BONE THERAPEUTICS
Public limited liability company
Rue Granbonpré 11, Building H,
1435 Mont-Saint-Guibert,
0882.015.654 (RLE Walloon Brabant)
(the "**Company**")

SPECIAL REPORT OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLES 7:179 § 1 AND 7:197 OF THE CODE ON COMPANIES AND ASSOCIATIONS

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1. INTRODUCTION

This special report has been prepared by the board of directors (the "**Board**" or the "**Board of Directors**") of the Company in accordance with articles 7:179 § 1 and 7:197 of the Code on companies and associations (the "**CCA**") and relates to the Board's proposal to increase the capital of the Company through the contribution in kind as described below, while the Company is in the situation described in articles 7:228 and 7:229 of the CCA.

In accordance with articles 7:179 § 1 and 7:197 of the CCA, this report (the "**Report**") (i) sets out the interest of the Company in the contribution in kind, (ii) includes a description of the contemplated contribution in kind and gives a reasoned valuation thereof, (iii) indicates the remuneration granted in consideration of the contribution, (iv) justifies the issue price, (v) describes the consequences of the transaction on the shareholders' economic and corporate rights, and (vi) indicates, if applicable, the reasons for deviating from the conclusions of the report of the Company's statutory auditor.

This Report should be read in conjunction with the report prepared in accordance with articles 7:179 § 1 and 7:197 of the CCA by the Company's statutory auditor, BDO Réviseurs d'Entreprises SRL, represented by Rodrigo Abels (the "**Auditor**"). The aforementioned report confirms that the financial and accounting information contained in this Board report is accurate and sufficient to inform the shareholders.

2. DESCRIPTION OF THE CONTEMPLATED OPERATION

On 28 April 2022, the Board prepared a special report in accordance with articles 7:228 and 7:229 of the CCA in which it (i) noted that the net assets of the Company as at 31 December 2021 amounted to a negative EUR 5,438,772, i.e. less than EUR 61,500, in such a way that the Company was in the situation referred to in articles 7:228 and 7:229 of the CCA, (ii) estimated that the Company could continue to operate with confidence and that further remedial action did not appear to be necessary due to the recently secured financing, the measures taken to reduce cash consumption to allow for the completion of the phase IIB clinical study evaluating ALLOB, the ongoing negotiations regarding the establishment of a worldwide rights agreement for ALLOB with Pregene, the discussions in view of the contemplated Business Combination (as defined below) and the contemplated closing of the ABO Convertible Loan (as defined below) and (iii) proposed to the shareholders not to proceed with the dissolution of the Company. On 13 July 2022, the extraordinary general meeting of the Company's shareholders decided on this basis to continue the Company's activities.

On 11 May 2022, the Company entered into an agreement on a non-binding term sheet (the "**Non-Binding Term Sheet**") and entered into exclusive discussions for a period of three months with the shareholders of Medsenic, a *société par actions simplifiée* incorporated under the laws of France, having its registered office at 204, avenue de Colmar, 67100 Strasbourg, France, and registered with the Strasbourg Trade and Companies Registry under number 527 761 530 ("**Medsenic**") with a view to a potential reverse merger or similar business combination transaction (the "**Business Combination**"). Medsenic is a privately-held, clinical-stage biopharmaceutical company, founded in France, specialising in the development of optimised formulations of arsenic salts and their application in inflammatory diseases and other potential new indications.

In the context of the contemplated Business Combination, the Company has entered into a subscription agreement dated 9 August 2022 (the "**Subscription Agreement**") with the shareholders of Medsenic pursuant to which the shareholders of Medsenic undertake, subject to the fulfilment of various conditions precedent, to contribute to the capital of the Company 37,649 out of a total of 73,820 outstanding shares of Medsenic, representing fifty-one percent (51%) of the share capital of Medsenic (the "**Contribution in Kind**").

The Board therefore proposes to increase the capital of the Company and the share premium by an amount of EUR 40,800,867.30. The capital of the Company will be increased from EUR 5,352,173.99 to EUR 32,552,752.19 by the issue of 90,668,594 new shares (the "**New Shares**") in consideration for the Contribution in Kind (the "**Capital Increase**").

The total amount of subscribed capital is therefore EUR 27,200,578.20 (i.e. EUR 0.30 for each New Share) and the total amount of subscribed share premium is EUR 13,600,289.10 (i.e. EUR 0.15 for each New Share).

In order to establish the exchange ratio between the 51% of Medsenic and the New Shares to be issued by the Company, the Board and the strategic committee of Medsenic have been assisted by an independent expert, Tandem Capital Advisors (the "**Independent Expert**"). In the context of the Subscription Agreement, the parties relied on the valuation performed by the Independent Expert to determine the exchange ratio of one for four.

The New Shares to be issued will be dematerialised or registered, without nominal value, with the same rights and benefits as the existing shares, and will participate in the profits of the Company throughout the financial year commencing 1 January 2022.

Furthermore, it is contemplated to issue a number of phase IIB subscription rights (the "**New Subscription Rights**") equivalent to the number of shares of the Company immediately prior to the Capital Increase to the existing shareholders of the Company in accordance with the terms and conditions of the phase IIB subscription rights plan (the "**New Subscription Rights Terms and Conditions**") allowing each of them to subscribe, against payment of a subscription price of EUR 0.45 per New Subscription Right, to one new share of the Company, subject to the condition precedent of statistically positive interim results of the ALLOB phase IIB (i.e. if the primary endpoint is met, which would be the case in the context of an interim analysis if the RUST score is higher than 1.46) (the "**New Subscription Rights Issuance**"). The capital of the Company will be increased through the issuance of the New Subscription Rights, subject to the condition precedent and to the extent that New Subscription Rights are exercised.

The New Subscription Rights Terms and Conditions are detailed in the special report prepared by the Board pursuant to article 7:180 of the CCA.

The issuance and allocation of the New Subscription Rights to the existing shareholders of the Company will result in a dilution of the shareholding of the shareholders of Medsenic in the Company.

At the time of the Capital Increase, it is also contemplated to invite the extraordinary general meeting of the Company to approve the change of the name of the Company to "BioSenic" (the "**Name Change**").

The Board has therefore resolved to convene an extraordinary general meeting of the Company on 26 September 2022, or at any later date, for the purpose of approving, *inter alia*, the Capital Increase, the New Subscription Rights Issuance, the Name Change, the resignation and appointment of directors and the renewal of the authorised capital of the Company (the "**General Meeting**").

Following their issuance at the General Meeting, the Company will apply for the admission to trading of the New Shares on the regulated market of Euronext Brussels and on the regulated market of Euronext Paris and has prepared a prospectus, subject to the approval of the FSMA.

Admission to trading of the New Shares will not, however, be sought immediately as the New Shares are subject to a lock-up under the Subscription Agreement.

Following the Capital Increase, (i) the Company will hold 51% of the share capital of Medsenic and will remain a Belgian listed company and (ii) the shareholders of Medsenic will hold approximately 80% of the outstanding shares of the Company.

It is contemplated that the remaining capital of Medsenic will be contributed to the Company on similar terms within a timeframe of 36 months.

3. INTEREST OF THE OPERATION FOR THE COMPANY

The Company is a leading biotechnology company specialised in the development of cell-based therapies to address unmet medical needs in orthopaedics and other diseases. Medsenic's business is a leading autoimmune disease platform with extensive licensing opportunities with various product candidates covering indications such as GvHD, lupus, etc.

Following the announcement in August 2021 of the primary results of the phase III study evaluating its improved viscosupplement, JTA-004, in osteoarthritis of the knee, which failed to meet the primary endpoint and consequently the key secondary endpoints, the Company's share price was significantly affected.

In December 2021, the Company raised an additional EUR 3.3 million financing through a private placement of shares with existing and new institutional investors in order to advance its lead orthopaedic asset, ALLOB, into mid-stage clinical development. The funds were also intended to support the development of the new iMSC preclinical cell and gene therapy platform to address a broader range of underserved clinical indications outside orthopaedics.

As at 31 December 2021, the Company ended the year with a consolidated cash position of EUR 9.5 million.

In order to deliver the results of the phase IIb clinical study with ALLOB, the Company has implemented a series of measures aimed at reducing its cost base to enable completion of the study. The Company decided at the end of March 2022 to dedicate all of its R&D activities to support the clinical development of ALLOB and to suspend all activities related to the development of its iMSC preclinical cell and gene therapy platform and other non-ALLOB related activities.

In this context, it was until today very difficult for the Company to raise new funds on acceptable terms through the placement of new shares. The Company therefore proceeded with the private placement of the ABO Convertible Bonds (as defined below) announced on 31 May 2022 for a maximum amount of EUR 5 million, renewable under the same conditions at the sole discretion of the Company at any time during a period of eighteen (18) months after the date of signature of the subscription agreement for convertible bonds (the "**ABO Convertible Loan**"). As the date of this Report, the Company has drawn one (1) million EUR from the ABO Convertible Loan.

Based on the revised cash forecast for 2022, taking into account an operating cash burn of EUR 8-10 million and a financing cash burn of approximately EUR 1.3 million, the Company expects to have sufficient cash to carry out its revised strategic direction, i.e. the delivery of an efficacy outcome milestone with the ALLOB TF2 phase IIb clinical study by the first half of 2023, taking into account the relevant assumptions communicated to the market.

As the cash runway of the Company is expected into the first half of 2023, the Company requires additional funding to continue its operations in the longer term.

The Company has evaluated several options with a potential positive impact on its stock market valuation, asset diversification, newsflows and net working capital. The proposed Capital Increase is one of these options.

In the context of the contemplated Capital Increase, the Company has entered into the Subscription Agreement with the shareholders of Medsenic pursuant to which the shareholders of Medsenic undertake, subject to the fulfilment of certain conditions, to contribute the Contribution in Kind to the Company.

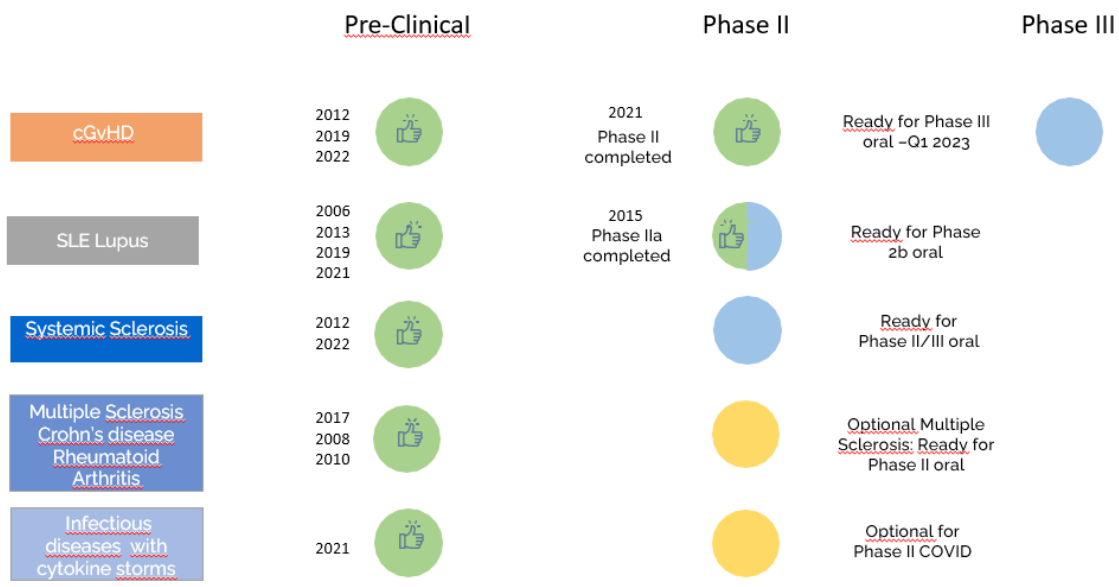
As indicated in the section 2 of this Report, following the Capital Increase, (i) the Company will hold 51% of the share capital of Medsenic and will remain a Belgian listed company and (ii) the shareholders of Medsenic will hold approximately 80% of the number of outstanding shares comprising the capital of the Company.

The combined entity will ultimately be a fully integrated biopharmaceutical company with a diversified therapeutic portfolio targeting a broad range of inflammatory and orthopaedic indications. The Business Combination resulting from the Capital Increase will provide economic and financial benefits and synergies, particularly in the area of clinical development, as the Company and Medsenic will bring together a portfolio of several ongoing mid- to advanced-stage clinical trials in lupus, chronic graft-versus-host disease, tibial fractures and other indications. In addition to the Company's ongoing controlled phase IIb study in difficult fractures, Medsenic has an exclusive worldwide licence from the CNRS to exploit patents covering "*the use of arsenic salts for the treatment of autoimmune diseases and GvHD*". Medsenic is currently conducting pre-clinical and clinical studies to validate the effects of arsenic trioxide as a first-line treatment for major autoimmune diseases.

Medsenic has recently obtained convincing results from the phase II GvHD clinical trial and plans to submit a pivotal phase III study in GvHD in the near future. In this context, on 20 June 2022, Medsenic announced the positive outcome of the pre-IND (*Investigational New Drug)* meeting with the FDA (*U.S. Food and Drug Administration*). Medsenic's proposed protocol with OATO (oral arsenic trioxide) was favourably received by the FDA experts. Based on some improvements suggested by the Agency, it can be submitted as part of an IND application for the conduct of the phase III clinical trial in GvHD. This feedback from the FDA is based on the positive results of Arscimed® IV obtained in the phase II clinical study GMED16-001. As a reminder, the prospective, multicentre, non-randomised study had as its primary endpoint an improvement in response to treatment with Arscimed® , in combination with prednisone, and with or without cyclosporine. It showed complete or partial remission of the disease 6 months after diagnosis of GvHD, and a prolonged response at 12 months. Preparations for the phase III study are therefore progressing according to the established schedule, with an estimated launch in early 2023. This phase III study will be a randomised, double-blind, placebo-controlled study to evaluate the efficacy and safety of oral arsenic trioxide (OATO) as a first-line treatment for GvHD. Medsenic plans an interim analysis and a conditional marketing authorisation submission in the second quarter of 2024.

The following diagram summarises the status of the various studies conducted currently and in the past by Medsenic:

Development status : preclinical and clinical status



The contribution of Medsenic's shares, particularly with its best-in-class autoimmune disease platform, increases Bone Therapeutics' strategy, further strengthens its position as a leading specialised therapeutics company and expands its strategy to include specialised products. The contribution of Medsenic's shares fits well with Bone Therapeutics' strategic priorities and offers substantial financial growth potential and therapeutic solutions to significantly improve patient experiences and results for emerging and established therapies. Bone Therapeutics is well positioned to leverage Medsenic's value proposition, with a strong technology portfolio and business development experience.

The appointment of Francois Rieger as the future chairman and CEO of the combined entity, his experience and talent will enable the combined entity and its talented teams to embark on its next chapter aimed at accelerating financial growth, maximising patient benefits and increasing value.

Medsenic's activities are highly complementary and the contemplated operation brings together leading expertise and drug administration platforms to accelerate growth and create new opportunities.

The Contribution in Kind is therefore intended to enable the Company to achieve economies of scale, expand its pipeline and reorient its strategy in order to raise funds on the market.

In addition, the Company plans to raise funds in the form of a private placement of new shares after the Capital Increase and by the end of 2022 in order to finance the combined activities of Medsenic and the Company.

In the meantime, the Company has granted Medsenic a loan of maximum EUR two (2) million convertible into Medsenic's share capital at a valuation equivalent to the one retained in the framework of the Contribution in Kind, less a risk premium of 30% in case of non-completion of the Capital Increase by 30 September 2022 and of 20% in case of completion of the Capital Increase. The issuance will provide for a maximum of 4 tranches of 500,000 convertible bonds that can and must be subscribed by the Company over the following 4 months: August, September, October and November 2022. In the event that (i) the Capital Increase is completed before 30 September 2022 or (ii) Medsenic's financing needs are lower than expected, the third and/or fourth tranche may not be issued or subscribed.

Following the conversion of the loan of maximum EUR two (2) million in the capital of Medsenic, the Company will have a reinforced stake in Medsenic. The Company will be able to convert all subscribed convertible bonds on the earlier of (i) 31 December 2023 or (ii) the date of completion of the Capital Increase.

The Company may, however, at its discretion, obtain the immediate early redemption or the immediate conversion of all or part of the subscribed convertible bonds prior to maturity in certain cases, including in the event of non-compliance by Medsenic with the provisions of the Subscription Agreement and in the event of a significant cessation or suspension of Medsenic's business.

4. DESCRIPTION AND REASONED EVALUATION OF THE CONTRIBUTION IN KIND

The Contribution in Kind consists of 37,649 out of the total of 73,820 outstanding shares of Medsenic, representing fifty-one percent (51%) of the share capital of Medsenic (the "**Contributed Shares**").

The Contributed Shares are valued at EUR 40,800,867 (i.e. 80 million divided by 73,820 x 37,649), based on the report of the Independent Expert and the agreements between the parties.

The value of the Contributed Shares was extrapolated from a multi-criteria valuation analysis. Although different valuation approaches were considered, the probability weighted discounted cash flow (DCF) approach was preferred because (i) it is the most appropriate valuation method and (ii) it allows for a consistent methodology for the Company and Medsenic in the current context.

Given the significant uncertainties regarding the key assumptions for both companies, different scenarios were considered in addition to the sensitivity analysis:

- About the Company:
  - management projections based on the development and commercialisation of ALLOB DU;
  - management forecasts in an external licensing scenario based on the contemplated agreement with Pregene;
- Concerning Medsenic:
  - management projections based on a licensing strategy;
  - revised management forecasts for a price increase (+50% and +100%) of the oral formulation of arsenic as Medsenic's management expects the price of the new formulation to be significantly higher than its current assumptions.

Some "benefits" have been assessed separately:

- the benefit to the Company if it were to pursue its spinal fusion indication;
- the benefit to Medsenic of full marketing rights in North America at no additional cost (compared to 55% net profit participation under the current agreement with Phebra), this increase is included in the management projections.

As the Company is listed, its market capitalisation was also used as a valuation benchmark.

The valuation of the Contributed Shares also took into account the potential dilutive impact of using part of the ABO Convertible Loan in order to finance Medsenic up to a maximum of EUR 2 million.

The Independent Expert's report communicated to the Auditor includes additional information on the above-mentioned valuation methods.

5. JUSTIFICATION OF THE ISSUE PRICE AND OF THE REMUNERATION GRANTED IN CONSIDERATION FOR THE CONTRIBUTION IN KIND

In accordance with the Subscription Agreement, the issue price per New Share to be allocated to Medsenic shareholders is EUR 0.45 (the "**Issue Price**").

The Issue Price is calculated as follows:

- Total of Shares before the operation: 23,172,152

- Value of Bone Therapeutics agreed between the parties: EUR 10,000,000.00
- Value of one share: 10,000,000 / 23,172,152 = 0.431552494563302

The Company has agreed with Medsenic to set the share price at EUR 0.45.

On this basis and in accordance with the Subscription Agreement, the number of New Shares to be issued to the shareholders of Medsenic in consideration for the Contribution in Kind is calculated as follows:

- Value of Medsenic, EUR 80.0 million
- Value of the Contribution in Kind: Value of Medsenic (i.e. EUR 80.0 million) x number of Medsenic shares that constitute the Contribution in Kind (i.e. 37,649 shares) out of a total of 73,820 shares in issue divided by the Issue Price of EUR 0.45, i.e. a number of New Shares of 90,668,594.

Consequently, the number of New Shares to be issued to the shareholders of Medsenic in consideration for the Contribution in Kind is 90,668,594 New Shares, issued at an issue price of 0.45 EUR (rounded) per share.

The number of new shares to be issued to the existing shareholders of Bone Therapeutics following the exercise of the New Subscription Rights is equivalent to the number of shares outstanding immediately prior to the Contribution in Kind. The exercise price of one New Subscription Right is EUR 0.45.

6. DESCRIPTION OF THE IMPACT OF THE TRANSACTION ON THE ASSETS AND RIGHTS OF THE SHAREHOLDERS, IN ACCORDANCE WITH ARTICLE 7:179 OF THE CCA

6.1 *The capital structure of the Company*

The capital of the Company currently amounts to EUR 5,352,173.99, represented by 23,172,152 shares, without designation of nominal value, each representing 1/23,172,152th of the capital. The amount of the capital is fully and unconditionally subscribed and fully paid up.

In addition, 225,554 subscription rights were issued and offered by the Company through plan A, plan 2020/05 and plan 2020/12. 28,000 subscription rights expired before 31 December 2021. Therefore, 197,554 subscription rights issued and offered by the Company through plan A, plan 2020/05 and plan 2020/12 are still outstanding (the "**Subscription Rights**") at the date of this Report.

In June 2021, the Company obtained a loan of up to EUR 16 million from the EIB (the "**EIB Loan**"). Payment of the first tranche of this agreement by the EIB of EUR 8 million was made at the beginning of September 2021, following the approval by the Company's general meeting held at the end of August 2021 of the issue of the associated 800,000 subscription rights (the "**EIBa Subscription Rights**").

The Company also renegotiated the 800 convertible bonds issued on 7 May 2020 (for an amount of EUR 2 million) to Patronale Life SA ("**Patronale Life**"), into a loan subject to the same repayment conditions as the agreement with the EIB, coupled with the issuance of 200,000 additional subscription rights unconditionally subscribed by Patronale Life under the terms and conditions decided by the extraordinary general meeting of the Company (the "**Patronale Subscription Rights**" and together with the Subscription Rights and the EIBa Subscription Rights , the "**Existing Subscription Rights**"). The 800 convertible bonds issued on 7 May 2020 to Intégrale SA remain unchanged (the "**Intégrale Convertible Bonds**"). The Intégrale Convertible Bonds are unsecured and issued with a conversion price of EUR 7.00 per share.

On 30 May 2022, the Company entered into an agreement for the issue and irrevocable subscription of convertible bonds (the "**ABO Subscription Agreement**") with Global Tech Opportunities 15. Under the terms of the ABO Subscription Agreement, Global Tech Opportunities 15 has agreed to make available to the

Company a convertible loan in an aggregate amount of up to EUR 5 million to be disbursed in full through the issuance of up to 100 convertible bonds (the "**ABO Convertible Bonds**") at an issue price of EUR 50,000 each (to be fully paid up in cash at the time of subscription). The ABO Convertible Bonds are non-interest bearing, unsecured and subordinated to the EIB Loan. The subscription and effective discharge of the ABO Convertible Bonds will be staggered over a period of up to 18 months, with a first tranche of 10 ABO Convertible Bonds, followed by 9 further tranches of 10 ABO Convertible Bonds during this 18 month-period.

The first tranche of 10 ABO Convertible Bonds was subscribed and issued on 9 June 2022. Following the conversion of one of these 10 ABO Convertible Bonds, 185,185 new shares were subscribed and issued at a conversion price of EUR 0.27 on 20 June 2022. Following the conversion of one of the remaining 9 ABO Convertible Bonds, 200,000 new shares were subscribed and issued at a conversion price of EUR 0.25 on 4 July 2022.

The second tranche of 10 ABO Convertible Bonds was subscribed and issued on 11 July 2022. Following the conversion of one of the remaining 18 ABO Convertible Bonds, 217,391 new shares were subscribed and issued at a conversion price of EUR 0.23 on 19 July 2022. Following the conversion of one of the remaining 17 ABO Convertible Bonds, 217,391 new shares were subscribed and issued at a conversion price of EUR 0.23 on 28 July 2022. Following the conversion of two of the remaining 16 ABO Convertible Bonds, 416,666 new shares were subscribed and issued at a conversion price of EUR 0.24 on 8 August 2022. Following the conversion of two of the remaining 14 ABO Convertible Bonds, 416,666 new shares were subscribed and issued at a conversion price of EUR 0.24 on 12 August 2022. Following the conversion of one of the remaining 12 ABO Convertible Bonds, 208,333 new shares were subscribed and issued at a conversion price of EUR 0.24 on 23 August 2022.

It is expected that conversions of the Convertible Bonds will be requested before the completion of the Capital Increase, thereby increasing the amount of the Company's capital and the number of outstanding shares.

The ABO Convertible Bonds and the Intégrale Convertible Bonds are hereinafter defined as the "**Existing Convertible Bonds**".

6.2 *Evolution of the capital as a result of the Capital Increase and the Issuance of the New Subscription Rights*

Each share in the Company represents an equal portion of the Company's capital and grants a voting right according to the portion of capital it represents. The issuance of the New Shares in the context of the Capital Increase (and of new shares following the conversion of the Convertible Bonds and the exercise of the Existing Subscription Rights and the New Subscription Rights) will result in a dilution of the existing shareholders of the Company.

The dilution with respect to voting rights shall also apply, *mutatis mutandis*, to the participation of each share in the profit and liquidation proceeds and to the other rights attached to the shares of the Company.

The table below provides an overview of the number of shares issued by the Company before and after the proposed Capital Increase (as of the date of this Report, which may change until the Capital Increase following the conversion of Convertible Bonds).

	Before the Capital Increase	**After the Capital Increase**
Capital	EUR 5,352,173.99	EUR 32,552,752.19
Number of shares	23,172,152	113,840,413

Taking into account the Existing Subscription Rights, the New Subscription Rights and the Existing Convertible Bonds, the dilution in case of an effective subscription of all New Shares can be illustrated as follows (situation as of the date of this Report subject to change until the Capital Increase following the conversion of Convertible Bonds):

	Full exercise of the Existing Subscription Rights (a)	**Full exercise of the New Subscription Rights (b)**	**Full conversion of the Existing Convertible Bonds (c)**	**Full exercise of the Existing Subscription Rights, the New Subscription Rights and conversion of the Existing Convertible Bonds (d)**
Current total number of shares	23,172,152	23,172,152	23,172,152	23,172,152
Number of New Shares after the Capital Increase	90,668,594	90,668,594	90,668,594	90,668,594
Number of New Shares after (a), (b), (c) or (d)	1,197,554	23,172,152	18,806,494	43,176,200
Total number of shares after the Capital Increase and (a), (b), (c) or (d)	115,038,300	137,012,898	132,647,240	157,016,946
Dilution	79.86%	83.09%	82.53%	85.24%

Assuming that the New Shares are effectively subscribed for, the existing shareholders' share in the profits and capital of the Company will be diluted in the same proportion and will then amount to 79.65 %.

The Capital Increase will therefore result in a significant dilution of the stakes of the Company's existing shareholders. This will also be the case for the voting rights of the existing shareholders and their participation in the capital and net equity, the *prorata* right of the existing shareholders to share the profits and, if applicable, the liquidation surplus of the Company, which will be significantly diluted.

The issuance and allocation of the New Subscription Rights to the existing shareholders of the Company will, however, result in a dilution of the stake of the Medsenic shareholders in the Company.

6.3 *Participation in statutory and consolidated book equity*

	Before the Capital Increase (1)	**After the Capital Increase**
Non-audited statutory equity as at 30.06.2022 in EUR	-9,535,480.21	31,265,387.09
Number of shares at 30.06.2022 (2)	21,495,705	112,164,299
Embedded value per share (rounded) in EUR as at 30.06.2022	-0.44	0.28
Unaudited consolidated equity as at 30.06.2022 in EUR	-10,076,918.15	30,723,949.15
Number of shares as at 23.08.2022 (2)	23,172,152	113,840,746

Embedded value per share (rounded) in EUR	-0.43	0.27

Notes :

(1) Based on non-audited figures for the semester ended 30 June 2022 . The simulation does not take into account the evolution of the net assets since 30 June 2022 (other than the proposed Capital Increase). For further information on the Company's equity as at 30 June 2022, reference is made to the Company's half yearly financial statements, which will be available on the Company's website as from 7 September 2022.

(2) The simulation does not take into account the Existing Subscription Rights and the Existing Convertible Bonds. The simulation is based on the actual subscription of the 90.668.594 New Shares to be issued.

The table shows that the Capital Increase will lead to an increase in the intrinsic value per share.

6.4 *Financial dilution*

The change in market capitalisation resulting from the proposed Capital Increase is simulated below. The table below reflects the impact of the Capital Increase on the market capitalisation and the resulting financial dilution taking into account the number of New Shares and the Issue Price.

After the close of Euronext on 23 August 2022, the market capitalisation of the Company was EUR 6,001,587, based on a closing price of EUR 0.259 per share.

Following the Capital Increase, the market capitalisation will be EUR 0.41 (rounded) per share respectively. This would represent a (theoretical) financial dilution of - 59 % per share, as illustrated below:

	Conversion price EUR 0.45
Before the Operation	
Market capitalisation (in EUR) as at 23 August 2022	6,001,587
Number of shares	23,172,152
Market capitalisation per share (in EUR)	0.259
Operation	
Funds raised (in EUR)	40,800,867
Number of new shares	90,668,594
After the Operation	
Market capitalisation (in EUR)	46,802,454
Number of shares	113,840,746
Market capitalisation per share (in EUR)	0.41
Dilution	-58.73%

7. REPORT OF THE AUDITOR OF THE COMPANY

On 25 August 2022, the Auditor prepared a report in accordance with articles 7:179 § 1 and 7:197 of the CCA, a copy of which is attached as Annex 1. The Board does not depart from the conclusions of the above-mentioned report of the Auditor.

Both the report of the Auditor and the present Report of the Board will be filed at the registry of the Enterprise Court of Walloon Brabant, in accordance with articles 2:8 and 2:14,4° of the CCA.

Accordingly, and taking into account the considerations described therein, we invite you to approve the proposed Contribution in Kind and the Capital Increase.

* * *

Done in Mont-Saint-Guibert, on 25 August 2022

On behalf of the Board,

Innoste SA, permanently represented by Mr Jean Stéphenne	Finsys Management SRL, permanently represented by Mr Jean-Luc Vandebroek
Director	Director