

Additional information on valuation

This document should be read in conjunction with the special report **Special Report of Board of Directors pursuant to art. 7:179 and 7:197 of the Belgian Companies Code 4. Description and reasoned evaluation of the contribution in kind**. The purpose of this document is to provide additional information regarding the valuation of Medsenic's shares performed the Independent Expert.

Valuation methodology

Valuation approach	<p>The discounted cash flows approach, weighted for probabilities, has been favoured as a most refined valuation approach</p> <ul style="list-style-type: none">❑ Widely accepted valuation method by brokers and valuation specialists for biotech companies❑ Projections of the management can be taken into account❑ Enables to factor in specificities of the companies (risk, development costs, business model, profitability, probability of success...)❑ Enables a consistent valuation approach for Bone Therapeutics and Medsenic for comparability purposes <p>Discounting the cash flows using a WACC leads to an enterprise value, the estimated equity value is derived by subtracting the net financial debt</p>
Forecasted scenarios and valuation upsides	<p>Considering the uncertainty on key assumptions, different forecasted scenarios have been used when applying the discounted cash flows approach</p> <ul style="list-style-type: none">❑ Bone Therapeutics<ol style="list-style-type: none">1. Management projections based on an "in-house" development and commercialization of its ALLOB DU indication2. Management forecasts in an out-licensing scenario based on the contemplated deal terms with Pregene (see appendix)❑ Medsenic<ol style="list-style-type: none">1. Management forecasts based on an out-licensing strategy2. Management forecasts reviewed for an increased pricing (+50% and +100%) of the oral formulation of Medsenic as the management of Medsenic expects the pricing of the new formulation to be significantly higher than its current assumptions <p>Certain upsides have been valued separately</p> <ul style="list-style-type: none">❑ The upside for Bone Therapeutics if it were to pursue or monetize its Spinal Fusion indication❑ The upside for Medsenic of a full commercialization right in North America at no additional cost (vs 55% share in net profit as per current Phebra agreement), this upside is included in the management projections
Other valuation benchmarks	<p>Considering Bone Therapeutics is a listed company, its market capitalisation has been used as an additional valuation benchmark</p> <p>Transactions in the market and listed peers have been studied, in the absence of strict comparability with both Medsenic and Bone Therapeutics and robust outcomes, those benchmarks have not been used for valuation purposes</p>

Assumptions

General considerations	<ul style="list-style-type: none">❑ The projections prepared by the management of Bone Therapeutics and Medsenic have been used as a basis of assumptions❑ In addition to the management forecasts, the following elements have been assumed<ul style="list-style-type: none">▪ Taxes: Assuming 5% tax rate in Belgium and 10% tax rate¹ in France, taxes are only applied as of the moment the tax losses carried forward are fully utilised▪ No capital increase event prior to the contemplated transaction▪ No synergies and no terminal value are taken into account
Risk assessment	<ul style="list-style-type: none">❑ Probabilities of success have been assumed based on ranges of different sources (see next page)❑ The WACC has been assumed to range between 10% and 15%, in line with discount rates used by valuation experts for similar companies with an out-licensing strategy and after taking into account probabilities of success. For the "in-house" case of Bone Therapeutics, a discount rate of 27.5-32.5% has been applied considering the additional (commercial) risk embedded in the projections

Valuation of Medsenic (1/2)

Valuation based on management business plan adjusted for 55% profits of North America

Product	Peak Sales (€m)	Clinical status ⁽¹⁾	Exp. launch	NPV (€m)	Prob. - Low	rNPV (€m)	Prob. - Mid	rNPV (€m)	Prob. - High	rNPV (€m)
Licensing										
cGvHD	111	Phase III	2025	16.5	55%	9.1	65%	10.7	75%	12.4
SSc	38	Phase II	2029-30	1.7	25%	0.4	35%	0.6	45%	0.7
SLE	491	Phase II	2029-30	39.0	25%	9.8	35%	13.7	45%	17.6
Septic shock	146	Phase II	2030-31	36.5	15%	5.5	25%	9.1	35%	12.8
Enterprise Value						24.7		34.1		43.5
Net financial debt						(1.7)		(1.7)		(1.7)
Equity Value						23.0		32.4		41.8

Net financial debt (€m)	1.7
+ Financial debt (31/12/2021)	2.5
- Cash & cash equivalents (31/12/2021)	(0.8)

Comments

- The management forecasts have been built on a pricing scenario of their former formulation. The management of Medsenic expects a significant increase in prices for the oral formulation that is currently being assessed. Scenarios with a 50%, 100%, and +200% price increase have been reflected to factor in the impact of such a change in key assumptions

Equity value in €m (current management sales prices)

WACC		Probability		
		Low Range	Mid Range	High Range
10.0%		31.1	43.3	55.4
12.5%		23.0	32.4	41.8
15.0%		16.9	24.2	31.5

Equity value in €m

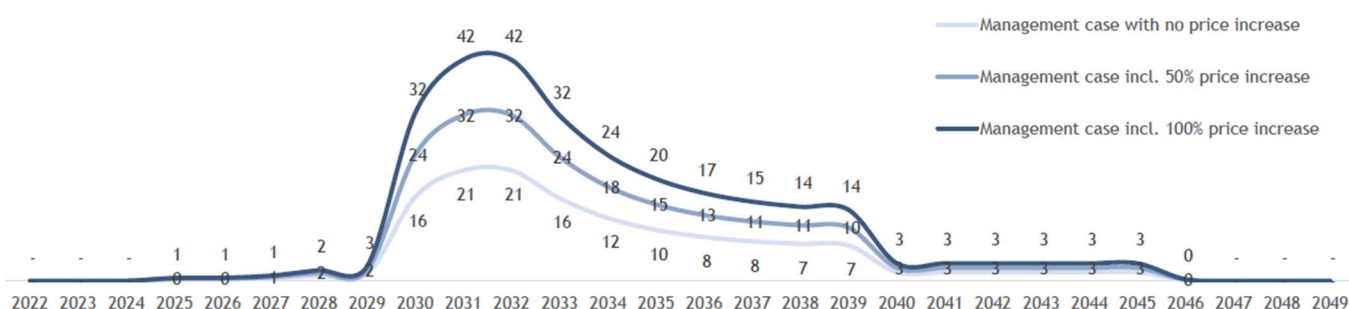
WACC		Management sales prices			
		No price increase	Price +50%	Price +100%	Price +200%
10.0%		43.3	65.2	87.2	131.1
12.5%		32.4	49.3	66.3	100.2
15.0%		24.2	37.5	50.7	77.2

Notes: (1) As per readiness communicated by Medsenic. With regards to cGvHD, Phase III is accepted by the FDA in the Pre-IND meeting (IND application not yet submitted).

Valuation of Medsenic (2/2)

The management forecasts assume to capture 100% of profit in North America (vs 55% as per current Phebra agreement) hence leading to an additional c. €14-€27m equity value depending on the price scenario

Net profit differential between 100% net profit share in North America vs 55% net profit share (see details in appendix)



Equity value upside no price increase

€13.5m

Equity value upside 50% price increase

€20.2m

Equity value upside 100% price increase

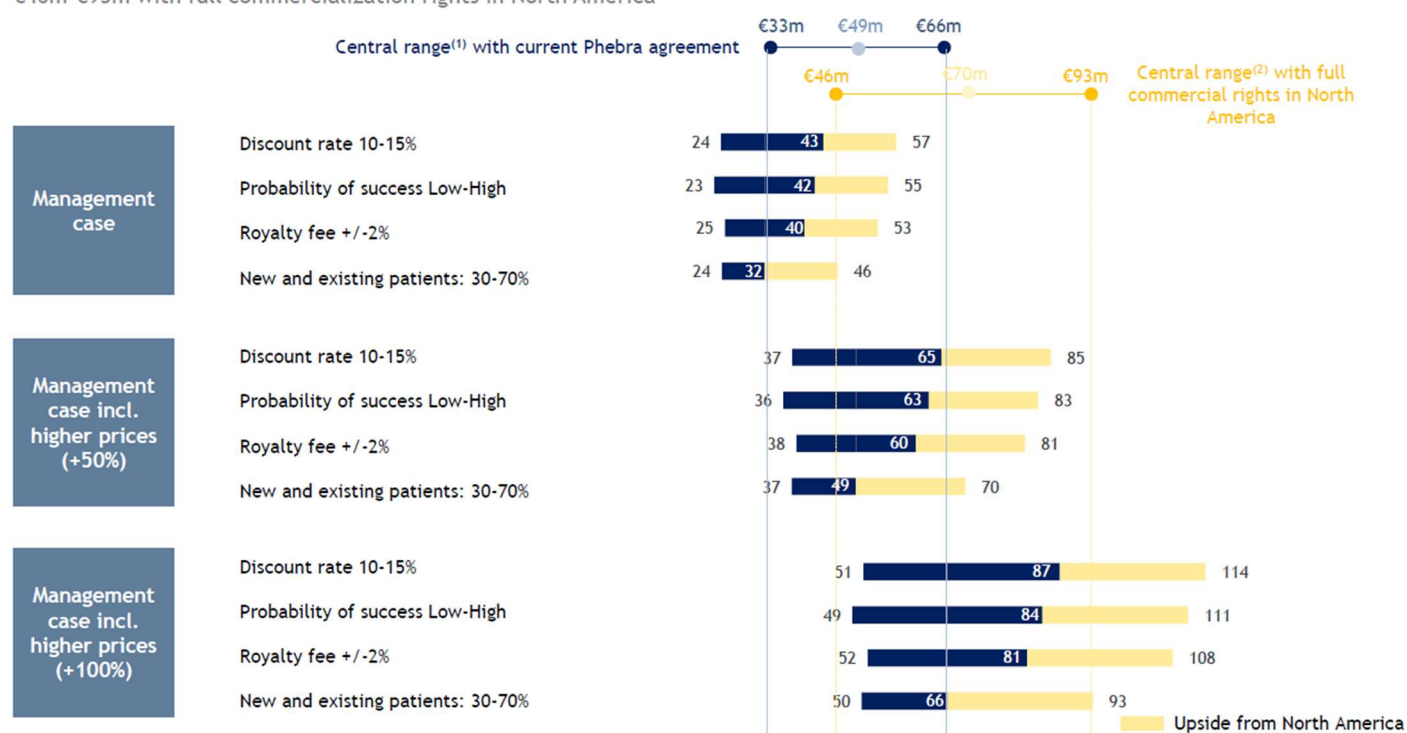
€27.0m

Comments

- Medsenic management forecast foresee full commercialization rights in North America with no additional costs to the existing Phebra deal

Valuation of Medsenic - Overview

Based on different price scenarios, the valuation of Medsenic ranges between €33m-€66m with the current Phebra agreement and €46m-€93m with full commercialization rights in North America



Notes: (1) Central range based on DCF valuation with 12.5% WACC and mid-probability excluding upside for 100% profit in North America, for Management Case (min= €46m - €13m) and 100% price increase scenario (max= €93m - €27m); (2) Central range based on DCF valuation with 12.5% WACC and mid-probability including upside for 100% profit in North America, for Management Case (min) and 100% price increase scenario (max)

Recent transactions (1/2)

Date	Bidder	Target	Country	Upfront Payment (€m)	Earnout (€m)
Jun-22	Galapagos NV	AboundBio	US	13	0
Jun-22	Galapagos NV	CellPoint	NL	125	100
Jun-22	CureVac N.V.	Frame Cancer Therapeutics	NL	16	16
Mar-22	Eagle Pharmaceuticals	Acacia Pharma	UK	89	0
Mar-22	AbbVie Inc.	Syndesi Therapeutics	BE	116	779
Dec-21	Adeona Pharmaceuticals Inc	VCN Biosciences SL	ES	76	70
Dec-21	Rayner Intraocular Lenses Limited	Omeros Corp (OMIDRIA)	US	103	164
Nov-21	Vifor Pharma AG	Inositec AG	CH	19	86
Nov-21	Vifor Pharma AG	Sanifit Therapeutics SA	ES	205	170
Jun-21	uniQure N.V.	Corlieve Therapeutics SAS	FR	46	204
May-21	Athenex, Inc.	Kuur Therapeutics, Inc.	US	58	96
Apr-21	Sanofi SA	Tidal Therapeutics	US	134	261
Feb-21	Catalent, Inc.	Delphi Genetics S.A.	BE	45	0
Feb-21	Wacker Chemie AG	Genopis, Inc.	US	32	68
Jan-21	RELIEF THERAPEUTICS Holding SA	AdVita Lifescience GmbH	DE	25	20
Dec-20	Novozymes A/S	Microbiome Labs	US	210	105
Dec-20	Novartis AG	Cadent Therapeutics, Inc.	US	172	458
Dec-20	Ergomed Plc	MS Clinical Services, LLC	US	15	6
Dec-20	Gilead Sciences, Inc.	MYR GmbH	DE	1,150	300
Nov-20	Telix Pharmaceuticals Limited	TheraPharm GmbH	DE	10	10
Nov-20	Selvita S.A.	Fidelta Ltd.	CR	31	0
Oct-20	Catalent, Inc.	Skeletal Cell Therapy Support SA	BE	12	0
Oct-20	Novartis AG	Vedere Bio, Inc.	US	128	111

Recent transactions (2/2)

Date	Bidder	Target	Country	Upfront Payment (€m)	Earnout (€m)
Oct-20	Retrophin, Inc.	Orphan Technologies Limited	CH	76	361
Jul-20	Croda International Plc	Avanti Polar Lipids, Inc.	US	164	66
Jun-20	Novozymes A/S	PrecisionBiotics Group Limited	IR	81	0
Jun-20	UCB SA	Engage Therapeutics, Inc.	US	110	128
Apr-20	Astellas Pharma Inc.	Hanna Therapeutics Limited	UK	14	65
Apr-20	Pfizer Inc.	BioNTech SE	DE	170	517
Feb-20	Catalent, Inc.	MaSTherCell S.A.	BE	285	0
Sep-19	H.I.G. Capital, LLC	BioVectra Inc.	CA	158	68
Aug-19	Jazz Pharmaceuticals, Inc.	Cavion, Inc.	US	47	232
Jul-19	Boehringer Ingelheim Intern. GmbH	Amal Therapeutics SA	CH	225	100
May-19	Evotec SE	Just Biotherapeutics, Inc.	US	54	27
May-19	H. Lundbeck A/S	Abide Therapeutics, Inc.	US	223	134
Apr-19	Abattis Bioceuticals Corp.	Pro Natura BV	NL	7	9
Jan-19	Showa Denko Materials Co., Ltd.	apceth Biopharma GmbH	DE	75	0
Sep-18	Barings LLC	Midatech Pharma US Inc.	US	11	5
Jun-18	Bio-Techne Corporation	Exosome Diagnostics, Inc.	US	214	278
Jun-18	Recipharm AB	Sanofi SA (CMO business in Holmes Chapel)	UK	51	10
Apr-18	GHO Capital Partners LLP	Alcaliber SA	ES	208	0
Apr-18	UCB SA	Element Genomics, Inc.	US	24	0
Apr-18	Fagron NV	Humco Holding Group, Inc .	US	39	18
Jan-18	Baxter International, Inc.	Mallinckrodt Plc (PREVELEAK® Surgical Sealant product business)	US	123	26
Nov-17	Royal DSM N.V.	Amyris Brasil Ltda	BR	49	32
Sep-17	Ergomed Plc	PSR Group B.V.	NL	3	3
Aug-17	Saol Therapeutics Inc	Aptevo Therapeutics Inc. (Hyperimmune Products)	US	56	6
Jul-17	Emergent BioSolutions Inc	Sanofi SA (ACAM2000 Smallpox Vaccine business)	FR	82	23