité limitée*) on 16 June 2006, the share capital amounted to € 18,550.00, represented by 1,855 shares with a nominal value of € 10, of which one third was paid-up in cash.

On 5 September 2006, the share capital was increased by a contribution in cash in the amount of € 356,450.00 with issuance of 35,645 shares without nominal value, of which two thirds was paid-up in cash. Following the capital increase, the share capital of the Company amounted to € 375,000 and was represented by 37,500 shares.

On 7 March 2007, the Company was converted into a limited liability company (*société anonyme*) and the share capital was increased by a contribution in cash in the amount of € 525,000.00 with issuance of 52,500 shares without nominal value, of which two thirds was paid up in cash. At the occasion of the capital increase, two classes of shares were created, whereby the shares existing prior to the aforementioned capital increase were allocated to class A, and the shares issued pursuant to the aforementioned capital increase were allocated to class B. The nominal value of the class A shares was cancelled, and all class A shares were paid-up in cash for two thirds. Following the capital increase, the share capital of the Company amounted to € 900,000.00 and was represented by 90,000 shares (of which 37,500 shares were class A shares and 52,500 shares were class B shares).

On 12 November 2008, the existing classes of shares were abolished and the share capital was increased by a contribution in kind in the amount of € 84,800.00 with issuance of 8,480 shares. The new shares were issued at a price of € 73.11 per share (of which € 10 in capital and € 63.11 in issuance premium). The aggregate issuance premium amounted to € 535.000 and was subsequently incorporated in the share capital by another capital increase without issuance of new shares. Following both capital increases, the share capital of the Company amounted to € 1,520,000.00 and was represented by 98,480 shares.

On the same day, the share capital of the Company was again increased by a contribution in cash of € 650,197.96 with issuance of 42,126 shares. The new shares were issued at a price of € 91.39 per share (of which € 15.43 in capital and € 75.96 in issuance premium). The aggregate issuance premium amounted to € 3,199,802.04 and was subsequently incorporated in the share capital of the Company by another capital increase without issuance of new shares. Following both capital increases, the share capital of the Company amounted to € 5,370,000.00 and was represented by 140,606 shares.

On 13 January 2011, the share capital was increased by a contribution in cash in the amount of € 992,825.00 with issuance of 25,997 shares. The new shares were issued at a price of € 160 per share (of which € 38.19 in capital and € 121.81 in issuance premium). The aggregate issuance premium amounted to € 3,166,695.00.

Following the capital increase, the share capital of the Company amounted to € 6,362,825.00 and was represented by 166,603 shares.

On 24 November 2011, the share capital was increased by a contribution in cash in the amount of € 580,258.86 with issuance of 15,194 shares. The new shares were issued at a price of € 160 per share (of which € 38.19 in capital and € 121.81 in issuance premium). The aggregate issuance premium amounted to € 1,850,781.14. Following the capital increase, the share capital of the Company amounted to € 6,943,083.86 and was represented by 181,797 shares. On the same day, the Company approved a stock option plan, with issue of a pool of 12,000 warrants to the benefit of the key personnel of the Company.

On 27 November 2012, the share capital was increased by a contribution in cash in the amount of € 1,473,790.29 with issuance of 38,591 shares. The new shares were issued at a price of € 65.79 per share (of which € 38.19 in capital and € 27.60 in issuance premium). The aggregate issuance premium amounted to € 1,065,111.60. Following the capital increase, the share capital of the Company amounted to € 8,416,874.47 and was represented by 220,388 shares. On the same day, the Company issued two anti-dilution warrants to 32 shareholders following an agreement between the existing shareholders, the first of which was exercised on the same day and the share capital was increased following such exercise in the amount of 32 eurocents with issuance of 71,772 shares and the second of which was subsequently cancelled (see below). Following the capital increase, the share capital of the Company amounted to € 8,416,874.47 and was represented by 292,160 shares.

On 10 June 2013, the share capital was increased by a contribution in cash in the amount of € 870,732.00 with issuance of 22,800 shares. The new shares were issued at a price of € 65.79 per share (of which € 38.19 in capital and € 27.60 in issuance premium). The aggregate issuance premium amounted to € 629,280.00. Following the capital increase, the share capital of the Company amounted to € 9,287,606.47 and was represented by 314,960 shares.

On 24 February 2014, the shareholders of the Company resolved upon a share split, dividing the 314,960 shares, without nominal value, each representing 1/314,960th of the share capital of the Company by 10, creating 3,149,000 shares, without nominal value, each representing 1/3,149,600th of the share capital of the Company. On the same day, the share capital was increased by a contribution in cash in the amount of € 580,488.00 with issuance of 152,000 shares. The new shares were issued at a price of € 6.579 per share (of which € 3.819 in capital and € 2.760 in issuance premium). The aggregate issuance premium amounted to € 419,520.00. Following the capital increase, the share capital of the Company amounted to € 9,868,094.47 and was represented by 3,301,600 shares.

On 10 July 2014, the share capital was increased by a contribution in cash in the amount of € 598,208.16 with issuance of 156,640 shares. The new shares were issued at a price of € 6.579 per share (of which € 3.819 in capital and € 2.760 in issuance premium). The aggregate issuance premium amounted to € 432,326.40. Following the capital increase, the share capital of the Company amounted to € 10,466,302.63 and was represented by 3,458,240 shares.

On 18 December 2014, the extraordinary general shareholders' meeting of the Company resolved to abolish the second anti-dilution warrants issued on 27 November 2012, further to a waiver by the holders thereof.

On 8 January 2015, the extraordinary general shareholders' meeting of the Company resolved to cancel the stock option plan (and the outstanding pool of 12,000 warrants) issued on 24 November 2011.

On 5 February 2015, though an IPO of 2,013,000 new shares, the Company was able to raise a total amount of € 32.2 million. The share capital was increased by a contribution in cash in the amount of € 6,078,000 with issuance of 2,013,000 shares. The aggregate share premium for this transaction amounted to € 26,122,000.

On the same day, the share capital was also increased by the conversion of the 10,350 Convertible Bonds (with a value of € 1,000 each) issued by the General Meetings of Shareholders of 18 December 2014 and of 8 January

2015. The share capital was increased by a contribution in cash in the amount of € 3,253,000 through issuance of 1,077,000 shares. The aggregate share premium for this transaction amounted to € 7,097,000.

On 11 February 2015, the share capital was increased by a contribution in cash in the amount of € 911,663 with issuance of 301,875 shares (exercise of the over-allotment option post IPO). The aggregate share premium for this transaction amounted to € 3,918,000.

On 30 October 2017, the share capital was decreased by an incorporation of losses of an amount of € 6,045,571.41 without any reduction of shares.

On 7 March 2018, a total amount of EUR 19.45 million in committed capital has been subscribed during the Offering. Part of the investors have decided to immediately exercise warrants resulting in an immediate gross proceed of about € 6.58 million and 565,773 new shares to be created, increasing the total outstanding shares from 6,849,654 to 7,415,427 ordinary shares. The remaining warrants will be exercised providing an additional proceed of € 12.87 million over a maximum period of 19 months.

On 9 March 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 1,210,754 with issuance of 565,773 shares. The aggregate share premium for this transaction amounts to € 4,791,588.

On 11 April 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 94,873 with issuance of 44,333 shares. The aggregate share premium for this transaction amounts to € 297,617.

On 9 May 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 97,661 with issuance of 45,636 shares. The aggregate share premium for this transaction amounts to € 302,330.

On 6 June 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 271,682 with issuance of 126,954 shares. The aggregate share premium for this transaction amounts to € 813,304.

On 9 July 2018, the share capital was decreased by an incorporation of losses of an amount of € 4,830,335.13 without any reduction of shares.

On 11 July 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 152,353 with issuance of 100,896 shares. The aggregate share premium for this transaction amounts to € 887,625.

On 22 August 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 153,572 with issuance of 101,703 shares. The aggregate share premium for this transaction amounts to € 828,873.

On 12 September 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 125.771 with issuance of 83,292 shares. The aggregate share premium for this transaction amounts to € 606,706.

On 10 October 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 177,413 with issuance of 117,492 shares. The aggregate share premium for this transaction amounts to € 817,557.

On 14 November 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 317,588 with issuance of 210,323 shares. The aggregate share premium for this transaction amounts to € 1,187,377.

On 12 December 2018, as a result of the conversion of the convertible bonds placed via a private placement on 7 March 2018, the share capital was increased by € 97,380 with issuance of 64,490 shares. The aggregate share premium for this transaction amounts to € 280,120.

Please find the summary in the table below:

Date	Transaction	Number and class of shares issued	Issue price per share (€) including issuance premium	Capital movement (€)	Share capital after transaction (€)	Aggregate number of shares after capital increase
16/06/2006	Incorporation	1,855	10	18,550	18,550.00	1,855
05/09/2006	Capital increase	35,645	10	356,450	375,000	37,500
07/03/2007	Capital increase	52,500 B	10	525,000	900,000	37,500 A 52,500 B
12/11/2008	Capital increase	8,480	73.11	84,800	984,800	98,480
12/11/2008	Incorporation issuance premium	None	Not applicable	535,200	1,520,000	98,480
12/11/2008	Capital increase	42,126	91.38	650,197.96	2,170,197.96	140,606
12/11/2008	Incorporation issuance premium	None	Not applicable	3,199,802.04	5,370,000.00	140,606
13/01/2011	Capital increase	25,997	160	992,825	6,362,825	166,603
24/11/2011	Capital increase	15,194	160	580,258.86	6,943,083.86	181,797
27/11/2012	Capital increase	38,591	65.79	1,473,790.29	8,416,874.15	220,388
27/11/2012	Capital increase	71,772	0.01	0.32	8,416,874.47	292,160
10/06/2013	Capital increase	22,800	65.79	870,732.00	9,287,606.47	314,960
24/02/2014	Share split	None	Not applicable	Not applicable	Not applicable	3,149,600
24/02/2014	Capital increase	152,000	6.579	580,488	9,868,094.47	3,301,600
10/07/2014	Capital increase	156,640	6.579	598,206	10,466,302.63	3,458,240
05/02/2015	Capital increase	2,012,500	16.00	6,077,750.00	16,544,052.63	5,470,740
05/02/2015	Conversion convertible bonds	1,077,039	9.51	3,252,657.78	19,796,710.41	6,547,779
11/02/2015	Exercise of the over-allotment option	301,875	16.00	911,662.50	20,708,372.90	6,849,654
30/10/2017	Incorporation of losses	None	Not applicable	6,045,571.41	14,662,801.49	6,849,654
09/03/2018	Capital increase / conversion convertible bonds	565,773	10.61	1,210,754.22	15,873,555.71	7,415,427
11/04/2018	Capital increase / conversion convertible bonds	44,333	8.85 (average issue price)	94,872.62	15,968,428.33	7,459,760
09/05/2018	Capital increase / conversion convertible bonds	45,636	8.76 (average issue price)	97,661.04	16,066,089.37	7,505,396
06/06/2018	Capital increase / conversion convertible bonds	126,954	8.55 (average issue price)	271,681.56	16,337,770.93	7,632,350
09/07/2018	Incorporation of losses	None	Not applicable	4,830,335.13	11,507,435.80	7,632,350
11/07/2018	Capital increase / conversion convertible bonds	100,896	10.31 (average issue price)	152,352.96	11,659,788.76	7,733,246
22/08/2018	Capital increase / conversion convertible bonds	101,703	9.66 (average issue price)	153,571.53	11,813,360.29	7,834,949
12/09/2018	Capital increase / conversion convertible bonds	83,292	8.79 (average issue price)	152,770.92	11,939,131.21	7,918,241
10/10/2018	Capital increase / conversion convertible bonds	117,492	8.47 (average issue price)	177,412.92	12,116,544.13	8,035,733
14/11/2018	Capital increase / conversion convertible bonds	210,323	7.16 (average issue price)	317,587.73	12,434,131.86	8,246,056
12/12/2018	Capital increase / conversion convertible bonds	64,490	5.85 (average issue price)	97,379.90	12,531,511.76	8,310,546

15.2 Authorised capital

In accordance with the articles of association, the extraordinary general shareholders' meeting of the Company authorized the Board of Directors to increase the share capital of the Company, in one or several times, and under certain conditions set forth *in extenso* in the articles of association and in Section 15.3 below.

On 9 July 2018, the general meeting decided, in accordance with articles 604 juncto 607, para. 2, 2° of the Belgian Company Code to renew, for a period of five years, the authorisation of the board of directors to increase the capital of the Company with a global maximum amount of 11,043,220.58 € on the same terms as currently provided for in article 7 of the articles of association, including in case of reception by the Company of a communication by the Financial Services and Markets Authority (FSMA) stating that the FSMA has been informed of a public takeover bid regarding the Company.

The general meeting decided to amend article 7 of the articles of association in order to reflect the renewal of said authorisation.

15.3 Changes in capital

15.3.1 *Changes to the share capital by the shareholders of the Company*

At any given time, the shareholders' meeting can resolve to increase or decrease the share capital of the Company. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association.

15.3.2 *Capital increases by the Board of Directors of the Company*

Subject to the same quorum and majority requirements that apply to an amendment of the articles of association, the shareholders' meeting can authorise the Board of Directors, within certain limits, to increase the Company's share capital without any further approval of the shareholders. This authorisation needs to be limited in time (*i.e.* it can only be granted for a renewable period of maximum five years) and in scope (*i.e.* the authorised share capital may not exceed the amount of the share capital at the time of the authorisation).

On 9 July 2018, the extraordinary shareholders' meeting of the Company granted the authorisation to the Board of Directors to increase the Company's share capital, in one or several times, with a maximum amount of € 11,043,220.58 (excluding issuance premiums, if any).

If the Company's share capital is increased within the limits of the authorised share capital, the Board of Directors is authorised to request payment of an issuance premium. This issuance premium will be booked on a non-available reserve account, which may only be decreased or disposed of by a resolution of the shareholders' meeting subject to the same quorum and majority requirements that apply to an amendment of the articles of association.

The Board of Directors can make use of the authorised share capital for capital increases subscribed for in cash or in kind, or effected by incorporation of reserves, issuance premiums or revaluation surpluses, with or without issue of new shares. The Board of Directors is authorised to issue convertible bonds, bonds cum warrants or warrants within the limits of the authorised share capital and with or without preferential subscription rights for the existing shareholders.

The Board of Directors is authorised, within the limits of the authorised share capital, to limit or cancel the preferential subscription rights granted by law to the existing shareholders in accordance with article 596 and following of the Belgian Companies Code. The Board of Directors is also authorised to limit or cancel the preferential subscription rights of the existing shareholders in favour of one or more specified persons, even if such persons are not members of the personnel of the Company or its subsidiaries.

This authorisation was granted for a term of five years commencing from the date of the publication of the resolution in the Annexes to the Belgian Official Gazette (*Moniteur belge; 26 July 2018*), and can be renewed.

In principle, from the date of the FSMA's notification to the Company of a public takeover bid on the financial instruments of the Company, the authorization of the Board of Directors to increase the Company's share capital in cash or in kind, while limiting or cancelling the preferential subscription right, is suspended. However, the Company's extraordinary shareholders' meeting held on 9 July 2018 expressly granted the Board of Directors the authority to increase the Company's share capital, in one or several times, from the date of the FSMA's notification to the Company of a public takeover bid on the financial instruments of the Company and subject to the limitations imposed by the Belgian Companies Code. This authorization is granted until 9 July 2021.

15.4 Warrant plans

15.4.1 *Warrant plans issued*

The Company has issued four warrant plans:

- On 24 February 2014, two warrant plans were created and approved by the extraordinary general shareholders' meeting of the Company:
    - a plan which consisted in the issue of 113,760 warrants for employees, consultants and Directors (plan A). At the date of the Registration Document, 40,000 warrants have been granted and accepted, the remaining 73,760 warrants can still be offered;
    - a plan which consisted in the issue of 46,000 warrants for the CEO and the CFO (plan B). At the date of this Registration Document, 14,800 warrants have been granted and 31,200 warrants have been cancelled by the Board of Directors on 8 January 2015. Out of the remaining 14,800 warrants, as the conditions were not respected anymore, 10,000 warrants have been cancelled
- On 18 December 2014, the extraordinary general shareholders' meeting of the Company approved a third plan for the issue of the 145,000 warrants for the CEO, CFO and CCRO (Plan C). At the date of this Registration Document, 145,000 warrants have been granted and accepted but as the conditions were not respected anymore, 22,500 warrants have been cancelled.

On 26 May 2016, the extraordinary shareholders' meeting of the Company approved a fourth plan (Plan D) with respect to maximum 137,500 warrants for any natural or legal person performing professional services, of which the majority will be for the benefit of the employees of the Company or its subsidiaries. No warrants were issued under this plan and this plan has been cancelled in 2017.

On 9 July 2018, the extraordinary shareholders' meeting of the Company approved a new plan (the Warrants Plan 2018) and the issue of the 220,000 warrants for any natural or legal person performing professional services, of which the majority (approximatively 120,000 warrants) will be for the benefit of the employees of the Company or its subsidiaries. The remaining amount of warrants would be allocated as follows: 20,000 warrants for the Chairman, 20,000 warrants for other directors and 60,000 warrants for the members of the Executive Committee (only the CEO, CFO and CTMO).

On the date of the publication of this report, the following warrants are outstanding in accordance with the abovementioned plans:

Plan	New CEO	Former CFO	CCRO	CTMO	former CEO	Total
Plan A	24,000	-	-	16,000	-	40,000
Plan B	-	4,800	-	-	0	4,800
Plan C	-	35,000	20,000	-	67,500	122,500
Total	**24,000**	**39,800**	**20,000**	**16,000**	**67,500**	**167,300**

15.4.2 *Summary of the outstanding warrant plans*

The relevant terms and conditions of the Company's existing warrant plans are set out below:

15.4.2.1 Plan A

- **Vesting**: 1/3 on the first anniversary of the grant of the warrants, 1/3 on the second anniversary of the grant and 1/3 on the third anniversary of the grant, under the conditions that the beneficiary is working for the Company. Warrants will vest immediately in case of a change of control, an initial public offering or a public takeover bid.

- **Exercise period**: when vested, the warrants are exercisable during 2 specific defined periods during the year or during additional periods to be determined by the Board of Directors of the Company, but not later than 10 years following the creation of these warrants.

- **Exercise price**: the exercise price will be determined by the Board of Directors of the Company, in accordance with the rules applicable to listed companies.

    - at the closing price of the share of the day preceding the day of the offer; or

    - the 30-day average price of the share of the 30 calendar days preceding the date of the offer.

- **Term**: ten years. All warrants that have not been exercised within the ten year period as of their creation become null and void.

15.4.2.2 Plan B

- **Vesting**: the warrants subject to a service vesting period starting on the grant date and ending at the earliest of (i) the date of the initial public offering of the Company and (ii) the first anniversary of the grant.

- **Exercise period**: the warrants are exercisable as from the vesting date until February 2019. After having become exercisable, the warrants can be exercised during 2 specific defined periods during each year or during additional periods to be determined by the Board of Directors of the Company, but not later than 5 years following the creation of these warrants.

- **Exercise price**: € 11.00 (this price was determined on the date of the grant of the warrants, *i.e.* 18 December 2014).

- **Term**: five years. All warrants that have not been exercised within the five year period as of their creation become null and void.

15.4.2.3 Plan C

- **Vesting**: 25% on the date of the initial public offering of the Company (or 1 January 2016 in the event no initial public offering takes place), 25% on 1 January 2016, 25% on 1 July 2016 and 25% on 1 January 2017.

- **Exercise period**: the warrants are exercisable as from the vesting date until December 2019.

- **Exercise price**: € 11.00 (this price was determined on the date of the grant of the warrants, *i.e.* 18 December 2014).

- **Term**: five years. All warrants that have not been exercised within the five year period as of their creation become null and void.

15.4.2.4 New Warrants Plan 2018

- **Offer**: The warrants would be offered to the selected participants gradually and with a maximum of 55,000 warrants for the first calendar year as of the date of issuance, 80,000 warrants for the second calendar year as of the date of issuance and 85,000 warrants for the third calendar year as of the date of issuance.

- **Exercise period**: the warrants are exercisable as from the vesting date until the end of their term (see below).

- **Exercise price**: the exercise price is equal to the lower of (a) the average closing price of the Company's shares on the stock exchange over a period of thirty calendar days prior to the date of the offer or (b) the closing price of the Company's shares on the last business day prior to the date of the offer, without the exercise price for the warrants allocated to determined persons who are not employees of the Company or its subsidiaries in accordance with article 598, clause 2 of the Belgian Companies Code, being lower than the average closing price over a period of thirty calendar days prior to the date of issuance. Also, the exercise price of the warrants cannot be below EUR 2,14, i.e. the par value of the Company's shares at the time of the issue of the warrants.

- **Term**: The life of the Warrants shall be seven years from the date of the offer to the relevant selected participant (see section 15.4.1), without the term of the warrants being longer than ten years following the date of issuance.

15.5 Elements which by their nature would have consequences in case of a public take-over bid on the Company

- At 30 June 2018, the share capital of the Company amounts to € 16,337,770.93 and is fully paid-up. It is represented by 7,632,350 shares, each representing a fractional value of € 2.14 or one 7,632,350th of the share capital. The Company's shares do not have a nominal value.

- Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

- There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.

- There are no holders of any shares with special voting rights.
- There is no external control over the employee incentive plans; warrants are granted directly to the beneficiary.
- Each shareholder of Bone Therapeutics is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.
- The rules governing the appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and in the Company's corporate governance charter.
- The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (*i.e.*, to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.
- The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:
    - Investments credit of € 1,625,000 of 31 May 2013 between ING Belgique SA and Skeletal Cell Therapy Support SA – Specification clauses and special conditions for investment loans (Edition 2005):
    - ING Belgique SA – General regulation for credits (Edition 2012);
    - BNP Paribas Fortis SA – Terms of New Facilities for Companies (4 March 2014);
    - BNP Paribas Fortis SA – Terms of New Facilities for Companies (20 December 2001);
    - Convention for the grant of a subordinated loan of 27 March 2013 between Fonds de Capital à Risque SA (the Lending Company) and Skeletal Cell Therapy Support SA (the Borrowing Company);
    - Convention for the grant of a subordinated loan of 24 February 2011 between Sambrinvest SA (the Lending Company) and Bone Therapeutics SA (the Borrowing Company);
    - Convention for a subordinated loan of 25 May 2012 between Novallia SA (the Lender) and Bone Therapeutics SA (the Borrower);
    - Convention for a subordinated loan of 2 May 2016 between Novallia SA (the Lender) and Bone Therapeutics SA (the Borrower);
    - Convention for a subordinated loan of 21 June 2013 between Novallia SA (the Lender) and Skeletal Cell Therapy Support SA (the Borrower);
    - Convention for a subordinated loan of 10 April 2013 between Sofipôle SA (the Lender) and Skeletal Cell Therapy Support SA (the Borrower);

- The Acting Chief Executive Officer and the Chief Financial officer are currently entitled to a 12-month salary payment in case their employment is terminated upon a change of control of the Company.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

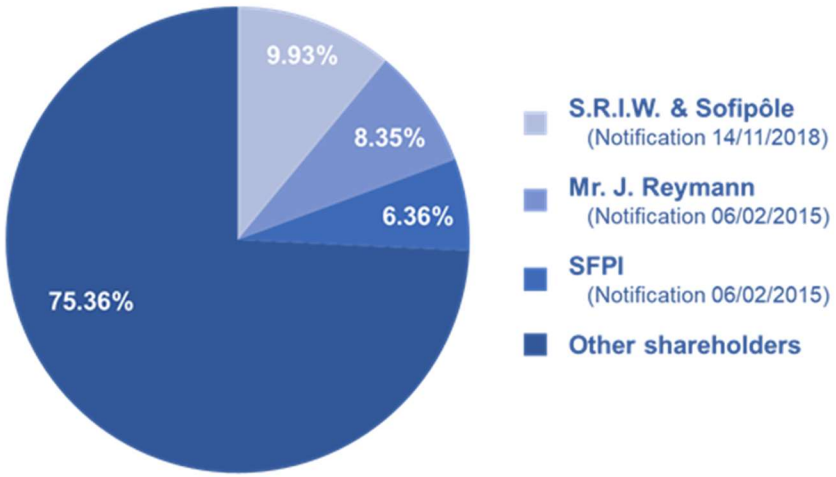
15.6 Transparency

The articles of the association of the Company do not impose any additional notification obligations other than the notification obligations required in accordance with Belgian law. The voting rights of the major shareholders of the Company differ in no way from the rights of other shareholders of the Company.

15.7 Shareholders

At the date of the Registration Document, there are 8,310,546 shares representing a total share capital of the Company of € 12,531,511.76. There are only ordinary shares, and there are no special rights attached to any of the ordinary shares, nor special shareholder rights for any of the shareholders of the Company. The total number of issued warrants is 524,760 and 167,300 warrants are outstanding.

The graph[44] below provides an overview of the shareholders that have notified the Company of their ownership of securities of the Company. This overview is based on the most recent transparency declaration submitted to the Company.



15.8 Dividends and dividend policy

15.8.1 *Entitlement to dividends*

Dividends can only be distributed if, following the declaration and payment of the dividends, the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements prepared in accordance with Belgian GAAP (*i.e.*, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities), decreased with the non-amortised activated costs of incorporation and extension and the non-amortised activated costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. In addition, pursuant to the Belgian Company Code and the articles of association, the Company must allocate at least 5% of its annual net profits under its statutory non-consolidated accounts to a legal reserve until the reserve equals 10% of the Company's share capital.

[44] Denominator for S.R.I.W. & Sofipole = 7,415,427 shares, denominator for Mr. J. Reymann = 6,547,779 shares and denominator for SFPI = 6,549,779 shares.

In accordance with Belgian law, the right to collect dividends declared on ordinary shares expires five years after the date the Board of Directors has declared the dividend payable, whereupon the Company is no longer under an obligation to pay such dividends.

15.8.2 *Dividend policy*

The Company has never declared or paid any dividends on its shares.

The Company's dividend policy will be determined by, and may change from time to time by determination of, the Company's Board of Directors. Any declaration of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the Board of Directors. The calculation of amounts available to be distributed as dividends or otherwise distributed to shareholders must be made on the basis of the Belgian statutory financial statements, taking into account the limits set out in the Belgian Company Code.

Belgian law and the Company's articles of association do not require the Company to declare dividends. The Board of Directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the near future.

16 ARTICLES OF ASSOCIATION

This chapter contains the memorandum of the Articles of Association. The complete set of the Articles of Association can be found in Chapter 18 – Appendix B.

16.1 The Company's objects and purposes

In accordance with article 3 of the Company's articles of association, its corporate purpose is as follows:

The Company has as its purpose, both in Belgium as well as abroad, in its own name or on behalf of third parties, for its own account or for the account of others or in collaboration with third parties:

- research and development of products and processes in the pharmaceutical, bio-technological, cellular or derived domains, that are able to have an economical value for human or animal health, diagnostic and therapeutic, in neutraceuticals or cosmetics, based, amongst others, on genetics, cell biology and *in vitro* or *in vivo* pharmacology;
- commercialisation of products or processes in the abovementioned fields of application;
- acquisition, disposal, exploitation, valorisation, commercialisation and management of any intellectual property rights whatsoever, property rights, usage rights, trademarks, patents, blueprints, licenses, etc;
- file and exploit patents, drawings and models, trademarks and other intellectual and patrimonial rights in relation to the abovementioned items;
- preparation, information, publications and editing in all media in relation to the abovementioned items;

The Company may carry out, in Belgium as well as abroad, all industrial, commercial, financial, movable and immovable transactions, of a nature directly or indirectly enlarge or promote its business. It can acquire all any movable or immovable assets, even if those assets do not have a direct or indirect connection with the Company's purpose.

The Company may consent with any form of surety guaranteeing obligations of related or associated companies, companies in which it has participation or all third parties in general.

The Company may, by any means whatsoever, take up interests in, cooperate or merge with other associations, businesses, firms or companies that have an identical, similar or related corporate purpose, or that are likely to promote their business or to facilitate the sale of its products or services.

16.2 Members of the administrative, management and supervisory bodies

The articles 14 and 26 of the Company's articles of association determine its members of the administrative, management and supervisory bodies.

This section is also detailed in Section 12.3 and 12.4.

16.3 Rights, preferences and restrictions attaching to each class of the existing shares

16.3.1 *Pre-emptive rights*

In the event of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or warrants exercisable in cash, the shareholders have a preferential right to subscribe for the new shares, convertible bonds or warrants, pro rata to the part of the share capital represented by the shares that they already hold. The shareholders' meeting may decide to limit or cancel such preferential subscription right, subject to specific substantive and reporting requirements. Such decision must satisfy the same quorum and majority requirements as the decision to increase the Company's share capital.

The shareholders can also decide to authorise the Board of Directors to limit or cancel the preferential subscription right within the framework of the Authorised Capital, subject to the terms and conditions set forth in the Belgian Company Code. In principle, the authorisation of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential right

of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public takeover bid on the shares of the Company. The shareholders' meeting can, however, authorise the Board of Directors to increase the share capital by issuing further shares, not representing more than 10% of the shares of the Company at the time of such a public takeover bid.

On 9 July 2018, the shareholders' meeting of the Company decided to authorise the Board of Directors to increase the Company's share capital, including with limitation or cancellation of the shareholders' preferential subscription rights, in one or more times and including the authorisation to make use of such authorised capital in the framework of a public takeover bid.

The requirements are set forth above to attend shareholders' meetings.

16.3.2 *Voting rights*

Each shareholder is entitled to one vote per Share.

Voting rights may be suspended in relation to Shares, in the following events, without limitation and without this list being exhaustive:

- which are not fully paid up, notwithstanding the request thereto by the Board of Directors;
- to which more than one person is entitled, except in the event that a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 5%, 10%, 15% or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, except in case the relevant shareholder has notified the Company and the FSMA at least 20 days prior to the date of the shareholders' meeting of its shareholding reaching or exceeding the thresholds above ; and
- of which the voting right was suspended by a competent court or the FSMA.

Generally, the shareholders' meeting has sole authority with respect to:

- the approval of the audited statutory financial statements under Belgian GAAP;
- the appointment and dismissal of directors and of the auditor;
- the granting of discharge of liability to the directors and to the auditor;
- the determination of the remuneration of the directors and of the auditor for the exercise of their mandate;
- the determination of the remuneration of the directors and of the auditor for the exercise of their mandate, including inter alia, as relevant, (i) in relation to the remuneration of executive and non-executive directors, the approval of an exemption from the rule that, in accordance with article 520ter, subsection 1, of the Belgian Company Code, Share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, the approval of an exemption from the rule that, in accordance with article 520ter, subsection 2, of the Belgian Company Code, (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years and (iii) in relation to the remuneration of non-executive directors, the approval of any variable part of the remuneration, in accordance with Article 554, subsection 7 of the Belgian Company Code;
- the approval of provisions of service agreements to be entered into with executive directors, members of the Management Committee and other executives providing for severance payments exceeding 12 months' remuneration (or, subject to a motivated opinion by the Nomination & Remuneration Committee, 18 months' remuneration);

- the approval of the grant of rights to third parties affecting the assets and liabilities of the company or creating a debt or obligation of the company when the exercise of these rights depends on the issue of a public takeover bid over the company or on a change of control of the company, in accordance with article 556 of the Belgian Company Code;
- the approval of the remuneration report included in the annual report of the Board of Directors;
- the distribution of profits;
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, mergers, de-mergers and certain other reorganisations of the Company; and
- the approval of amendments to the articles of association.

16.3.3 *Nomination rights*

No shareholder of the Company is entitled to nominate persons for appointment as member of the Board of Directors.

16.3.4 *Dissolution and liquidation*

The Company can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes at an extraordinary shareholders' meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian GAAP) to share capital is less than 50%, the Board of Directors must convene a shareholders' meeting within two months from the date the Board of Directors discovered or should have discovered this undercapitalisation. At such shareholders' meeting, the Board of Directors must propose either the dissolution of the Company, or the continuation of the Company's activities, in which case the Board of Directors must propose measures to redress the Company's financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the shareholders' meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in such event shareholders representing 25% of the votes validly cast at the shareholders' meeting can decide to dissolve the Company.

If the amount of the Company's net assets fall below € 61,500 (the minimum amount of share capital of a Belgian public limited liability company (*société anonyme*)), each interested party is entitled to request the competent court to dissolve the Company. The court may order the dissolution of the Company or grant a grace period within which the Company is allowed to remedy the situation.

In case of dissolution of the Company for whatever reason, the shareholders' meeting shall appoint and dismiss the liquidator(s), determine their powers and the manner of liquidation. The shareholders' meeting shall fix the remuneration of the liquidator(s), if any.

The liquidators can only take up their function after confirmation of their appointment by the shareholders' meeting by the competent Commercial Court pursuant to Article 184 of the Belgian Company Code.

After settlement of all debts, charges and expenses relating to the liquidation, the net assets shall be equally distributed amongst all shares, after deduction of that portion of such shares that are not fully paid-up, if any.

16.4 Shareholders' meeting

In accordance with Title IV of the Company's articles of association, its corporate purpose is as follows:

16.4.1 *Right to participate in shareholders' meeting and voting rights*

16.4.1.1 Ordinary shareholders' meetings

The ordinary shareholders' meeting is held each year on the second Wednesday of June at 4:00 p.m. (Brussels time), or if not a business day, on the next business day.

At the ordinary shareholders' meeting, the Board of Directors submits the audited statutory financial statements under Belgian GAAP, the audited consolidated financial statements under IFRS, as adopted by the European Union, and the reports of the Board of Directors and of the auditor with respect thereto to the shareholders.

The ordinary shareholders' meeting typically decides on:

- the approval of the audited statutory financial statements under Belgian GAAP;
- the proposed allocation of the Company's profit or loss;
- the discharge of liability to the directors and the auditor;
- the approval of the remuneration report included in the annual report of the Board of Directors;
- the (re-) appointment or dismissal of all or certain directors (as the case may be); and
- the (re-) appointment or dismissal of the auditor (as the case may be).

In addition, as relevant, the shareholders' meeting must also decide on the approval of the remuneration of the directors and the auditor for the exercise of their mandate, and on the approval of provisions of service agreements to be entered into with executive directors, members of the Executive Committee and other executives providing (as the case may be) for severance payments exceeding 12 months' remuneration (or, subject to a motivated opinion by the Nomination and Remuneration Committee, 18 months' remuneration).

16.4.1.2 Other shareholders' meetings

The Board of Directors or the auditor (or the liquidator(s), as the case may be) may, whenever the interest of the Company so requires, convene a shareholders' meeting.

The Board of Directors must convene a shareholders' meeting if one or more shareholders representing 20% of the Company's issued share capital so request. Said request shall specify the agenda items to be included in the convocation notice.

16.4.1.3 Convening notices

The convocation notice for the shareholders' meeting must include:

- the place, date and hour of the meeting; and
- the agenda of the meeting indicating the items to be discussed as well as any draft resolutions.

The notice needs to contain a description of the formalities that shareholders must fulfil in order to be admitted to the shareholders' meeting and exercise their voting right, information on the manner in which shareholders can put additional items on the agenda of the shareholders' meeting and table draft resolutions, information on the manner in which shareholders can ask questions during the shareholders' meeting, information on the procedure to participate to the shareholders' meeting by means of a proxy or to vote by means of a remote vote, and the registration date for the shareholders' meeting.

The notice must also mention where shareholders can obtain a copy of the documentation that will be submitted to the shareholders' meeting, the agenda with the proposed draft resolutions or, if no resolutions are proposed, a commentary by the Board of Directors, updates of the agenda if shareholders have put additional items or draft resolutions on the agenda, the forms to vote by proxy or by means of a remote vote, and the address of the webpage on which the documentation and information relating to the shareholders' meeting will be made available. This documentation and information, together with the notice and the total number of outstanding voting rights, must also be made available on the Company's website at the same time as the publication of the convocation notice for the shareholders' meeting.

At least 30 days prior to the date of the shareholders' meeting, the convocation notice must be published:

- in the Belgian Official Gazette (*Moniteur belge*);
- in a nation-wide newspaper (except if the relevant meeting is an ordinary shareholders' meeting held at the municipality, place, date and hour mentioned in the articles of association and its agenda is limited to the review of the annual financial statements, the annual report of the Board of Directors, the report of the Auditor, the vote on the discharge of the directors and the Auditor and the matters described in article 554, paragraph 3 and 4 of the Belgian Company Code); and
- in media of which it reasonably can be expected that they will ensure an effective distribution of the information among the public in the EEA and which is accessible quickly and in a non-discriminatory manner.

Convocation notices must be sent 30 days prior to the shareholders' meeting to the holders of registered Shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Company (if any), and, as the case may be, to the directors and auditor. This communication is made by letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, in accordance with article 533 of the Belgian Company Code. The convocation notice and the other documents referred to above are also made available on the Company's website as of the date of the publication of the convening notice.

The term of 30 days prior to the date of the shareholders' meeting for the publication and distribution of the convening notice can be reduced to 17 days for a second meeting if the applicable quorum for the meeting is not reached at the first meeting, the date of the second meeting was mentioned in the notice for the first meeting and no new item is put on the agenda of the second meeting.

16.4.1.4 Formalities to attend the shareholders' meeting

All holders of shares, warrants and bonds issued by the Company and all holders of certificates issued with the co-operation of the Company (if any) may attend the shareholders' meeting. Only shareholders, however, may vote at shareholders' meetings. If any holder of securities other than shares wishes to attend a shareholders' meeting, it must comply with the same formalities as those imposed on the shareholders.

The fourteenth day prior to the shareholders' meeting, at 24:00 (Brussels time), constitutes the registration date. A shareholder can only participate to a shareholders' meeting and exercise its voting right provided that its shares are registered in its name on the registration date (and irrespective of the number of Shares the shareholder holds at the date of the shareholders' meeting). For registered shares, this is the registration of the shares in the Company's shareholders' register, and for dematerialized shares, this is the registration of the shares in the accounts of a certified account holder or settlement institution in accordance with article 536 of the Belgian Company Code. The convocation notice to the shareholders' meeting must explicitly mention the registration date.

The shareholder must also notify the Company (or any person so appointed by the Company) whether it intends to participate to the shareholders' meeting, at the latest on the sixth day before the date of such meeting.

Prior to participating to the shareholders' meeting, the holders of securities or their proxy holders must sign the attendance list, thereby mentioning: (i) the identity of the holder of securities, (ii) if applicable, the identity of the proxy holder and (iii) the number of securities they represent. The representatives of shareholders-legal entities must present the documents evidencing their quality as legal body or special proxy holder of such legal entity. In addition, the proxy holders must present the original of their proxy evidencing their powers, unless the convocation notice required the prior deposit of such proxies. The physical persons taking part in the shareholders' meeting must be able to prove their identity.

16.4.1.5 Voting by proxy and remote voting

Each shareholder has, subject to compliance with the requirements set forth above to attend shareholders' meetings, the right to attend a shareholders' meeting and to vote at such meeting in person or through a proxy holder. The Board of Directors can request the participants to the meeting to use a model of proxy (with voting instructions), which must be deposited at the Company's registered office or at a place specified in the notice

convening the shareholders' meeting at the latest six days prior to the meeting. The appointment of a proxy holder must be made in accordance with the applicable rules of Belgian law, including in relation to conflicts of interest and the keeping of a register.

The articles of association also allow shareholders to vote by mail by means of a form that is made available by the Company.

16.4.1.6 Quorums and majorities

In general, there is no attendance quorum requirement for a shareholders' meeting and decisions are generally passed with a simple majority of the votes of the Shares present or represented at the meeting.

However, decisions regarding:

- amendments of the articles of association;
- an increase or decrease of the Company's share capital (other than a capital increase decided by the Board of Directors pursuant to the authorised share capital;
- the Company's dissolution, mergers, de-mergers and certain other reorganisations of the Company;
- the issue of convertible bonds or bonds with warrants or the issue of warrants; and
- certain other matters referred to in the Belgian Company Code,

require a presence quorum of 50% of the share capital of the Company and a majority of at least 75% of the votes cast, with the exception of an amendment of the Company's corporate purpose and, subject certain exceptions, the acquisition of own Shares, which require the approval of at least 80% of the votes cast at a shareholders' meeting, which can only validly pass such resolution if at least 50% of the Company's share capital and at least 50% of the profit certificates, if any, are present or represented.

In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second shareholders' meeting may validly deliberate and decide regardless of the number of Shares present or represented.

16.4.1.7 Right to add items to the agenda and file draft resolutions

In accordance with article 533ter of the Belgian Company Code, one or more shareholders holding at least 3% of the Company's share capital have the right to add new items on the agenda of a shareholders' meeting and to file draft resolutions concerning items that were or will be included on the agenda of a shareholders' meeting. This right does not apply to shareholders' meetings that are being convened on the grounds that the presence quorum was not met at the first duly convened meeting.

Shareholders who exercise this right must comply with the following two conditions for the proposal(s) to be eligible for consideration at the shareholders' meeting: (i) they must prove that they hold the abovementioned percentage of shares on the date of their request (either by producing a certificate of registration of those Shares in the Company's shareholders' register, or by producing a certificate from a certified account holder or settlement institution evidencing that the relevant number of dematerialised Shares are registered in their name in the accounts of such certified account holder or settlement institution) and (ii) they must demonstrate that they still hold the abovementioned percentage of shares on the registration date.

The Company must receive requests to add new items on the agenda of shareholders' meetings and to file draft resolutions at the latest 22 days prior to the date of the shareholders' meeting. The revised agenda must be published by the Company at the latest 15 days prior to the date of the shareholders' meeting.

16.4.1.8 Right to ask questions

In accordance with article 540 of the Belgian Company Code, shareholders have a right to ask questions to the directors in connection with the report of the Board of Directors or the items on the agenda of such shareholders' meeting. Shareholders can also ask questions to the auditor in connection with its report. Such questions can be submitted in writing prior to the meeting or can be raised at the meeting. Written questions must be received by the Company no later than the sixth day prior to the meeting.

Written and oral questions will be answered during the meeting in accordance with applicable law. In addition, in order for written questions to be considered, the shareholders who submitted the written questions concerned must comply with the requirements set forth above to attend shareholders' meetings.

16.5 Description of any provision of the Company's articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company

The Board of Directors of the Company has not been authorized by the shareholders' meeting to purchase its own shares and neither do the articles of association authorize the Board of Directors to purchase own shares in case of imminent serious harm to the Company in accordance with Article 620, §1, paragraph 3 of the Belgian Company Code.

In principle, from the date of the FSMA's notification to the Company of a public takeover bid on the financial instruments of the Company, the authorization of the Board of Directors to increase the Company's share capital in cash or in kind, while limiting or cancelling the preferential subscription right, is suspended. However, the Company's extraordinary shareholders' meeting held on 9 July 2018 expressly granted the Board of Directors the authority to increase the Company's share capital, in one or several times, from the date of the FSMA's notification to the Company of a public takeover bid on the financial instruments of the Company and subject to the limitations imposed by the Belgian Company Code. This authorization became effective on 9 July 2018 and will be granted on 9 July 2021.

16.6 Ownership threshold (transparency declaration)

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC has been implemented in Belgian law by, inter alia, the Belgian law of 2 May 2007 on the disclosure of major shareholdings in issuers whose securities are admitted to trading on a regulated market (*Loi du 2 mai 2007 relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses*) (the "**Transparency Law**") and the Royal Decree of 14 February 2008 on the disclosure of major shareholdings (*Arrêté royal du 14 février 2008 relatif à la publicité des participations importantes*) (the "**Transparency Royal Decree**").

Belgian law imposes disclosure requirements on any natural person or legal entity acquiring or disposing of, directly or indirectly, securities granting voting rights or securities which give a right to acquire existing securities granting voting rights, when, as a result of such acquisition or disposal, the total number of voting rights directly or indirectly held by such natural person or legal entity, alone or in concert with others, increases above or falls below a (legal) threshold of 5%, or any multiple of 5%, of the total number of voting rights attached to the Company's securities. Any future amendment to the disclosure thresholds must be made public and simultaneously notified to the FSMA.

Pursuant to article 6 of the Transparency Law, the above disclosure obligations will be triggered any time the above thresholds are crossed (downwards or upwards) as a result of, inter alia: (i) the acquisition or the disposal of securities granting voting rights, regardless of the way in which this acquisition or disposal takes place, e.g. through purchase, sale, exchange, contribution, merger, de-merger, or succession, (ii) the passive crossing of these thresholds (as a result of events that have changed the breakdown of voting rights even if no acquisition or disposal took place); or (iii) the execution, amendment or termination of an agreement of concerted action.

Pursuant to article 6 of the Transparency Law, the disclosure obligations apply to each natural person or legal entity that "directly" or "indirectly" acquires, disposes of or holds (at the time of passive crossing the threshold or at the time of execution, amendment or termination of an agreement of concerted action) voting securities or voting rights. In this respect, a natural person or legal entity is deemed to "indirectly" acquire, dispose of or hold voting securities of the Company: (i) when voting securities are acquired, disposed of or held by a third party that, regardless in whose name it is acting, acts on behalf of such natural person or legal entity, (ii) when voting securities are acquired, disposed of or held by an undertaking controlled (within the meaning of articles 5 and 7 of the Belgian Company Code) by such natural person or legal entity (the notion "control" implies that possibly several persons will be deemed to be a controlling person (e.g., the parent company, the parent

company of such parent company, as well as the natural person controlling the latter) and therefore subject to the notification duty); or (iii) when such natural person or legal entity acquires or transfers the control over an entity holding voting rights in the Company in which case there is no acquisition or disposal of a shareholding in the Company itself, but an acquisition or transfer of control over an entity holding voting rights of the Company.

If a transparency notification is legally required, such notification must be made to the FSMA and the Company as soon as possible and at the latest within a period of four trading days as from the trading day following the day on which the event triggering the disclosure obligation took place.

The notification can be electronically transmitted to the Company and the FSMA. The forms required to make such notifications, as well as further instructions may be found on the website of the FSMA (www.fsma.be).

Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative sanctions.

The Company must publish all information contained in such notifications no later than three trading days after receipt of such notification. Furthermore, the Company must mention in the notes to its annual accounts, its shareholders structure (as it appears from the notifications received). Moreover, the Company must publish the total share capital, the total number of voting securities and voting rights (for each class of securities (if any)), at the end of each calendar month during which one of these numbers has changed, as well as on the day on which the shares of the Company will for the first time be admitted to trading on Euronext Brussels and Euronext Paris. Finally, the Company must disclose, as the case may be, the total number of bonds convertible in voting securities (if any), whether or not incorporated in securities, to subscribe to voting securities not yet issued (if any), the total number of voting rights that can be obtained upon the exercise of these conversion or subscription rights and the total number of shares without voting rights (if any).

The articles of association do not provide stricter rules than those described in the law (in the Companies Code).

17 APPENDIX A – ABBREVIATIONS AND DEFINITIONS

Abbreviations

ATMP	Advanced Therapy Medicinal Product
BLA	Biologics Licence Application
β-TCP	β-tricalcium phosphate
BMP	Bone Morphogenetic Protein
CAGR	Compound Annual Growth Rate
CBMP	Cell-Based Medicinal Product
CCRO	Chief Clinical and Regulatory Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHU	*Centre Hospitalier Universitaire*
CMO	Chief Medical Officer
CTA	Clinical trial application
DBM	Demineralized Bone Matrix
DU	Delayed Union (fracture)
EFDR/FEDER	European Regional Development Fund (*Fonds Européen de Développement Régional*)
EEA	European Economic Area
EMA	European Medicines Agency
ERP (platform)	Enterprise Resource Planning (platform)
EU	European Union
FAMHP	(Belgian) Federal Agency for Medicines and Health
FDA	Food and Drug Administration (in the US)
FSMA	Financial Services and Markets Authority in Belgium (*Autorité des services et marchés financiers*)
GAAP	(Belgian) Generally Accepted Accounting Principles
GCP	Good Clinical Practice
GMP	Good Manufacturing Practice
GIC	*Galactic Innovation Campus*
GIE	*Groupement d'Intérêt Economique* (Economic Interest Grouping)
HA	Hyaluronic acid
hAEC	human Amniotic Epithelial Cell
HCTS	Hepatic Cell Therapy Support SA
IA	Intra-articular
IBGE	*Institut Bruxellois pour la Gestion de l'Environnement*
IFRS	International Financial Reporting Standards
IND	Investigational New Drug application (in the US)
IRD	Inflammatory Rheumatic Disease
KOA	Knee Osteoarthrisis
MMA	Marketing authorization application

MSC	Mesenchymal Stem Cells
MW	Molecular weight
NSAIDs	Non-steroidal anti-inflammatory drugs
NU	Non-Union (fracture)
OA	Osteoarthrisis
ODD	Orphan Drug Designation
ON	Osteonecrosis
PDGF	Platelet-Derived Growth Factor
PTH	ParaThyroid Hormone
PWTC	*Plateforme Wallonne de la Thérapie Cellulaire* (Walloon Platform for cell therapy)
raRCA(s)	Recoverable Cash Advance(s)
RA	Rheumatoid Arthritis
rh	recombinant human
SCTS	Skeletal Cell Therapy Support SA
SISE	*Société d'Infrastructures, de Services et d'Energies SA*
SME	Small and Medium Enterprise
SF	Spinal Fusion
THA	Total Hip Arthroplasty
ULB	*Université libre de Bruxelles*
ULg	*Université de Liège*

Definitions

Additional Shares	The existing shares in the Company covered by the Over-allotment Option.
Advanced therapy medicinal product	Medicine for human use that are based on gene therapy, somatic cell therapy or tissue engineering (EMA classification 1394/2007).
Allogeneic	Said for tissues or cells when the donor is different from the recipient (i.e., the patient)
Audit Committee	The audit committee installed by the Board of Directors.
Autologous	Said for tissues or cells when the donor is the same as the recipient (i.e., the patient).
Belgian Company Code	The Belgian Act of 7 May 1999 containing the companies code (*Code des sociétés*)
Biovigilance (MCH)	The process of monitoring, reporting and preventing all risks associated with the therapeutic use of products derived from human biological materials, in accordance with the Belgium law (as issued on 12 December 2003 and as amended on 17 July 2017).
Board of Directors	The board of directors of the Company.
Bond Warrants	The 19 bond warrants attached to each CB.
Business Day	Any day, other than a Saturday or Sunday, on which banks are generally open for general business in Brussels.
CBs	The senior unsecured convertible bonds issued by the Company on 7 March 2018.

Chairman	The chairman of the Board of Directors
CHU	Centre Hospitalier Universitaire de Liège
Competent Authority (Regulatory Agency)	National organization that regulates medicinal products for human use in accordance with the European directives and national law. Clinical trials of medicinal products in human subjects require authorisation by the competent authority.
(Belgian) Corporate Governance Code	The Belgian code as issued on 9 December 2004 by the Belgian Corporate Governance Committee and as amended on 12 March 2009.
Company	Bone Therapeutics SA.
Corporate Governance Charter	The corporate governance charter of the Company.
Delayed-union fracture	A medical condition defined as a fracture that has not united within a period of time that would be considered adequate for bone healing.
Director	A member of the Board of Directors
Ethics Committee	Established committee that ensures that research conducted within a hospital complies with moral and ethical principles. Clinical trials of medicinal products in human subjects require positive opinion by the ethic committee.
Euronext Brussels	The regulated market operated by Euronext Brussels SA/NV.
Euronext Paris	The regulated market operated by Euronext Paris SA.
Ex vivo	Taking place outside the organism.
Executive Committee	The team consisting of the CEO, CFO, CCRO, CMO and Director of Clinical Operations.
Executive Directors	Directors entrusted with the day-to-day management of the Company.
GMP (Good manufacturing practise)	Tart of quality assurance which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use.
Group	The Company and SCTS.
GIE BOCEGO	Groupement d'Intérêt Economique BOCEGO, consisting of the Company and SCTS.
***HCTS (Hepatic Cell Therapy Support SA*)**	A limited liability company incorporated under the laws of Belgium with registered office at avenue Georges Lemaitre 62, 6041 Gosselies and registered with the register of legal entities under number 0841.727.891.
Homeostasis	Self-regulating process by which biological systems tend to maintain internal stability.
Hospital Exemption	Allows hospitals and medical practitioners to provide ATMP-classified products to patients, e.g., in case of high unmet medical need because there is no authorized ATMP alternative available. Said products are custom-made for an individual patient, prepared on a non-routine basis, and used within the same Member State in a hospital under the exclusive professional responsibility of a medical practitioner.
Inflammatory Rheumatic Diseases	Autoimmune diseases characterized by inflammation and loss of function of muscles, joints, bones and other tissues producing symptoms such as pain, swelling and stiffness (e.g., osteoarthritis, rheumatoid arthritis, ankylosing spondylitis…)
JTA Technology	Enhanced hyaluronan-based bone void fillers, and viscosupplements for osteoarthritis (including JTA-004 ad JTA NEXT)
M-ERA.net	A EU funded network which has been established to support and increase the coordination of European research programmes and related funding in materials science and engineering.
Mesenchymal stem cells	Multipotent stem cells that can convert into cell types such as bone cells, cartilage cells, fat cells, etc.

MXB	A combined cell-matrix product of Bone Therapeutics for large bone defects and maxillofacial applications.
New Shares	The new shares initially offered in the Offering, including the new shares offered as a result of the possible exercise of the Increase Option.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Company installed by the Board of Directors.
Non-Executive Directors	Directors who are not entrusted with the daily management of the Company.
Non-union fracture	A medical condition characterised by a failure to achieve bone union within 6-9 months as, all reparative processes have ceased, hence requiring additional surgical intervention.
Orphan Drug Designation	A special status to a drug developed for the treatment of a rare disease or medical condition. This enables the product to gain exclusivity when reaching market and creates additional value (e.g., easier marketing approval, extended exclusivity periods, fee reduction etc.) This status was received for PREOB and ALLOB in osteonecrosis of the femoral head by the EMA and the FDA.
Offered share	The New Shares and the shares of the Company covered by the Over-allotment Option.
Offering	A public offering in Belgium and France to Retail Investor and a private placement to certain Institutional Investors in certain jurisdictions outside the United States in accordance with Regulation S under the Securities Act.
Osteoarthritis	A degenerative joint disease.
Osteoblast	Bone-forming cell.
Osteocyte	A terminal bone forming cell embedded in mineralized bone matrix.
Osteogenesis	The capacity to produce new bone
Osteonecrosis (of the hip)	A medical condition characterized by the death of bone cells and loss of the associated marrow elements. It is a painful condition in which the joint degenerates progressively, ultimately leading to collapse of the femoral head.
Osteosynthesis	A surgical procedure perfomed to stabilize a fracture by mechanical devices such as metal plates, pins, rods, wires or screws.
Orthobiologics	Substances (e.g., growth factors) naturally found in human body, which are used as a drug (in higher concentrations) to improve bone healing.
Patent Subsidies	The subsidies granted by the Region and, to a lesser extent, the European Commission, to partially finance the Company's patents applications.
Phase I/IIA	A first-in-man proof-of-concept pilot study in which the product will be administered to humans for the first time and in which efficacy parameters will be assessed. This is the case for ALLOB in delayed-union.
Phase IIA	A proof-of-concept pilot study in which the product has already been administered to human – in general in another indication - and in which efficacy parameters will be assessed. This is the case for and for ALLOB in spine fusion.
Phase III	A pivotal study in which the product has already been shown to be safe and efficacious in the indication, and in which the safety and efficacy will be further confirmed in a larger groups of patients. This is the case for PREOB in osteonecrosis and non-union.
Phase IV	Studies done after the product has been marketed to gather information on the drug's effect in various populations and any side effects associated with long-term use.

Pharmacovigilance	The process of collecting, monitoring and evaluating adverse events in clinical trials for safety purpose.
Region	The Walloon Region
Registration Document	This registration document, as well as any supplement thereto.
Regulation S	Regulation S under the Securities Act.
Regulatory regulations	Applicable regulatory laws and regulations.
Research Grants and Research Subsidies	The grants and subsidies granted by the Region, and to a lesser extent the European Commission, to partially finance the Company's research and development programmes.
Rheumatoid arthritis	A chronic systemic inflammatory disease affecting the joints.
Scaffold	Scaffolds in orthopaedics are surgical implants that replace and/or strengthen injured musculoskeletal tissues. Besides providing structural integrity, scaffolds form a substrate for cells to growth. Scaffolds are composed of natural material derived from autograft, allograft, xenografts or plants, synthesized from synthetic polymers, ceramics or metals, or are a composite of the aforementioned materials.
Scoliosis	A medical condition that causes abnormal curvature of the spine.
Securities Act	The United States Securities Act of 1933, as amended.
Significant shareholder	A shareholder holding at least 5% of the share capital.
Skeletal Cell Therapy Support SA	A limited liability company incorporated under the laws of Belgium with registered office at avenue Georges Lemaitre 62, 6041 Gosselies and registered with the register of legal entities under number 0841.570.812.
SME Agreement	The agreement dated 24 April 2014 between the Walloon Region and Groupement d'Intérêt Economique BOCEGO (consisting of the Company and SCTS) (BOCEGO).
Société d'Infrastructures, de Services et d'Energies SA	A limited liability company incorporated under the laws of Belgium with registered office at avenue Georges Lemaitre 62, 6041 Gosselies and registered with the register of legal entities under number 0841.727.101.
Spinal fusion	A surgical procedure that consists of bridging two or more vertebrae to obtain fusion of an unstable portion of the spine or to immobilize a painful vertebral motion segment.
Spondylolisthesis	A condition in which one or more vertebrae slips out of place onto the vertebra above and below it/them
Stenosis	A narrowing of a channel or a vessel… In this document, spinal stenosis is the narrowing of spaces in the spine (backbone) which causes pressure on the spinal cord and nerves.
Third party payer	An institution or company that provides reimbursement to health care providers for services rendered to a third party (i.e., the patient).
Tissue Bank	An entity that is licensed, accredited or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage or distribution of human biological materials. The Company has obtained a license as a tissue bank for handling autologous human biological materials and a license as a tissue bank for handling in collaboration with hospital tissue banks allogeneic human biological materials.
ULB-028 Licence	The licence agreement pursuant to which the Company (and its affiliates) has been granted an exclusive and worldwide licence in the field of skeletal and dental applications over the technology claimed by the ULB-028 patent family.
Viscosupplementation	A treatment using intra-articular injection of hyaluronan-based preparations which absorb shocks and provide lubrication in order to decrease pain and improve mobility.

Warrants	Warrants issued by the Company.

18 APPENDIX B – ARTICLES OF ASSOCIATION (OFFICIAL DOCUMENT)

BONE THERAPEUTICS

Limited liability company making or having made a public appeal on savings

Charleroi (6041-Gosselies) - rue Auguste Piccard 37

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VAT BE 0882.015.654
RLE [Register of Legal Entities] Mons – Charleroi, Division Charleroi

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COORDINATION OF THE ARTICLES OF ASSOCIATION FOLLOWING THE EXTRAORDINARY

GENERAL MEETING OF 10 OCTOBER 2018

The company was incorporated under the form of a private limited liability company (*société privée à responsabilité limitée/besloten vennootschap met beperkte aansprakelijkheid*), pursuant to a notarial deed enacted by Notary Sophie Maquet, in Brussels, on 16 June 2006, published in the Annexes to the Belgian Official Gazette on the subsequent 3 July under number 06106424.

Whose articles of association were amended as follows:

- following minutes drawn up by notary Pierre-Edouard Noteris, in Uccle, on 5 September 2006, published in said Annexes to the Belgian Official Gazette of 25 September 2006 under number 06147016;

- following minutes, pursuant to which it was turned into an limited liability company (*société anonyme/naamloze vennootschap*), drawn up by Notary Pierre-Edouard Noteris, in Uccle, on 7 March 2007, published in said Annexes of 26 March 2007 under number 07045321;

- following minutes drawn up by Sophie Maquet, associated notary in Brussels, on 12 November 2008, published in said Annexes of 11 December 2008 under number 08191674;

- following minutes drawn up by associated notary Sophie Maquet on 3 March 2009, published in said Annexes of the 26 March 2009 under number 09044455;

- following minutes drawn up by associated notary Sophie Maquet on 15 December 2009, published in said Annexes of 8 January 2010 under number 10004252;

- following minutes drawn up by Hubert Michel, associated notary in Charleroi, on 13 January 2011, published in said Annexes of 1 February 2011 under number 11017060;

- following minutes drawn up by Jean-Philippe Matagne, associated notary in Charleroi, on 24 November 2011, published in said Annexes of 16 December 2011 under number 11188855;

- following minutes drawn up by Jean-Philippe Matagne, associated notary in Charleroi, on 27 November 2012, published in the Annexes to the Belgian Official Gazette of 17 December 2012 under number 12202375;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 10 June 2013, published in the Annexes to the Belgian Official Gazette of the subsequent 21 July under number 13094315;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 24 February 2014, published in said Annexes of 14 March 2014 under number 14061817;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 10 July 2014, published in said Annexes of 28 July 2014 under number 14144450;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 18 December 2014, published in said Annexes of 13 January 2015, under number 15005925;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 5 February 2015, published in said Annexes of the subsequent 3 March 2015 under number 15033693;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 11 February 2015, published in said Annexes of the subsequent 5 March 2015 under number 15034905;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 30 October 2017, published in said Annexes of the subsequent 16 November under number 17160311;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 9 March 2018, published in said Annexes of the subsequent 4 April under number 18055426;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 11 April 2018, published in said Annexes of the subsequent 26 April under number 18067963;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 9 May 2018, published in said Annexes of the subsequent 31 May under number 18084512;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 6 June 2018, published in said Annexes of the subsequent 22 June under number 18097478;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 9 July 2018, published in said Annexes of the subsequent 26 July under number 18116295;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 11 July 2018, published in said Annexes of the subsequent 3 August under number 1821146;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 22 August 2018, published in said Annexes of the subsequent 6 September under number 18134838;

- following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 12 September 2018, published in said Annexes of the subsequent 28 September under number 18144219;

– following minutes drawn up by Jean-Philippe Matagne, notary in Charleroi, on 10 October 2018, ongoing publication;

TITLE I — NAME - REGISTERED OFFICE - OBJECT - DURATION

ARTICLE 1 - FORM AND NAME

The company is incorporated under the form of a limited liability company making or having made a public appeal on savings, and under the name of **Bone Therapeutics**.

This name shall invariably be preceded or followed by the words "société anonyme" or the acronym "SA" or, in Dutch by the words "naamloze vennootschap" or the acronym "NV".

ARTICLE 2 – REGISTERED OFFICE

The registered office is located in **Charleroi (6041-Gosselies), rue Auguste Piccard 37**.

The Board of directors can transfer the registered office to any other location in Belgium, provided that the relevant applicable legislation on language is respected. The Board of directors shall publish any transfer of the registered office in the Annexes to the Belgian Official Gazette.

Furthermore, the board of directors has the authority to set up administrative headquarters, places of business, branch offices and subsidiaries both in Belgium and abroad.

ARTICLE 3 – OBJECT

The object of the company is to, both in Belgium and abroad, in its own name or in the name of third parties, for its own account or for the account of others or in association with third parties:

– engage in the research and development of products and processes in the pharmaceutical, biotechnological, cellular or derivative fields that can have an economic value for human or animal health, for diagnostics and therapeutics, for nutraceuticals or cosmetics and are among other matters based on genetics, cell biology and *in vitro* or *in vivo* pharmacology;

– the marketing of products or processes in the aforementioned fields of application;

– the acquisition, alienation, exploitation, economic development, marketing and management of any and all intellectual property rights, user rights, trademarks, patents, working drawings, licences etcetera.

– the registration and exploitation of patents, drawings and models, trademarks and other intellectual and economic rights following on from the aforementioned objects;

– the creation, communication, publication and editing on any media in connection with the aforementioned objects.

The company may, both in Belgium and abroad, engage in any industrial, commercial, financial, asset and real estate operations that are likely to directly or indirectly expand or further its business. It may acquire any tangible or intangible assets, even if these are not directly or indirectly linked to its corporate object.

It can grant any form of security to guarantee the undertakings made by an associated, affiliated company with which it is linked by virtue of a participating interest or by any third party in general.

It is entitled to, by any means, take a stake in, cooperate or merge with any associations, businesses, enterprises or companies that have an identical, similar or related object, or which are likely to advance its business or to facilitate the sale of its products or services.

ARTICLE 4 – DURATION

The company is incorporated for an indefinite period of time.

TITRE II — CAPITAL AND SECURITIES

ARTICLE 5 – SHARE CAPITAL

The company's share capital is fixed at the sum of **twelve million one hundred sixteen and five hundred forty four and thirteen cent (€ 12,116,544.13)**.

It is represented by 8,035,733 shares, without specification as to their nominal value, each representing 1 / 8,035,733th of the capital.

ARTICLE 6 – CHANGE IN SHARE CAPITAL

The share capital may be increased or reduced by way of decision of the general meeting deliberating in accordance with the provisions governing amendments to the articles of association.

Each time the share capital is increased, the new shares to be subscribed to in cash shall be offered pre-emptively to the existing shareholders in proportion to the percentage of the share capital represented by their shares for a period of no less than fifteen days as of the first day of the subscription period. The general meeting shall determine the subscription price and the period during which this preferential right can be exercised. However, this preferential right can be restricted or suspended by the general meeting deciding in the interest of the company and with the same majority than for decisions relating to amendments to the articles of association.

Where a capital increase involves the creation of an issue premium, the amount of that premium shall be fully paid up at the time of subscription. The premium shall be posted to an unavailable account, called "Issue premiums", which can only be reduced or cancelled by way of decision of the general meeting deliberating in accordance with the provisions laid down by the Belgian Company Code regarding amendments to the articles of association. The issue premium, like the share capital, shall serve as the guarantee for third parties.

A capital decrease can only be decided if all shareholders in the same circumstances are treated equally, and in accordance with the terms and conditions laid down in the Company Code.

ARTICLE 7 – AUTHORISED CAPITAL

The board of directors has the authority to, in one or several stages, increase the share capital by nineteen million seven hundred and ninety-six thousand seven hundred and ten euro and forty-one cent (€11,043,220.58), in accordance with the statutory provisions, and pursuant to the terms and conditions to be specified by the board of directors.

This authorisation shall remain valid for a period of five years as of the date at which the amendment to the articles of association decided on by the extraordinary general meeting of 9 July 2018 is published.

This authorisation can be renewed in accordance with the relevant statutory provisions. This authorisation can also be used for:

1° capital increases or the issue of convertible bonds or warrants where the pre-emptive right of shareholders is restricted or cancelled (article 605 par.1, 1° of the Belgian Company Code);
2° capital increases or the issue of convertible bonds where the pre-emptive right of shareholders is restricted or cancelled in favour of one or more specific persons other than members of staff of the company or its subsidiaries (article 605 par.1, 2° of the Company Code);
3° capital increases by way of the incorporation of reserves (article 605 par.1, 3° of the Belgian Company Code).

Capital increases decided on pursuant to this authorisation can be effected either by way of contribution in cash, or, within the limits defined by law, by way of contribution in kind, with or without the creation of new shares, preferential or not, with or without a right to vote, and with or without subscription right. These capital increases can be effected with or without issue premium.

Where the capital is increased on the basis of this authorisation, the board of directors, with the right of substitution, has the power to amend the articles of association with a view to changing the amount of the share capital and, where new securities are issued, the number of shares.

The issue premiums, if any, shall be booked to the "Issue premiums" account which, like the share capital, shall serve as the guarantee for third parties and which can be used only in accordance with the applicable statutory provisions relating to amendment to the articles of association, unless these premiums are incorporated into the capital account.

The board of directors may, in accordance with applicable law and in the interest of the company, restrict or cancel the pre-emptive right, even in favour of one or more specific persons, other than members of staff of the company or its subsidiaries.

Pursuant to a decision of the extraordinary general meeting of shareholders held on 9 July 2018, the board of directors may also use the aforementioned authorisations if it has been formally notified by the Financial Services and Markets Authority (FSMA) that it is the target of a public take-over bid, by way of contributions in cash restricting or cancelling the preferential right of shareholders (in favour of one or more specific persons, other than members of staff of the company or its subsidiaries, included) or by way of contributions in kind, with an issue of shares, warrants or convertible bonds, with due regard for the relevant statutory provisions. The board of directors may exercise these powers only if the company receives the aforesaid notification from the Financial Services and Markets Authority before 9 July 2021.

ARTICLE 8 – ACQUISITION, PLEDGE OR ALIENATION OF OWN SHARES

The company is free to acquire or accept its own shares as security under the terms set out by law. The board of directors has the power to sell the company's shares which have been bought back, on or outside of a stock exchange, on its own terms and without the prior approval of the general meeting being required, pursuant to applicable law.

The authorisations referred to above relate to acquisitions and disposals of the company's shares carried out by direct subsidiaries, as these subsidiaries are defined by the statutory provisions governing the acquisition of shares by subsidiaries in their parent company, and are extendible under the terms set out by law.

ARTICLE 9 – CALL FOR FUNDS

The board of directors shall, at its own discretion, set the date and the manner in which calls for funds on any shares that have not been fully paid up shall be effected.

The voting rights pertaining to any shares that have not been paid up as requested and within the period specified by the board of directors shall automatically be suspended until the relevant payments have been made. Furthermore, the shareholder concerned shall re be automatically liable to pay moratorial interests at the statutory interest rate plus two per cent.

Where a shareholder fails to act on the formal notice sent by registered mail by the end of the term set by the board of directors, the latter is entitled to have the relevant shares sold in the most appropriate manner, without prejudice to the company's right to request payment of the outstanding balance as well as any potential damages.

Shareholders are not entitled to early paying-up of their shares without prior approval of the board of directors.

ARTICLE 10 – CLASSES OF SECURITIES

The company is free to, by way of decision of the board of directors, issue bonds, which can be secured or not, notably by way of a mortgage, pursuant to the rules set out in the Belgian Company Code.

The company is also entitled to, by way of decision of the general meeting, or where appropriate, of the board of directors within the framework of the authorised capital, issue convertible bonds or warrants, pursuant to the rules set out in the Belgian Company Code.

Any legal person who retains or acquires ownership of securities is entitled to, in collaboration with the company or otherwise, issue certificates relating to shares, profit shares, convertible bonds or warrants provided that it undertakes to reserve any proceeds or income from these securities for the holder of the certificates, in accordance with the rules set out in the Belgian Company Code.

ARTICLE 11 – NATURE OF THE SHARES AND SHARE REGISTER

Any shares that have not been fully paid up are registered shares.

Shares that have been fully paid up and any other company securities are registered or dematerialised within the limits laid down by law.

At any moment in time and at their own expense, holders can request the conversion of their securities into registered securities or dematerialised securities.

Dematerialised securities are represented by way of registration in an account held under the name of their owner or holder with an approved account holder or settlement organisation.

A register for each category of registered securities shall be kept at the registered office. Any holder of securities is entitled to read the register relating to these securities. No transfer of registered shares can be enforced against the company if it was not first registered in the company's shareholders register, duly dated and signed in the manner prescribed by the Belgian Company Code.

All registrations in these registers, including transfers and conversions, can be validly made on the basis of documents or instructions which the transferor, the transferee or the owner of the securities can forward electronically or by any other means. The company may accept and record any transfer in the registers on the basis of correspondence or other documents recording the agreement between the transferor and the transferee.

ARTICLE 12 – EXERCISE OF RIGHTS PERTAINING TO THE SECURITIES

Vis-à-vis the company, the shares and any other securities referred to in article 10 of the articles of association are indivisible. If any of these securities belong to several persons or if the rights pertaining to one of these securities are shared between several persons, the board of directors is entitled to suspend the exercise of the rights pertaining thereto until such time as one person has, vis-à-vis the company, been designated as the owner of the relevant security.

ARTICLE 13 – SUCCESSORS IN TITLE

The rights and obligations pertaining to securities shall pass to their acquirer.

TITRE III — MANAGEMENT AND CONTROL

ARTICLE 14 – COMPOSITION OF THE BOARD OF DIRECTORS

The company is managed by a board of directors, composed of no less than three (3) members, shareholders or otherwise, natural or legal persons.

Where a legal person is appointed as director of the company, it shall, in accordance with the rules set out by the Belgian Company Code, appoint a permanent representative, authorised to represent it in all its dealings with the company. Said director is not entitled to remove its permanent representative from office unless it simultaneously appoints a successor.

The duration of their mandate shall not exceed six years. Any director whose mandate has come to an end shall remain in office as long as the general meeting, for whatever reason, has not replaced him.

Outgoing directors are eligible for re-election.

Directors can be dismissed by the general meeting at any moment.

ARTICLE 15 – PREMATURE VACANCIES

In the event a seat on the board of directors becomes vacant prematurely, the remaining directors are entitled to provisionally fill this vacancy on the proposal of a director elected on the proposal of the same shareholders. Any director appointed accordingly shall complete the mandate of the director he replaces.

The definitive election of the replacing director shall be added to the agenda of the next general meeting.

ARTICLE 16 – CHAIRMANSHIP

The board of directors shall elect a chairman from amongst its members who shall remain in office for the duration of its director's mandate.

ARTICLE 17 – MEETINGS OF THE BOARD OF DIRECTORS

The board of directors shall be convened by its Chairman, a managing director or two directors as often as required in the interest of the company. However, it shall in any case meet no less than four (4) times a year.

The convening notices shall mention the place, date, time and agenda of the meeting. They shall be sent out by letter, fax, e-mail or any other written means no less than two business days prior to the meeting. In cases of emergency duly justified, this two-working-day notice period can be shortened.

If no Chairman has been elected or if the latter is unavailable, the meeting shall be chaired by a director appointed to that effect by its colleagues.

The regularity of the notices of meeting cannot be contested if all the directors are present or validly represented.

ARTICLE 18 – DELIBERATIONS

The board of directors cannot validly deliberate or take decisions unless at least two members are present or represented.

The board of directors cannot validly deliberate on items that have not been included in the agenda unless all the directors are present in person and unanimously decide to deliberate on the items in question.

Any director is entitled to give a power of attorney to another director by letter, fax, e-mail or any other written means to represent him at a meeting of the board of directors.

The decisions of the board of directors shall be adopted by simple majority of the votes cast.

Where a director, directly or indirectly, has a conflicting interest of a patrimonial nature with a decision or transaction to be decided upon by the board of directors, the rules and formalities prescribed by the Belgian Company Code followed. If one or more directors, present or represented, abstain from voting as a consequence of any such conflict of interest at a meeting of the board of directors where the relevant quorum is present, the decision(s) in question shall be validly adopted by the majority of the other directors present or represented.

In exceptional circumstances, duly justified in view of the urgency and the corporate interest of the company, the decisions of the board of directors may be taken unanimously in writing. However, this method may not be used for the approval of the annual accounts and the use of the authorised capital. Unless otherwise provided, any decisions unanimously taken in writing shall be deemed to have been taken at the registered office and shall come into effect on the date at which the last director has signed.

The directors may participate to a meeting of the board of directors by telephone or videoconference or by any other means of communication that allow all the directors to communicate with each other. In that case, they shall be deemed to have attended the meeting. Unless otherwise provided, the decisions shall be deemed to have been taken at the registered office and shall come into effect on the date of the meeting.

ARTICLE 19 – MINUTES

The deliberations of the board of directors shall be recorded in minutes and signed by the directors present or by their proxy holders. The powers of attorney shall be annexed to the minutes.

The copies or extracts to be produced in court or elsewhere shall be signed by two directors or by one managing director. This power may be delegated to an authorised representative.

ARTICLE 20 – POWERS OF THE BOARD OF DIRECTORS

The board of directors is entrusted with the widest powers to perform any acts that are necessary or useful for carrying out the corporate object, with the exceptions of the powers reserved by law to the general meeting of shareholders and, where applicable, those that have been delegated to the executive committee, as the case may be.

The board of directors notably defines the general policy of the company; in that framework, it notably defines the company's guidelines and options and decides on any important structural reforms.

The board of directors is free to, within its midst and under its responsibility, set up one or several advisory committees (audit committee, nomination and remuneration committee, strategic committee, scientific committee, etc.). The terms of appointment of the members of these committees, their dismissal, their remuneration, the duration of their mandate and the way in which these committees operate are specified by the board of directors with due regard for the rules laid down in the Belgian Company Code.

The board of directors is free to appoint one or more special proxy holders for specific and well-defined matters.

The board of directors shall set the remuneration of any persons it has delegated competences to. This remuneration may be fixed or variable.

ARTICLE 21 – EXECUTIVE COMMITTEE

Pursuant to article 524bis of the Belgian Company Code, the board of directors may delegate its managerial powers to an executive committee, provided that this delegation of powers does not relate to the general corporate policy or to any of the acts that are, by virtue of any other statutory provisions, reserved for the board of directors.

The executive committee shall be composed of several persons, directors or not. The terms of appointment of the members of the executive committee, their dismissal, their remuneration, the duration of their mandate and the way in which the executive committee operates shall be specified by the board of directors.

Where a legal person is appointed as member of the executive committee, the latter is obliged to appoint a permanent representative from amongst its partners, business managers, directors or employees, tasked with fulfilling this mandate in the name and on behalf of the legal person. The legal person cannot remove its representative unless it simultaneously appoints a successor.

The board of directors shall supervise the executive committee.

Where a member of the executive committee has, directly or indirectly, an interest referred to in article 524ter, §1 of the Belgian Company Code in a decision or transaction that falls within the competence of the executive committee, the rules and formalities provided for under this provision shall be followed.

ARTICLE 22 – REMUNERATION

The mandate of director is not remunerated, unless the general meeting decides otherwise.

The representational costs incurred by the directors shall be reimbursed provided that they are substantiated and were approved by the company beforehand.

The company may deviate from the provisions of article 520ter, paragraphs 1 and 2 of the Belgian Company Code in respect of any person who falls within the scope of these provisions.

ARTICLE 23 – REPRESENTATION

The company shall be validly represented in all its acts, in or out of courts, by two directors acting jointly or by one managing director, who, vis-à-vis third parties, are not obliged to justify a prior decision of the board of directors.

Without prejudice to the foregoing paragraph, and within the limits of the competences that can be transferred by law to the executive committee, the company shall also be validly represented by two members of the executive committee acting jointly.

For matters belonging to day-to-day management, the company shall also be validly represented by the daily manager(s) acting alone or jointly in performance of the delegation decision of the board of directors.

Furthermore, the company shall be validly represented by one proxy holder, within the scope of its mandate.

ARTICLE 24 – DAY-TO-DAY MANAGEMENT

The board of directors may delegate the day-to-day management of the company to one or more natural or legal persons. If the person responsible for the day-to-day management is also a director, he shall bear the title of managing director. In the opposite case, he shall bear the title of chief executive officer.

Only the board of directors has the power to set the conditions and limits of this delegation of powers and to terminate them.

Where several persons are responsible for the day-to-day management, the company shall be validly represented in all its acts relating to its day-to-day management, in or out of court, by one person responsible for the day-to-day management who is not obliged to justify any prior decision to third parties.

Any person entrusted with the day-to-day management can, under its own responsibility, delegate part of its powers for specific and well-determined matters to a third party of its own choice.

ARTICLE 25 – CONTROL

Insofar as required by law, the auditing of the financial situation, the annual accounts and compliance with regard to the Belgian Company Code and to the articles of association of the transactions to be recorded in the annual accounts shall be entrusted to one or more auditors to be appointed by the general meeting of shareholders from amongst the members of the Belgian Institute of Company's Auditors (*Institut des réviseurs d'entreprise/Instituut van de Bedrijfsrevisoren*) who shall bear the title of auditor.

The general meeting of shareholders shall determine the number of auditors and fix their fees.

The auditors are appointed for a renewable period of three years. Under liability for damages, they cannot be dismissed during the course of their mandate by the general meeting of shareholders other than for valid grounds and with due regard to the procedure laid down in the Belgian Company Code.

In the absence of an auditor required by law, or if none of the auditors is in a position to perform its duties, the board of directors shall immediately convene the general meeting of shareholders so as to proceed to their appointment or replacement.

ARTICLE 26 – TASKS OF THE AUDITORS

The auditors, collectively or individually, have an unlimited right to oversee and inspect all the business of the company. They may, in situ, inspect the books, correspondence, reports and, in general, all the company's documents.

Every six months, the board of directors shall deliver them a statement summarising the assets and liabilities of the company.

The auditors may, at their own expense, be assisted by employees or persons under their responsibility.

TITLE IV — GENERAL MEETING

ARTICLE 27 – COMPOSITION AND POWERS

A duly convened general meeting shall be deemed to represent all the shareholders. The decisions taken by the general meeting shall be binding on all the shareholders, even absent or dissenting.

ARTICLE 28 – MEETINGS

The ordinary general meeting shall be held on the second Wednesday of the month of June at 16:00 h. If this day is a public holiday, the general meeting shall take place on the next business day.

An extraordinary general meeting can be convened as often as is required in the interest of the company and shall be convened each time shareholders representing one fifth of the share capital formulate a request to that effect.

The general meetings shall be held at the registered office or at any location set out in the notices of the meeting.

ARTICLE 29 – NOTICES OF MEETING

The general meeting shall meet when convened by the board of directors or the auditors.

These notices of meeting shall mention the place, the date, the time and the agenda of the general meeting, listing the subjects to be discussed and the resolution’s proposals and shall be issued in the format and within the time limits prescribed by the Belgian Company Code.

ARTICLE 30 – ADMISSION

The right to participate to a general meeting and to exercise voting rights is subject to the shares being registered in the name of the shareholder fourteen days prior to the date of the general meeting at midnight (CET), by way of registration in the company's registered shares register, or by way of registration in the accounts of an approved account holder or settlement organisation, irrespective of the number of shares the shareholder holds on the day of the general meeting.

The day and time referred to in the previous paragraph shall be deemed to be the registration date.

The shareholder shall notify the company, or the person it has designated to that effect, with due regard for the formalities specified in the notice of the meeting, of its intention to participate to the general meeting no later than six days prior to the date of the general meeting. Furthermore, any shareholder who is the holder of dematerialised shares must deliver or make the necessary in order to deliver, no later than six days prior to the date of the general meeting and with due regard for the formalities specified in the notice of meeting, to the company, or to the person the company has designated to that effect, a certificate issued by the approved account holder or settlement organisation confirming the number of dematerialised shares that are registered in its accounts under the shareholder's name on the record date and on the basis of which the shareholder has expressed its intention to participate to the meeting.

The name or company name and the address or registered office and the number of shares held at the record date on the basis of which each shareholder who has expressed an intention to participate to the general meeting, including the description of the documents evidencing the shareholding on this record date, shall be recorded in a register designated set up by the board of directors.

ARTICLE 31 – REPRESENTATION

Any shareholder is entitled to give a proxy to a third party of its own choice by letter, fax, e-mail or any other written communication means, to represent him at a meeting of the general meeting of shareholders, in accordance with the law.

The board of directors is entitled to specify the format of these proxies in the notices of the meeting. The proxies shall be delivered to the company no later than six days prior to the date of the general meeting of shareholders.

ARTICLE 32 – BUREAU

Each general meeting shall be chaired by the Chairman of the board of directors or, if no chairman has been appointed or if the latter is unavailable, by a person appointed by the general meeting to that effect.

The Chairman of the meeting shall appoint a secretary who does not necessarily have to be a shareholder or director.

If the number of shareholders present or represented so allows, the general meeting shall appoint two scrutineers from amongst the shareholders. If necessary, the directors present shall fill in the bureau.

ARTICLE 33 – ADJOURNMENT

The board of directors is entitled to adjourn any general meeting, ordinary or otherwise, by five weeks.

This adjournment shall not cancel any of the other decisions that were taken, unless the general meeting decides otherwise.

Any formalities that were fulfilled to participate to the first meeting, including any proxy that may have been filed, shall remain valid for the second meeting.

Meetings can only be adjourned once. The second general meeting is entitled to definitively adopt the annual accounts.

ARTICLE 34 – NUMBER OF VOTES – EXERCISE OF THE RIGHT TO VOTE

Each share shall entitle to one vote.

ARTICLE 35 – DELIBERATIONS

An attendance list featuring the name of the shareholders and the number of shares they hold shall be signed by each shareholder or by their authorised representative before the meeting sits. The same shall apply to the holders of any other securities that were issued by the company or in collaboration with the latter.

The general meeting cannot validly deliberate on items that have not been included in the agenda unless all the shareholders present or represented at the general meeting unanimously decide to deliberate on these items.

Unless otherwise provided by law or under the articles of association, the general meeting shall take its decisions by simple majority of the votes cast, irrespective of the number of shareholders present or represented. Blank or irregular votes cannot be added to the votes cast.

Votes shall be cast by a show of hands or roll call, unless the general meeting decides otherwise by a simple majority of the votes cast.

Shareholders are entitled to take any decision that falls within the scope of the general meeting in writing, unanimously, save for those that must be enacted by way of a notarial deed. Unless otherwise provided for, any decisions taken in writing shall be deemed to have been taken at the registered office and shall come into effect on the date the last shareholder has signed.

ARTICLE 36 – MINUTES

The minutes of the general meeting shall be signed by the members of the bureau and by the shareholders who request it.

Unless otherwise provided by law, the copies or extracts to be produced in court or elsewhere shall be signed by two directors or by one managing director. This power may be delegated to a proxy holder.

TITLE V — ANNUAL ACCOUNTS – DISTRIBUTION OF PROFITS

ARTICLE 37 – ANNUAL ACCOUNTS

The financial year starts on 1 January and ends on 31 December each year.

At the end of each financial year, the board of directors shall compile an inventory and the annual accounts. Insofar as required by law, the board of directors shall also produce a report in which it accounts for

its management. This report shall contain comments on the annual accounts so as to give a fair review of the development of the company's business and of its position, and any other elements required under the Belgian Company Code.

ARTICLE 38 – APPROVAL OF THE ANNUAL ACCOUNTS

The management report and the auditors' reports shall be read out to the ordinary general meeting, which shall resolve upon the approval of the annual accounts.

Once the annual accounts have been approved, the general meeting shall take a special vote on the discharge of the directors and, where appropriate, of the auditors. This discharge shall be valid only if the annual accounts contain no omissions or false information concealing the true situation of the company and, as far as any acts performed in breach of the articles of association are concerned, if they have been specifically mentioned in the notice of the meeting.

Within thirty days after approval by the general meeting, the board of directors shall file the annual accounts and, where appropriate, the management report and any other documents specified in the Belgian Company Code, with the National Bank of Belgium (BNB).

ARTICLE 39 – DISTRIBUTION

Each year, an amount of five (5) per cent of the net profit mentioned in the annual accounts shall be deducted to build the statutory reserve until such time as the reserve amounts to one tenth of the share capital.

On the proposal of the board of directors, the balance shall annually be put at the disposal of the general meeting of shareholders who shall, at its own discretion, by simple majority of the votes cast, decide on its allocation, within the limits imposed by the Belgian Company Code.

ARTICLE 40 – PAYMENT OF DIVIDENDS – INTERIM DIVIDENDS

Dividends shall be paid at the time and place specified by the board of directors.

Each share shall entitle its holder to an equal share in the dividend which is distributed by the company.

Within the limits provided for under the Belgian Company Code, the board of directors may distribute one or several interim dividends to be distributed on the results of the current financial year.

TITLE VI — DISSOLUTION – LIQUIDATION

ARTICLE 41 – EARLY DISSOLUTION

If, as a result of losses, the net assets are reduced to less than half of the share capital, the board of directors must submit the issue of the company's dissolution to the general meeting and, as the case may be, suggest any other measures to the general meeting who shall deliberate in accordance with the rules prescribed by the Belgian Company Code.

The general meeting shall be held within a period not exceeding two months as of the date at which the losses were discovered or should, under the statutory obligations or those following on from the articles of association, have been discovered.

If, as a result of losses, the net assets are reduced to less than one quarter of the share capital, the dissolution can be pronounced by one quarter of the votes cast at the general meeting.

If the net assets fall below the minimum legal share capital, any interested party may ask the court to dissolve the company. If need be, the court can grant the company a period within which it may regularise its situation.

ARTICLE 42 – LIQUIDATION

In case of dissolution of the company, for whatever reason and at any time, the liquidation shall be performed by liquidators appointed by the general meeting or, failing any such appointment, by the board of directors acting in the capacity of body of liquidators. Unless decided otherwise, the liquidators shall act collectively. To this end, the liquidators shall be entrusted with the widest powers pursuant to the relevant provisions of the Belgian Company Code, unless restrictions are imposed by the general meeting.

The mandate of liquidator shall not be remunerated, unless the general meeting decides otherwise.

ARTICLE 43 – DISTRIBUTION

After all the debts, charges and costs of the liquidation have been settled, the net assets shall first be used to repay, in cash or in kind, the paid up and not yet repaid capital of each of the shareholders' shares.

Any balance shall be distributed equally amongst all the shares.

If the net proceeds are insufficient to reimburse all the shares, the liquidators shall first repay the shares that have been paid up in a higher proportion until they are on a par with the shares that have been paid up in a lower proportion or they shall issue a call for additional funds at the expense of the owners of the latter shares.

TITLE VII — MISCELLANEOUS

ARTICLE 44 – ELECTION OF DOMICILE

Any director, chief executive officer or liquidator domiciled or having its registered office abroad shall, for the duration of its mandate, elect domicile at the registered office where all services and notifications with regard to the company's business and its managerial responsibilities can be validly served on him, save for any notices of meeting issued pursuant to the present articles of association.

The holders of registered shares or of any other registered securities issued by the company or in collaboration with the company are obliged to notify the company of any change in domicile or registered office. Failing that, they shall be deemed to have elected domicile at their previous domicile or registered office.