

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

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**SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE  
7:199 OF THE CODE ON COMPANIES AND ASSOCIATIONS**

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**Concerning the renewal of the authorised capital**

This special report has been prepared by the board of directors of the Company (the "**Board**") in accordance with article 7:199 of the Code on companies and associations (the "**CCA**") and relates to the Board's proposal to the General Meeting (as defined below) to renew the authorisations granted to the Board to increase the Company's capital in accordance with article 7:198 of the CCA, as described in article 7 of the articles of association of the Company.

**1. Background**

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 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 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**").

For further details regarding the Contribution in Kind and in particular the exchange ratio, we refer to the special report of the Board prepared in accordance with articles 7:179 § 1 and 7:197 of the CCA.

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 under the terms and conditions of the phase IIB subscription rights plan (the "**New Subscription Rights Terms and Conditions**") allowing each of them to subscribe for 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 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 issuance of the New Subscription Rights, the Name Change, the resignation and appointment of directors and the renewal of the authorised capital of the Company (the "**General Meeting**").

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 share capital of Medsenic will be contributed to the Company on similar terms within a timeframe of 36 months.

**2. Description of the current authorisation to increase the capital by resolution of the Board**

Article 7 of the Company's articles of association authorises the Board to increase the capital in one or several times, by issuing a number of shares or financial instruments giving right to a number of shares such as, but not limited to, convertible bonds or subscription rights, up to a maximum amount equal to its capital.

Capital increases decided pursuant to this authorisation may be carried out 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.

This authorisation was granted by the shareholders on 9 July 2018 for 5 years and renewed at the extraordinary general meeting of shareholders held on 13 July 2022 for 5 years. The Board wishes to profit from the meeting of the General Meeting of 26 September 2022 to submit the proposal to renew the authorised capital for a new period of 5 years ending on 26 September 2027.

In accordance with article 7 of the articles of association, this authorisation may be used for:

- capital increases or issues of convertible bonds or subscription rights in which the preferential right of shareholders is limited or cancelled (article 7:200, 1° of the CCA);
- capital increases or issues of convertible bonds in which the preferential rights of shareholders are limited or cancelled in favour of one or more specific persons other than the members of the staff of the company or its subsidiaries (article 7:200, 2° of the CCA);
- capital increases by way of incorporation of reserves (article 7:200, 3° of the CCA).

It should be noted that under Belgian company law, the Board may not, within the framework of the authorised capital, decide to:

- issue subscription rights that are primarily reserved for one or more specific persons who are not members of the staff of Bone Therapeutics or its subsidiaries;
- issue shares with multiple voting rights or financial instruments giving the right to subscribe to shares with multiple voting rights;
- to increase the capital mainly by way of a contribution in kind reserved exclusively for a person holding more than 10% of the voting rights of Bone Therapeutics;
- issue shares of a new class.

Article 7 of the Company's articles of association empowers the Board to use the above authorisations if the Financial Services and Markets Authority (the "FSMA") has formally notified the Company that it is the target of a public takeover bid, by means of cash contributions

limiting or cancelling the preferential right of the shareholders (including in favour of one or more specific persons who are not members of the staff of the company or its subsidiaries) or by contributions in kind, with an issue of shares, subscription rights or convertible bonds, in compliance with the applicable legal provisions. This last authorisation was renewed by the shareholders on 13 July 2022 for a period ending on 13 July 2024.

### **3. Proposal to renew the authorisations granted to the Board to increase the capital**

The Board proposes to renew the authorisations granted to the Board to increase the capital, under the same terms and conditions as those applicable to the current authorisations.

This proposal will require an amendment to:

- Article 7, first and second paragraph, of the articles of association in order to authorise the Board to increase the capital of the Company, in one or several times, by issuing a number of shares or financial instruments giving right to a number of shares such as, but not limited to, convertible bonds or subscription rights, up to a maximum amount equal to the capital of the Company on 26 September 2022 after the Capital Increase, i.e. EUR 32,552,752.19 EUR, for a period of 5 years from the date of publication in the Annexes to the Belgian State Gazette of this amendment to the articles of association by the General Meeting;
- Article 7, last paragraph, of the articles of association in order to empower the Board to proceed, in accordance with article 7:202 of the CCA, with a capital increase in any form, including, but not limited to, a capital increase accompanied by the limitation or cancellation of the preferential right, even after receipt by the company of a notification by the FSMA of a public takeover bid on the company's securities, for a period of up to 3 years as from the date of the General Meeting.

### **4. Circumstances in which and purposes for which the authorised capital may be used**

The technique of authorised capital provides the Board with some flexibility and allows for swift execution, which could be necessary to ensure an optimal management of the Company in certain circumstances. The relatively complex, extensive and time-consuming procedure for convening an extraordinary general meeting for a capital increase in a listed company could be irreconcilable with certain fluctuations in the capital markets or certain opportunities presented to the Company. For example, such a situation could arise in the event that the Company wishes to fully or partially finance strategic alliances, takeovers or acquisitions of companies and/or assets, in particular in the context of the contemplated Business Combination, by issuing new shares. The convening of an extraordinary general meeting could in such circumstances, for example, result in a delay in the execution of the relevant transaction.

The Board may also use the authorised capital in the context of the Company's remuneration policy, i.e. to implement stock option plans, share plans or any other share-based plan by issuing shares and subscription rights to shares of the Company to some or all of its employees, management and consultants and/or to some or all of the employees, management and consultants of its subsidiaries, with a view to incentivising them.

The Board will also be allowed to use the authorised capital to issue shares, convertible bonds and subscription rights (whether or not attached to bonds) in order to be able to respond quickly to certain market opportunities, in particular in order to finance (in whole or in part) strategic alliances, takeovers or acquisitions of companies and/or assets in the context of, *inter alia*, the contemplated Business Combination, or in order to finance its operations in the context of, *inter alia*, the contemplated Business Combination.

The Board may in this respect, in the interest of the Company and subject to compliance with articles 7:198 third indent, 7:188, 7:189 and 7:201 CCA, limit or cancel the preferential subscription right, including, where applicable, in favour of one or more specific persons other than members of the staff of the Company or of one of its subsidiaries.

The proposed renewal of the specific authorisation expressly empowers the Board to proceed with a capital increase in any form, including, but not limited to, a capital increase accompanied by the limitation or elimination of the preferential right, even after receipt by the Company of a notification by the FSMA of a public takeover bid on the Company's securities. If this is the case, the capital increase must however comply with the additional conditions set out in article 7:202 CCA.

The Board believes that the shareholders have been sufficiently informed hereby and requests the General Meeting to renew the authorised capital.

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

On behalf of the Board,

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Innoste SA, permanently  
represented by Mr Jean  
Stéphenne  
Director

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