



## Kiadis Pharma N.V.

*(a public limited liability company incorporated under the laws of the Netherlands with its seat in Amsterdam, the Netherlands)*

### Summary and Securities Note

On 13 March 2018, Kiadis Pharma N.V. (the "**Company**", and together with its consolidated subsidiaries "**Kiadis**") announced that pursuant to a private placement (the "**Private Placement**") an aggregate of 2,600,000 new ordinary shares (the "**New Shares**") in the capital of the Company have been placed with institutional and other qualifying investors (the "**Participating Investors**") at a price per New Share of €9.00 which are expected to be issued on 15 March 2018 (the "**Settlement Date**").

In this summary and securities note (the "**Summary and Securities Note**") any reference to Shares shall refer to the Company's ordinary shares, including the New Shares, and other new ordinary shares in the capital of the Company issued from time to time hereafter.

This Summary and Securities Note is published in connection with the admission to listing and trading of the New Shares under the symbol "KDS" on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. ("**Euronext Amsterdam**"), and on Euronext Brussels, a regulated market operated by Euronext Brussels NV/SA ("**Euronext Brussels**", and together with Euronext Amsterdam, "**Euronext**") under ISIN Code NL0011323407.

This document constitutes and encompasses a Summary (see Chapter 1) and a Securities Note (see Chapters 2 through 7) for the purpose of article 6 of EC Regulation 809/2004 and has been prepared pursuant to article 5:2 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**Financial Supervision Act**") and the rules promulgated thereunder. This Summary and Securities Note has been approved by, and filed, with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, "**AFM**").

This Summary and Securities Note may only be used in connection with the admission to listing and trading of the New Shares and constitutes a prospectus in accordance with Directive 2003/71/EC, when supplemented by the registration document for the purpose of article 4 of EC Regulation 809/2004, dated 12 March 2018 (the "**Registration Document**", and together with this Summary and Securities Note, the "**Prospectus**") that has been approved on such date by the AFM. The Prospectus will be notified to the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers*, the "**FSMA**") for passporting in accordance with article 18 of the Prospectus Directive.

The date of this Summary and Securities Note is 13 March 2018 (the "**Summary and Securities Note Date**").

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# 1 Summary

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

<b>Section A — Introduction and warnings</b>		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in Shares or the Company should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the Economic European Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Shares or the Company.</p>
A.2	Consent, indication, conditions and notice	No applicable. No consent has been granted by the Company for the use of the Prospectus for a subsequent resale or final placement of securities by financial intermediaries.
<b>Section B — Issuer</b>		
B.1	Legal and commercial name company	The legal name of the Company is Kiadis Pharma N.V. The Company's commercial name is Kiadis Pharma.
B.2	Domicile, legal form, legislation and	The Company is a public limited liability company incorporated under the laws of the Netherlands with its seat in Amsterdam, the Netherlands and its registered address at Paasheuvelweg 25A, 1105 BP Amsterdam, the Netherlands. The Company is registered with the Trade Register of the Chamber of Commerce of

	country of incorporation	Amsterdam, the Netherlands, under number 63512653.
B.3	Current operations and principal activities	<p><u>General</u></p> <p>Kiadis is a clinical stage, biopharmaceutical company focused on research, development and future commercialisation of cell-based immunotherapy products as adjunctive treatment for hematopoietic stem cell transplantations (HSCT) in blood cancers and inherited blood disorders.</p> <p>Kiadis believes that its products can address an important and significant unmet need by making HSCT safer and more effective for a substantially larger patient population, while improving patient survival and quality of life. Kiadis' product candidates for HSCT provide for "Allodepleted T-cell Immunotherapy" (ATIR). ATIR is a cell-based, personalised medicinal product manufactured on an individual patient basis. ATIR is a donor-derived T-lymphocyte enriched leukocyte preparation depleted ex-vivo of host-alloreactive T-cells.</p> <p>ATIR is produced from immune cells of the same haploidentical donor used for the HSCT. To produce ATIR, those T-cells that are reactive against the patient, and that can thus cause Graft versus Host Disease (GVHD), are depleted from the donor immune cells using Kiadis' Theralux technology platform. This depletion of alloreactive immune cells in ATIR reduces the risk of severe GVHD and its related morbidity and mortality. Due to the depletion process, a single dose of ATIR can be dosed at 2 million cells/kg, whereas an unmanipulated donor lymphocyte infusion (DLI) from a haploidentical donor would already cause GVHD at significantly lower doses. The remaining immune cells in ATIR are given to patients with the intent to help fight residual cancer cells and opportunistic infections. ATIR is dosed approximately one month after the haploidentical HSCT graft has been given to the patient.</p> <p>To date, all clinical studies with ATIR have been performed with CD34+ selected haploidentical HSCT grafts, which contain in general more than 5x10<sup>6</sup> CD34+ stem cells and less than 3x10<sup>4</sup> CD3+ T-cells (Perugia protocol). For preparation of these grafts, standard selection columns are used (Miltenyi), which are widely established and used in transplantation centres.</p> <p>Kiadis is focusing on two therapeutic indications:</p> <ul style="list-style-type: none"> <li>• ATIR101: Kiadis' lead product candidate for haploidentical HSCT treatments in blood cancers.</li> <li>• ATIR201: Kiadis' second product candidate for haploidentical HSCT for inherited blood disorders, with an initial focus on thalassaemia.</li> </ul> <p>Based on the positive results from its completed single dose Phase II trial with ATIR101 in patients with blood cancer (CR-AIR-007), Kiadis submitted a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) in April 2017, for approval of ATIR101 across the European Union. In addition, Kiadis has received regulatory approval in various countries to start dosing patients in a Phase III trial with ATIR101 that will be performed across Europe and North America and for which Kiadis enrolled the first patient in December 2017. An additional Phase II clinical trial (CR-AIR-008) is ongoing to test the safety of a second dose of ATIR101. In relation to ATIR201, Kiadis has</p>

		<p>received approval for the clinical protocol for a Phase I/II trial in beta-thalassaemia (<math>\beta</math>-thalassaemia) major patients (CR-BD-001) by the national regulatory authorities of the United Kingdom and Germany. This trial has been postponed. Kiadis has not yet decided when to begin the trial and patients have not yet been enrolled.</p> <p><u>ATIR101 for blood cancers</u></p> <p>Kiadis has completed a Phase I/II dose escalation clinical trial in patients with advanced blood cancers (CR-GVH-001). In this trial, ATIR101 was given up to high doses without causing severe (grade III/IV) GVHD and an effective dose range of 2 million cells/kg was identified. Long-term follow up (5 years) has provided strong indications of the efficacy of ATIR101.</p> <p>Subsequently, ATIR101 was tested in an open-label Phase II trial in patients with acute myeloid leukaemia (AML), acute lymphoblastic leukaemia (ALL) for whom no matching donor was available (CR-AIR-007). In this trial, no acute grade III/IV GVHD was elicited by ATIR101, confirming the effectiveness of depletion of patient reactive T-cells. This Phase II trial showed that ATIR101, as an adjunctive treatment in patients receiving a haploidentical T-cell depleted (CD34+ cell selected) HSCT, led to a clinically meaningful and statistically significant reduction in transplant related mortality (TRM) and a statistically significant increase in overall patient survival (OS) when compared to matched historical controls for patients receiving a haploidentical T-cell depleted (CD34+ cell selected) HSCT only. Based on the available literature for other haploidentical HSCT approaches such as use of high doses of post-transplant cyclophosphamide (PTCy) and genetically-engineered donor lymphocytes (Zalmoxis), HSCT treatment with ATIR101 as an adjunctive resulted in improved OS, less relapse, less chronic GVHD, less acute grade III/IV GVHD and improved GVHD-Free, Relapse-Free Survival (GRFS).</p> <p>Based on the clinical results from this trial and following positive interactions with the EMA Rapporteur and Co-Rapporteur, Kiadis announced on 26 April 2017 that it had submitted its request for marketing authorisation with the EMA for ATIR101 in the European Union. As part of the marketing authorisation approval process and in accordance with applicable timelines, day-120 questions from the EMA's Committee for Advanced Therapies were received by the Company in September 2017. Kiadis has six months to provide the EMA with a response to the day-120 questions. In addition, based on the clinical results from this trial Kiadis obtained a Regenerative Medicine Advanced Therapy designation from the U.S. Food and Drug Administration (FDA).</p> <p>Following the results of the Phase II trial, the clinical protocol for a Phase III trial with ATIR101 (CR-AIR-009) has been submitted to national authorities in the United States, Canada and Europe and Kiadis has received regulatory approval in multiple countries to perform the trial. Kiadis enrolled the first patient in December 2017.</p> <p><u>ATIR201 for <math>\beta</math> thalassaemia major</u></p> <p>The protocol for the planned Phase I/II trial to test ATIR201 for use in patients suffering from <math>\beta</math> thalassaemia major (CR-BD-001) has been approved by the national authorities in the United Kingdom and Germany. This trial has been postponed. Kiadis has not yet decided when to start the trial.</p>
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		<p><u>Strategy</u></p> <p>Kiadis' strategy is focussed on the following:</p> <ul style="list-style-type: none"> <li>• To advance ATIR to commercialisation - Subject to successful approvals, Kiadis aims to pursue ATIR products into commercialisation in the EU, U.S. and Canada.</li> <li>• To use ATIR in combinations with other approaches and in additional indications - Kiadis aims to design and initiate additional studies to investigate the use of ATIR101 in paediatric patients, and to combine ATIR101 as an adjunctive with other (haploidentical) transplant protocols such as <math>\alpha/\beta</math> T-cell depleted HSCT or PTCy.</li> <li>• To expand its suite of cell-based immunotherapy products - Kiadis has built up substantial expertise in the development of HSCT and in the manufacturing of cell-based therapeutics, and has a network of medical specialists and advisors covering all relevant aspects of its business. Based on this, Kiadis believes that it will be able to capitalise on additional opportunities in HSCT and cell-based immunotherapy.</li> <li>• To enter into transactions with pharmaceutical and biotechnology companies - Kiadis continues to explore ways in which it can collaborate with other companies. Future collaborations or partnerships may include working with partners to share the risk of additional clinical studies, granting licenses for commercialising Kiadis' technology in different geographic markets, or developing Kiadis' technology in combination with other treatments in order to offer complementary solutions to different diseases to maximise the value of ATIR. In addition, Kiadis will continue to explore inlicensing or acquiring additional or complementary technology platforms or products.</li> <li>• To expand and defend its patent portfolio protecting its technology platforms - Kiadis seeks to expand and protect its product candidates and technologies by filing and prosecuting patent applications in major commercially relevant territories and countries. Kiadis has historically focused on the United States and the European Union and may in the future seek patent protection in other markets.</li> </ul>
B.4a	Most significant recent trends affecting Kiadis and industries in which it operates	<p><u>Number of patients eligible for HSCT growing</u></p> <p>The number of patients eligible for HSCT is growing due to improved transplant regimes, increased use of haploidentical donors and recent developments in cell-based immunotherapy.</p> <ol style="list-style-type: none"> <li>1. Improved transplant regimes</li> </ol> <p>Improvements of transplant regimes have made transplants less toxic which allows for the use of HSCT in older patients. In recent years, the age limit of transplants has increased from 55 to above 65 years of age. This significantly increases the population eligible for transplantation.</p> <ol style="list-style-type: none"> <li>2. Increased use of haploidentical donors</li> </ol>

		<p>The unmet need to find matching donors for all patients eligible for HSCT has also stimulated other developments to enable the use of haploidentical family members as donors. Nearly all of these developments rely on the depletion of alloreactive T-cells from the graft prior to or after infusion into the patient to limit the risk of GVHD, such as through the use of high doses of post-transplant cyclophosphamide (PTCy). PTCy has contributed to making haploidentical donors become an accepted alternative source for HSCT.</p> <p>3. Recent developments in cell-based immunotherapy</p> <p>In recent years, cell-based products have emerged as new and innovative treatments. This sector comprises cell and gene therapy products, and the number of candidates in development has been rapidly growing over the last decade. Several cell-based products have been approved and approvals are expected by Kiadis to grow over the years to come. Large pharmaceutical companies are also increasingly investing and focusing on cell and gene therapy products, confirming the growing importance and maturity of this industry segment.</p> <p>Recent developments in cell-based immunotherapy have also resulted in approaches, which may allow more patients with blood cancers to go into remission, including various CAR-T approaches. These patients will then be eligible for curative HSCT.</p> <p><u>Awareness of increasing healthcare costs</u></p> <p>HSCT results in significant costs to the healthcare system due to the length of time that patients are kept in hospital isolation to manage the risk of opportunistic infections. GVHD also requires intensive drug treatment and care-giving to those patients.</p> <p>ATIR is expected by Kiadis to decrease healthcare costs for current procedures and drugs and to increase the quality of life of patients. ATIR is aimed at reducing the appearance of severe forms of GVHD and aimed at reducing the relapse rate.</p> <p><u>Development and implementation regulatory framework</u></p> <p>Recently, specific regulatory frameworks have been developed and implemented for cell therapies and other advanced therapy medicinal products ("ATMPs") as these therapies and products are at the forefront of scientific innovation in medicine.</p> <p><u>Number of blood cancer patients increasing</u></p> <p>Due to the ageing population and the fact that blood cancers are predominantly a disease of the elderly, the number of patients suffering from various kinds of blood cancers is growing. As a result, the need for curative HSCT is increasing, as is the need for safer ways to conduct HSCT.</p> <p><u>Migration impacting thalassemia</u></p> <p>Thalassemia, and <math>\beta</math>-thalassemia major in particular, is a very severe form of thalassemia that originated in the Mediterranean region, the Middle East and South East Asia. Due to migration, the disease now occurs more broadly in the Western world. Companies have started to develop curative approaches for this</p>
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		disease.																																																
B.5	Description of the Group and the Company's position therein	The Company is the holding company of the Kiadis corporate group and has no material direct business operations. The Company's principal assets are the equity interests it holds in its operating subsidiaries.																																																
B.6	Major Shareholders	<p>According to notifications made to the AFM as set out in the register on substantial holdings as at the day immediately preceding the Summary and Securities Note Date, the following parties held a substantial holding of at least 3% of the share capital and/or voting rights in the Company.</p> <table border="1"> <thead> <tr> <th>Name and date of notification</th> <th># of Shares</th> <th># of voting rights</th> <th>% of Shares<sup>(1)</sup></th> <th>% of voting rights<sup>(2)</sup></th> <th>Capital interest</th> <th>Voting interest</th> <th>Holding</th> </tr> </thead> <tbody> <tr> <td>Esprit Nominees Limited 4 Augustus 2015</td> <td>3,342,647</td> <td>3,342,647</td> <td>24.81</td> <td>24.81</td> <td>Actual</td> <td>Actual</td> <td>Direct</td> </tr> <tr> <td>Achmea Pensioen- en Levensverzekeringen N.V. 12 October 2017</td> <td>2,208,607</td> <td>2,208,607</td> <td>12.78</td> <td>12.78</td> <td>Actual</td> <td>Actual</td> <td>Indirect<sup>(3)</sup></td> </tr> <tr> <td>Life Sciences Partners II B.V. 12 October 2017</td> <td>1,656,458</td> <td>1,656,458</td> <td>9.58</td> <td>9.58</td> <td>Actual</td> <td>Actual</td> <td>Direct</td> </tr> <tr> <td>Lenildis Holding B.V.<sup>(4)</sup> 28 February 2017</td> <td>1,214,027</td> <td>1,214,027</td> <td>8.69</td> <td>8.69</td> <td>Actual</td> <td>Actual</td> <td>Direct</td> </tr> <tr> <td>Alta Partners Management VIII, LLC 2 July 2015</td> <td>940,035</td> <td>940,035</td> <td>7.06</td> <td>7.06</td> <td>Actual</td> <td>Actual</td> <td>Direct</td> </tr> </tbody> </table> <p><sup>(1)</sup> Percentage regards the number of shares notified on the date of notification, related to the total number of shares outstanding on such date.  <sup>(2)</sup> Percentage regards the number of voting rights notified on the date of notification, related to the total number of voting rights outstanding on such date.  <sup>(3)</sup> Interest held indirectly via Life Sciences Partners B.V. Organisational chart available in the AFM register.  <sup>(4)</sup> Lenildis Holding B.V. is a pooling entity that holds its interest in the Company on behalf of amongst others Pro-Ventures I B.V., a company of which Mr. Martijn Kleijwegt is the sole shareholder and managing director, and LSP Management Group B.V., a company of which (i) Mr. Mark Wegter is shareholder and (ii) Mr. Martijn Kleijwegt is shareholder and a managing director.</p> <p>The table above sets out the substantial holdings of each of the named parties as at dates on which its obligation to notify the same to the AFM arose. The number of Shares or voting rights as well as the percentage of Shares or voting rights held by these parties at the Summary and Securities Note Date may be different.</p> <p>Except as disclosed above, Kiadis is not aware of any other person or legal</p>	Name and date of notification	# of Shares	# of voting rights	% of Shares <sup>(1)</sup>	% of voting rights <sup>(2)</sup>	Capital interest	Voting interest	Holding	Esprit Nominees Limited 4 Augustus 2015	3,342,647	3,342,647	24.81	24.81	Actual	Actual	Direct	Achmea Pensioen- en Levensverzekeringen N.V. 12 October 2017	2,208,607	2,208,607	12.78	12.78	Actual	Actual	Indirect <sup>(3)</sup>	Life Sciences Partners II B.V. 12 October 2017	1,656,458	1,656,458	9.58	9.58	Actual	Actual	Direct	Lenildis Holding B.V. <sup>(4)</sup> 28 February 2017	1,214,027	1,214,027	8.69	8.69	Actual	Actual	Direct	Alta Partners Management VIII, LLC 2 July 2015	940,035	940,035	7.06	7.06	Actual	Actual	Direct
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		<p>entity that, as of the Summary and Securities Note Date, has a direct or indirect capital or voting interest in the Company of 3% or more. None of the parties listed above has voting rights that differ from other holders of Shares. Each Share entitles the holder thereof to one vote at the Company's general meeting of shareholders (the "<b>General Meeting</b>").</p> <p>Kiadis is not aware of any party, or parties acting in concert that, directly or indirectly, control the vote at any General Meeting, nor is Kiadis aware of any arrangement, the operation of which may result in a change of control of the Company.</p> <p>None of the parties holding a registered substantial holding of at least 3% of the share capital and/or voting rights in the Company has participated in the Private Placement.</p>
B.7	Selected key historical financial information	<p>The selected consolidated financial information set forth below should be read in conjunction with paragraph 2.3 and Chapter 5 (Operating and Financial Review) of the Registration Document, the audited consolidated financial statements and notes thereto for the financial years ended 31 December 2016, 2015 and 2014 (relating to Kiadis Pharma B.V.) and the unaudited consolidated interim financial statements and the notes thereto for the six-month period ended 30 June 2017 included by reference in the Registration Document, and the unaudited consolidated interim financial statements and the notes thereto for the nine-month period ended 30 September 2017 included in the Registration Document beginning on page F-1.</p> <p>The selected consolidated financial information has been extracted from the audited consolidated financial statements and notes thereto for the financial years ended 31 December 2016, 2015 and 2014 (in the tables below marked "Audited") and the unaudited consolidated interim financial statements and the notes thereto for the six-month period ended 30 June 2017 and the nine-month period ending 30 September 2017 (in the tables below marked "Unaudited").</p> <p>The financial statements and interim financial statements from which the selected consolidated financial information set forth below has been derived, were prepared in accordance with IFRS as adopted by the European Union. The unaudited consolidated interim financial information has been stated on a basis consistent with the audited Financial Statements and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the financial year ended 31 December 2016.</p> <p>In October 2017, Kiadis raised €16.2 million as net proceeds (€18.0 million as gross proceeds) in equity and it drew down the second tranche of €5 million of the €15 million debt financing from Kreos Capital V (UK) Limited ("<b>Kreos Capital</b>"). In the context of this draw down, 42,269 2027 warrants were issued to Kreos Capital V (Expert Fund) LP ("<b>Kreos Expert</b>"). See also paragraph 4.3 below.</p>
<b>Selected consolidated balance sheet data</b>		
<i>(in € thousands)</i>		
	<b>2016</b>	<b>As of 31 December 2015</b>
		<b>2014</b>
<b>ASSETS</b>		Audited

Property, plant and equipment	536	333	413
Intangible assets	13,540	12,714	13,687
<b>Total non-current assets</b>	<b>14,076</b>	<b>13,047</b>	<b>14,100</b>
Trade and other receivables	230	145	196
Deferred expenses	351	418	242
Cash and cash equivalents	14,559	28,666	5,674
<b>Total current assets</b>	<b>15,140</b>	<b>29,229</b>	<b>6,112</b>
<b>Total assets</b>	<b>29,216</b>	<b>42,276</b>	<b>20,212</b>
<b>EQUITY</b>			
Share capital	1,397	1,347	10,567
Share premium	103,200	98,137	57,243
Translation reserve	307	271	317
Warrant reserve	-	-	2,580
Accumulated deficit	(95,463)	(74,105)	(68,042)
<b>Equity attributable to owners of the Company</b>	<b>9,441</b>	<b>25,650</b>	<b>2,665</b>
<b>LIABILITIES</b>			
Loans and borrowings	15,605	13,713	5,090
Derivatives & employee benefits	-	-	3,730
<b>Total non-current liabilities</b>	<b>15,605</b>	<b>13,713</b>	<b>8,820</b>
Loans and borrowings	1,555	1,166	7,129
Trade and other payables	2,615	1,747	1,598
<b>Total current liabilities</b>	<b>4,170</b>	<b>2,913</b>	<b>8,727</b>
<b>Total liabilities</b>	<b>19,775</b>	<b>16,626</b>	<b>17,547</b>
<b>Total equity and liabilities</b>	<b>29,216</b>	<b>42,276</b>	<b>20,212</b>

<i>(in € thousands)</i>	As of 30 September 2017	As of 30 June 2017	As of 31 December 2016
	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
Property, plant and equipment	467	493	536
Intangible assets	13,134	13,017	13,540
<b>Total non-current assets</b>	<b>13,601</b>	<b>13,510</b>	<b>14,076</b>
Trade and other receivables	243	168	230
Deferred expenses	397	385	351
Cash and cash equivalents	13,215	10,733	14,559
<b>Total current assets</b>	<b>13,855</b>	<b>11,286</b>	<b>15,140</b>
<b>Total assets</b>	<b>27,456</b>	<b>24,796</b>	<b>29,216</b>
<b>EQUITY</b>			
Share capital	1,504	1,471	1,397
Share premium	108,405	105,212	103,200
Translation reserve	294	295	307
Warrant reserve	1,274	167	-
Accumulated deficit	(107,874)	(103,621)	(95,463)
<b>Equity attributable to owners of the Company</b>	<b>3,603</b>	<b>3,524</b>	<b>9,441</b>
<b>LIABILITIES</b>			
Loans and borrowings	18,081	14,636	15,605
Derivatives & employee benefits	2,033	2,023	-
<b>Total non-current liabilities</b>	<b>20,114</b>	<b>16,659</b>	<b>15,605</b>
Loans and borrowings	1,280	1,682	1,555

Trade and other payables	2,459	2,931	2,615
<b>Total current liabilities</b>	<b>3,739</b>	<b>4,613</b>	<b>4,170</b>
<b>Total liabilities</b>	<b>23,853</b>	<b>21,272</b>	<b>19,775</b>
<b>Total equity and liabilities</b>	<b>27,456</b>	<b>24,796</b>	<b>29,216</b>

### Selected consolidated income statement data

<i>(in € thousands)</i>	Year ended 31 December		
	2016	2015	2014
	Audited		
<b>Revenues</b>	-	-	-
<b>Other income</b>	-	-	-
Research and development expenses	(8,206)	(7,715)	(4,692)
General and administrative expenses	(3,202)	(8,292)	(1,476)
<b>Total operating expenses</b>	<b>(11,408)</b>	<b>(16,007)</b>	<b>(6,168)</b>
<b>Operating loss</b>	<b>(11,408)</b>	<b>(16,007)</b>	<b>(6,168)</b>
Interest income	13	50	28
Interest expenses	(1,571)	(1,394)	(1,073)
Other net finance (expenses) income	(1,827)	894	(598)
<b>Net finance expenses</b>	<b>(3,385)</b>	<b>(450)</b>	<b>(1,643)</b>
Loss before tax	(14,793)	(16,457)	(7,811)
Income tax expenses	(1)	(1)	(2)
<b>Loss for the period</b>	<b>(14,794)</b>	<b>(16,458)</b>	<b>(7,813)</b>

<i>(in € thousands)</i>	Nine months ended 30 September		Six months ended 30 June	
	2017	2016	2017	2016
	Unaudited		Unaudited	
<b>Revenues</b>	-	-	-	-
<b>Other income</b>	-	-	-	-
Research and development expenses	(8,096)	(5,647)	(5,882)	(3,803)
General and administrative expenses	(3,607)	(2,172)	(2,276)	(1,252)
<b>Total operating expenses</b>	<b>(11,703)</b>	<b>(7,819)</b>	<b>(8,158)</b>	<b>(5,055)</b>
<b>Operating loss</b>	<b>(11,703)</b>	<b>(7,819)</b>	<b>(8,158)</b>	<b>(5,055)</b>
Interest income	-	29	-	25
Interest expenses	(1,439)	(1,167)	(880)	(754)
Other net finance (expenses) income	260	(936)	516	(662)
<b>Net finance expenses</b>	<b>(1,179)</b>	<b>(2,074)</b>	<b>(364)</b>	<b>(1,392)</b>
Loss before tax	(12,882)	(9,893)	(8,522)	(6,446)
Income tax expenses	-	-	-	-
<b>Loss for the period</b>	<b>(12,882)</b>	<b>(9,893)</b>	<b>(8,522)</b>	<b>(6,446)</b>

### Selected consolidated cash flow data

<i>(in € thousands)</i>	Year ended 31 December		
	2016	2015	2014
	Audited		
Net cash used in operating activities	(14,311)	(8,096)	(6,075)
Net cash used in investing activities	(242)	(55)	(231)
Net cash from financing activities	426	31,165	5,490
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(14,127)</b>	<b>23,014</b>	<b>(816)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>28,666</b>	<b>5,674</b>	<b>6,482</b>
Effect of exchange rate fluctuations on cash held	20	(22)	8
<b>Cash and cash equivalents at end of period</b>	<b>14,559</b>	<b>28,666</b>	<b>5,674</b>

		Nine months ended 30 September		Six months ended 30 June	
		2017	2016	2017	2016
<i>(in € thousands)</i>		Unaudited		Unaudited	
Net cash used in operating activities		(11,517)	(11,494)	(7,560)	(5,258)
Net cash used in investing activities		(45)	(134)	(30)	(56)
Net cash from (or used in) financing activities		10,229	718	3,778	331
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(1,333)</b>	<b>(10,910)</b>	<b>(3,812)</b>	<b>(4,983)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>14,559</b>	<b>28,666</b>	<b>14,559</b>	<b>28,666</b>
Effect of exchange rate fluctuations on cash held		(11)	7	(14)	15
<b>Cash and cash equivalents at end of period</b>		<b>13,215</b>	<b>17,763</b>	<b>10,733</b>	<b>23,698</b>
B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.			
B.9	Profit forecast	Not applicable. Kiadis has not issued a profit forecast.			
B.10	Historical audit report qualifications	Although the opinion of the independent auditor KPMG Accountants N.V. is not modified in relation to this matter, it is noted that the 2016 audit opinion issued on 30 March 2017 included an emphasis of matter paragraph which indicated that at the time of the opinion the Company had insufficient cash and cash equivalents to meet its working capital requirements through the subsequent twelve months. Bearing in mind the aforementioned, there are no qualifications in the auditor's report on the audited consolidated financial statements for the financial years ended 31 December 2016, 2015 and 2014. The consolidated interim financial statements for the six-month period ended 30 June 2017 and for nine-month period ended 30 September 2017 are neither audited nor reviewed.			
B.11	Working capital	<p>Kiadis' current cash resources do not provide it with sufficient working capital for the next twelve months following the Summary and Securities Note Date. At the Summary and Securities Note Date, Kiadis has cash and cash equivalents of approximately €27 million. Kiadis believes that it has sufficient working capital to continue its current operations until February 2019. Based on its present requirements, Kiadis believes its operations will require cash resources of approximately €29 million to provide it with sufficient working capital for the next twelve months following the Summary and Securities Note Date and that the current working capital shortfall amounts to approximately €2 million.</p> <p>Kiadis has engaged in the Private Placement to address its working capital needs and rectify the current shortfall as set out above. Upon completion of the Private Placement, Kiadis shall receive net proceeds of approximately €21.6 million, which considerably exceeds the working capital shortfall of approximately €2 million referred to above. Based on its operating plans, and assuming that the Private Placement will generate net proceeds of approximately €21.6 million, Kiadis believes that it will be able to meet its financing needs into H2 2019.</p>			

		<p>If the Private Placement would be withdrawn or otherwise not be completed, Kiadis would be required to seek alternative funds to cover the shortfall in its working capital for the next twelve months following the Summary and Securities Note Date. In that event, the most likely scenario is that Kiadis will seek to conduct an equity raising by means of a private or public offering. It may also seek to enter into debt financing arrangements and/or delay, reduce the scope of, eliminate or divest clinical programs and consider other cost reduction initiatives, such as slowing down the planned organisational expansion, withholding expansion of additional clinical trials, slowing down the preparation and investments for the manufacturing facility and slowing down patient recruitment of clinical trials. At the Summary and Securities Note Date Kiadis has not explored any of these measures in sufficient detail and there can be no assurance that any of these measures can be implemented in time, or at all, to address the shortfall in its working capital for the next twelve months following the Summary and Securities Note Date that it would have if the Private Placement would be withdrawn or otherwise not be completed. In the event Kiadis is not be able to generate sufficient funds from these measures, it may be unable to continue as a going concern, its business, financial condition and/or results of operations could be materially and adversely affected and it may ultimately go into insolvency.</p>
<b>Section C — Securities</b>		
C.1	Type and class Security identification number	<p>The Shares are ordinary shares in the issued and outstanding capital of the Company with a nominal value of €0.10 each.</p> <p>The Shares are listed and admitted to trading under the symbol "KDS" on Euronext Amsterdam and Euronext Brussels under ISIN Code NL0011323407.</p>
C.2	Currency of the Offer Shares	The Shares are denominated in and trade in euro.
C.3	Number of shares issued, par value per share	<p>On the Summary and Securities Note Date, the Company's issued capital amounts to €1,751,509.20 and is divided into 17,515,092 Shares, each with a nominal value of €0.10.</p> <p>Assuming no other issuance of Shares (through the execution of options, warrants or otherwise), immediately following the issuance of the New Shares the Company's issued capital shall amount to €2,011,509.20 and be divided into 20,115,092 Shares, each with a nominal value of €0.10.</p>
C.4	Rights attached to the securities	<p>The Shares carry dividend rights. Each Share entitles its holder to cast one vote at the General Meeting. There are no restrictions on voting rights. Dutch law and the Company's articles of association (the "<b>Articles of Association</b>") generally give Shareholders pre-emptive rights to subscribe on a pro rata basis for any issue of new Shares or, upon a grant of rights, to subscribe for Shares. Exceptions to these pre-emptive rights include the issue of shares and the grant of rights to subscribe for shares (i) to the Company's employees or the employees of a group company as defined in section 2:24b of the Dutch Civil Code, (ii) in return for non-cash consideration, or (iii) the issue of shares to</p>

		<p>persons exercising a previously granted right to subscribe for shares.</p> <p>The Articles of Association provide that the General Meeting or the Articles of Association may designate the authority to issue Shares, or grant rights to subscribe for Shares, to the Company's management board (the "<b>Management Board</b>"), subject to the approval by the Company's supervisory board (the "<b>Supervisory Board</b>"). On 8 June 2017 a General Meeting was held at which it was resolved to authorise the Management Board, subject to the approval of the Supervisory Board, to issue Shares for a period of five years following 8 June 2017, or grant rights to subscribe for Shares, up to a maximum of 50% of the number of Shares that were outstanding on 8 June 2017 and to exclude pre-emptive rights in relation thereto. The 2,600,000 New Shares are to be issued, and the pre-emptive rights in relation thereto are to be excluded, on the Settlement Date by virtue of resolutions by the Management Board and the Supervisory Board as per such date, which resolutions shall be based on the aforementioned delegated authorities.</p>
C.5	Restrictions on free transferability of the securities	There are no restrictions on the transferability of the Shares in the Articles of Association.
C.6	Listing and admission to trading	<p>The Shares are admitted to listing and trading on Euronext Amsterdam and on Euronext Brussels under ISIN Code NL0011323407 under the symbol "KDS".</p> <p>The Company has applied for the admission to listing and trading of the New Shares on Euronext Amsterdam and on Euronext Brussels and expects that the New Shares will be admitted to listing and trading on the Settlement Date.</p>
C.7	Dividend policy	The Company expects to retain all earnings, if any, generated by Kiadis' operations for the development and growth of its business and does not anticipate paying any dividends to the Shareholders in the near future. Pursuant to the facility agreement that Kiadis entered into with Kreos Capital on 17 August 2017 (the " <b>Kreos Capital Facility Agreement</b> "), as long as any of the loans made thereunder remains outstanding, the Company is not entitled to make any dividend payment or other distributions to Shareholders.
<b>Section D — Risks</b>		
D.1	Key risks relating to Kiadis and its industry	The following is a selection of key risks that relate to Kiadis and its industry. In making the selection, Kiadis has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on Kiadis' business, financial condition and results of operations. Investors should read, understand and consider all risk factors that relate to Kiadis and its industry set out in Chapter 1 (Risk Factors) of the Registration Statement and all risk factors that relate to the Shares set out in Chapter 2 of this Summary and Securities Note before making an investment decision to invest in the Shares.

		<p><i>Financial Risks</i></p> <ul style="list-style-type: none"> <li>• Kiadis anticipates that it will continue to incur operating losses for the foreseeable future as it continues the clinical development of, and seeks regulatory approval for, its products, and commercialises any approved products. Kiadis requires substantial funding to continue its operations and if Kiadis fails to obtain such additional funding, it will be unable to continue and/or complete its research and development programs or commercialise any of its products, including ATIR101.</li> <li>• Kiadis' ability to become profitable in the future depends significantly on its success in commercialising its product candidates which may be hard to achieve.</li> <li>• In order to finance acquisitions Kiadis may engage in transactions, including the issue of Shares or securities convertible or exchangeable for Shares as consideration, that could dilute the ownership interests of Shareholders, and the terms of any additional funding may adversely affect a Shareholder's rights and diminish the future prospects of Kiadis.</li> <li>• Exchange rate fluctuations could negatively affect Kiadis' financial condition. Kiadis' business and Share price will be affected by fluctuations in foreign exchange rates, primarily between the euro and the Canadian and U.S. dollar, which may have a significant impact on the reported results of operations and cash flows from period to period.</li> </ul> <p><i>Development risks</i></p> <ul style="list-style-type: none"> <li>• Kiadis' future commercial potential depends on its ATIR products, in particular ATIR101. If Kiadis is unable to commercialise ATIR101, or experiences significant delays in doing so (i.e. in commencing or completing or by obtaining inconclusive or negative results from clinical trials), its business, financial condition, results of operations and prospects would be materially adversely affected.</li> <li>• ATIR101 has been the subject of limited clinical trials and if further clinical trials reveal safety or efficacy issues, this may have a negative impact on the development path for other products that may be derived from the same platform.</li> <li>• Kiadis' applications for regulatory approval could be delayed or denied due to problems with clinical trials conducted before Kiadis in-licenses some of Kiadis' products. Should this occur, Kiadis' future results may be compromised and its ability to conduct clinical trials may be severely hampered which could have a material adverse effect on its business, financial condition, results of operations and prospects.</li> <li>• If Kiadis fails to enrol patients in clinical trials for Kiadis' products in clinical development or if patients discontinue their participation, the clinical trials (and the accompanying regulatory approval process) could be delayed, their results compromised, or their costs higher and Kiadis may suffer a meaningful delay or incur significantly higher costs in developing Kiadis' products.</li> </ul>
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		<p><i>Risks relating to the regulatory environment</i></p> <ul style="list-style-type: none"> <li>• To date, Kiadis has been granted orphan drug designations in respect of ATIR101 in the United States and the European Union. Once granted, exceptions to market exclusivity through orphan drug status may be granted to other applicants if Kiadis is unable to supply sufficient quantities of the product, or if a potential product based on the same compound of a second applicant is clinically superior. If Kiadis fails to obtain or maintain orphan drug status for ATIR products in the indications that are important to its business, Kiadis would likely have limited or shortened protection or market exclusivity for ATIR products.</li> <li>• Kiadis' products are subject to extensive regulation (including by the EMA, the FDA, the TPD and other regulatory authorities), which can be costly and time-consuming to comply with, and Kiadis may not obtain approvals for the commercialisation of any of its products.</li> <li>• If Kiadis fails to comply with ongoing regulatory obligations and restrictions following regulatory approval of any product, regulatory authorities may take enforcement action against Kiadis, for example, any regulatory approval granted could be revoked and sale of Kiadis' products could be suspended or financial penalties could be imposed.</li> </ul> <p><i>Operational risks</i></p> <ul style="list-style-type: none"> <li>• Due to Kiadis' limited resources and access to capital, Kiadis must prioritise development of certain products. Kiadis' current development activities are focused primarily on the clinical development of ATIR101. To date, Kiadis has only allocated very limited resources towards and decided to delay the development of ATIR201. Its decision to prioritise the pursuit of these products may prove to be unsuccessful as they may never receive regulatory approval or achieve profitability.</li> <li>• If defects in, or the use or misuse of, Kiadis' products results in personal injury or death, either at the clinical or commercial stage, Kiadis would be exposed to expensive liability claims and adverse publicity and Kiadis may not be able to maintain liability insurance on reasonable terms or at all.</li> <li>• Kiadis may not be able to manufacture in time and/or sufficient amounts of its products for the clinical or commercial stage due to for example products not meeting specifications, lack of skilled personnel, lack of manufacturing capacity, lack of funding, lack of sufficient raw materials fulfilling required quality standards, general management or operational issues, force majeure, failure to comply with current Good Manufacturing Practices (GMP) and other applicable regulations and quality assurance guidelines, prohibition by regulatory authorities, withdrawal from the market and import stops.</li> <li>• Kiadis' manufacturing processes, including its assays, for its products may not fulfil requirements for clinical or commercial manufacturing.</li> <li>• Kiadis is a party to certain agreements that contain liability or indemnification provisions under which Kiadis may claim damages from its counterparties and under which its counterparties may claim damages from</li> </ul>
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		<p>it, including damages caused by product defects.</p> <ul style="list-style-type: none"> <li>• Kiadis may in the future acquire businesses or engage in other transactions that could disrupt its operations including its financial and strategic goals, its intellectual property position, incurring additional liabilities, increased costs and being subject to additional tax exposures.</li> <li>• Kiadis' clinical development activities rely heavily on sensitive and personal information, an area which is highly regulated by privacy laws. If Kiadis is unable to generate, maintain or access essential patient samples or data to continue its research and development efforts, its business could be materially adversely affected.</li> <li>• If Kiadis' facilities become inoperable, or if Kiadis is unable to renew its existing lease agreements, Kiadis may be unable to perform its manufacturing, clinical development or commercial activities and its business, financial condition, results of operations and prospects may be harmed.</li> </ul> <p><i>Commercialisation and market risks</i></p> <ul style="list-style-type: none"> <li>• The market opportunities for Kiadis' products, including projections of both the number of people who have the cancers and the other indications that Kiadis is targeting, as well as the people with these cancers and other indications that are in a position to receive a transplantation and who have the potential to benefit from treatment with an ATIR product may be smaller than currently anticipated, lowering potential revenue for Kiadis.</li> <li>• If Kiadis' products do not gain market acceptance by regulators, among physicians, patients, healthcare providers, healthcare payers or the medical community as a whole, Kiadis may not be able to achieve revenues and its business will be materially adversely affected.</li> <li>• Kiadis operates in a highly competitive and rapidly changing biotechnology industry. If Kiadis is unable to compete effectively, its business, financial condition, results of operations and prospects could be materially adversely affected.</li> <li>• The commercial success of Kiadis' products, including ATIR101, will depend in part on public acceptance of the use of cell-based therapy for the treatment of human diseases. Adverse events in the field of cell-based products could negatively influence and damage the perception of Kiadis' products and adversely affect its business, financial condition, results of operations and prospects.</li> <li>• If Kiadis evolves from a company primarily involved in the clinical development of products to one also involved in the commercialisation of products, Kiadis may encounter difficulties in managing its growth and expanding its operations successfully.</li> <li>• Governments, especially in the European Union and Canada, often impose strict price controls on prescription drugs. Pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, Kiadis may be required to conduct a post-</li> </ul>
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		<p>authorisation clinical trial that compares the cost-effectiveness of Kiadis' product to other available therapies. If reimbursement of Kiadis' products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels or the pricing negotiation is considerably delayed, this may adversely affect Kiadis' future profitability.</p> <ul style="list-style-type: none"> <li>• If Kiadis fails to obtain adequate coverage and reimbursement from insurers, both public and private, commercially viable markets for its products may not develop or may be smaller than expected.</li> </ul> <p><i>Risks relating to Kiadis' dependence on third parties and key personnel</i></p> <ul style="list-style-type: none"> <li>• Kiadis relies on third parties who exclusively license the exploitation of intellectual property rights relating to the Theralux platform to it. Under this licence, Kiadis is required to, among other things, develop, obtain regulatory approval of, seek intellectual property protection for and commercialise products based on the Theralux technology. If any such exclusive licence is terminated, Kiadis may be unable to commercialise and market the ATIR products.</li> <li>• Kiadis may be unable to enter into or maintain strategic alliances or collaborations to further the clinical development and commercialisation of certain of its products, such as ATIR101. In seeking strategic partners, Kiadis faces significant competition from other early stage or clinically-focused companies as well as public and private research institutions. The inability of Kiadis to obtain or maintain such alliances could affect its possibilities to commercialise certain early stage products.</li> <li>• Kiadis relies on third-party support to manufacture certain of its products and technologies. If Kiadis is unable to enter into or maintain its arrangements with third party manufacturers under favourable terms, Kiadis' ability to develop its products or generate sufficient product revenues could be harmed.</li> <li>• If third parties on which Kiadis depends to conduct its clinical studies do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, Kiadis' development program could be delayed with materially adverse effects on its business, financial condition, results of operations and prospects.</li> <li>• The failure to attract and retain senior management and skilled personnel could impair Kiadis' development and commercialisation efforts. The loss of the services of any member of the Management Board, Senior Management or key scientific or technical staff may significantly delay or prevent it from achieving its development and other business objectives and could have a material adverse effect on Kiadis' business, financial condition, results of operations and prospects.</li> </ul> <p><i>Risks relating to intellectual property and know-how</i></p> <ul style="list-style-type: none"> <li>• Kiadis' patents may provide protection for certain aspects of its products and business, but leave other aspects unprotected, as a consequence of which the technology protected by the patents is limited. Additionally, Kiadis' patents only cover a limited number of jurisdictions, and leave other jurisdictions uncovered, as a result of which the protection provided by the</li> </ul>
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		<p>patents is also geographically limited. As such, the duration and scope of Kiadis' patents may not be sufficient to effectively protect its products and business.</p> <ul style="list-style-type: none"> <li>• Issued patents covering Kiadis' product candidates, including ATIR101, could be found invalid or unenforceable if challenged in court or before the U.S. Patent and Trademark Office, the European Patent Office or another issuing body.</li> <li>• Kiadis may not be able to protect or enforce its intellectual property rights in all jurisdictions and if Kiadis fails to enforce adequately or protect its intellectual property rights its business may be harmed.</li> <li>• Confidentiality agreements with employees and third parties may not prevent unauthorised disclosure of trade secrets and other proprietary information and may not provide an adequate remedy.</li> <li>• If Kiadis or the licensors of intellectual property that Kiadis owns or uses infringe intellectual property rights of third parties, Kiadis may face increased costs or it may be unable to commercialise its products.</li> </ul>
D.3	Key risks relating to the securities	<p>The following is a selection of key risks that relate to the Shares. Investors should read, understand and consider all risk factors that relate to Kiadis and its industry set out in Chapter 1 (Risk Factors) of the Registration Statement and all risk factors that relate to the Shares set out in Chapter 2 of this Summary and Securities Note before making an investment decision to invest in the Shares.</p> <ul style="list-style-type: none"> <li>• There may be limited liquidity of the Shares, which may cause Shares to trade at a discount and make it difficult for investors to sell Shares at or above the price paid for them or at all.</li> <li>• The price of the Shares may be volatile and affected by a number of factors, some of which are beyond Kiadis' control.</li> <li>• The ownership of the Shares is highly concentrated and your interests may conflict with the interests of the Company's significant Shareholders.</li> <li>• Future sales and issuances, or the possibility of future sales or issuances, of a substantial number of the Shares could significantly lower the price of the Shares and dilute the interests of Shareholders.</li> <li>• Kiadis does not intend to pay dividends for the foreseeable future.</li> <li>• If securities or industry analysts do not publish research, or publish inaccurate or unfavourable research, about Kiadis' business, the price of the Shares and the trading volume could decline.</li> <li>• The Company believes that it was a passive foreign investment company (PFIC) during its taxable years ending 31 December 2014, 2015, 2016 and 2017 and that it may be so as well during its taxable year ending 31 December 2018, generally resulting in adverse tax consequences to U.S. investors.</li> </ul>

## Section E — Private Placement

E.1	Net proceeds and estimated expenses	The gross proceeds of the Private Placement shall amount to €23.4 million. After deduction of the total expenses of the Private Placement, which are expected to amount to approximately €1.8 million, the expected net proceeds of the Private Placement amount to €21.6 million.
E.2a	Reasons for the Private Placement and use of proceeds	<p>The principal purpose of the Private Placement is to obtain additional capital to support the execution of Kiadis' strategy.</p> <p>Kiadis currently anticipates that it will use the net proceeds of the Private Placement in order of importance as follows:</p> <ul style="list-style-type: none"> <li>• to continue the Phase III international, randomised, controlled, multicentre clinical trial for ATIR101 in the United States, Canada and Europe;</li> <li>• to generate additional manufacturing capacity at vendors and to refurbish, equip and staff its leased manufacturing facility;</li> <li>• to further prepare Kiadis for commercialisation by investing into a commercial organisation, market access preparation and reimbursement discussions;</li> <li>• to support further production process optimisation of ATIR;</li> <li>• to expand the organisation to accommodate the increased number of activities;</li> <li>• to start a further clinical trial to assess the benefit of ATIR101 in conjunction with another T-cell depleted hematopoietic stem cell transplantation (HSCT) protocol or with a cyclophosphamide-based haplo transplantation protocol;</li> <li>• to apply funds for debt repayment, capital expenditures, general and administrative expenses, general corporate purposes in line with Kiadis' strategy and other working capital needs; and</li> <li>• to finance potential opportunities to broaden and diversify the research and development portfolio (e.g. through in-licensing or acquiring programs and companies with synergistic or complementary technologies, products and/or product candidates).</li> </ul>
E.3	Terms and conditions of the offer	Not applicable, the Prospectus does not relate to an offer
E.4	Interests material to the	The Company is not aware of any interests that may significantly impact the issue of the New Shares. Jefferies International Limited (" <b>Jefferies</b> ") has acted as sole bookrunner (the " <b>Sole Bookrunner</b> ") in relation to the Private

	issuance of the New Shares (including conflicting interests)	Placement, Canaccord Genuity Limited acted as lead manager (the " <b>Lead Manager</b> "), Chardan Capital Markets, LLC acted as co-lead manager (the " <b>Co-Lead Manager</b> ") and LifeSci Capital LLC acted as co-manager (the " <b>Co-Manager</b> ", the Sole Bookrunner, the Lead Manager, the Co-Lead Manager and the Co-Manager collectively the " <b>Managers</b> " and each a " <b>Manager</b> "). The Managers and/or their affiliates have rendered and/or may in the future render banking, financial, investment and other services to Kiadis, its shareholders or corporate officers, for which they have received or may receive remuneration.
E.5	Person or entity offering to sell the securities and lock-up	<p>In the placement agreement that the Company and the Managers signed on 12 March 2018 (the "<b>Placement Agreement</b>"), the Company undertakes not to issue, offer, sell, contract to issue or sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of an issue or a sale of Shares, or publicly to announce any intention to do any of such things, prior to the day falling 90 days after the Settlement Date without the prior written consent of the Sole Bookrunner (not to be unreasonably withheld or delayed), except for (i) options granted or shares to be delivered under existing share option programs for employees, in accordance with past practice; (ii) Shares issued upon exercise of options or in respect of warrants granted prior to the date of the Placement Agreement; and (iii) the New Shares to be issued and sold as contemplated pursuant to the terms of the Placement Agreement and in connection with the Private Placement.</p> <p>Also, as per the Placement Agreement, each member of the Management Board and the Supervisory Board as well as significant Shareholders Esprit Nominees Limited, Life Sciences Partners B.V., Life Sciences Partners II B.V., Pro-Ventures I B.V. and LSP Management Group B.V. (see paragraph 11.1 of the Registration Document) (each a "<b>Locked Party</b>") has undertaken not to offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things, prior to the day ending 90 days after the Settlement Date without the prior written consent of the Sole Bookrunner, who may in its sole discretion and at any time waive these restrictions. This lock-up undertaking applies to all Shares owned by the relevant Locked Party or any of their respective related parties per the date of the Placement Agreement and per the Settlement Date (if a higher number), including for the avoidance of doubt Shares issued to them pursuant to options granted to them at or prior to the Settlement Date or any other securities so owned per the Settlement Date, exchangeable for or convertible into, or substantially similar to, the Shares, and any rights or securities arising from any such Shares or attached to any such Shares. The lock-up undertaking does not apply to (i) Shares acquired after the Settlement Date; (ii) any transfers, sales, tenders or other dispositions of owned Shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all Shares pursuant to which a majority of total voting power of the Shares is transferred to such third party (iii) any corporate action in connection with a takeover offer, capital reorganisation, legal merger, split-up or similar transaction or process, in each case to the extent involving the</p>

		Company; or (iv) the transfer or distribution of owned Shares to members or shareholders of the Locked Party or to any corporation, partnership or other person or entity that is a current or former member, shareholder, limited partner, subsidiary or direct or indirect affiliate of the Locked Party or to any investment fund or other entity that controls or manages it, provided that such transferee or distributee is receiving and holding such owned Shares subject to the provisions of the lock-up undertaking.
E.6	Dilution	The dilution resulting from the issue of the New Shares amounts to 12.93%, relating to both capital interests and voting interests (or 12.32% on a fully diluted basis).
E.7	Estimated expenses charged to the investors by the Company	Not applicable. No expenses have been or will be charged to the Participating Investors by Kiadis in relation to the Private Placement.

## 2 Risk Factors

*An investment in Shares involves certain risks. Accordingly, before deciding whether to invest in the Shares, prospective investors should carefully consider the risks described in this Chapter 2 (Risk Factors) as well as those described in Chapter 1 (Risk Factors) of the Registration Document, together with all the other information contained in the Prospectus. If any of these risks described therein actually occur, Kiadis' business, financial condition, results of operations or prospects could be materially and adversely affected. In such a case the value of the Shares could decline and investors may lose all, or part of their investment.*

*The risks and uncertainties described this Chapter 2 (Risk Factors) and in Chapter 1 (Risk Factors) of the Registration Document are a list of risks and uncertainties currently known to Kiadis and which Kiadis deems material. Additional risks and uncertainties, not presently known to Kiadis, or which Kiadis currently deems immaterial, may also have an adverse effect on Kiadis' business, financial condition, results of operations or prospects and could adversely affect the price of the Shares. All these factors are contingencies which may or may not occur. Kiadis may face the risks and uncertainties described in this Chapter 2 (Risk Factors) and in Chapter 1 (Risk Factors) of the Registration Document simultaneously.*

### **Risks Related to the Shares**

***There may be limited liquidity of the Shares, which may cause Shares to trade at a discount and make it difficult for investors to sell Shares at or above the price paid for them or at all.***

Historically, the volume of trading on Euronext is relatively low. The average monthly trading volume in the Shares on Euronext in the twelve-month period from 1 January 2017 up to and including 31 December 2017 was €21.48 million and 2,554,217 Shares (source: *Euronext market data*). There is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at certain price levels. The price of the Shares will in addition be subject to volatility and investors may be unable to sell their Shares at or above the price paid for them or at all. Although the Company has retained a liquidity provider to support the trading of the Shares under certain conditions, this is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at certain price levels.

***The price of the Shares may be volatile and affected by a number of factors, some of which are beyond Kiadis' control.***

The stock markets in general, and the markets for pharmaceutical and biotechnology shares in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any one of the following factors, among others, may cause a substantial decline in the markets in which Kiadis operates: general economic conditions; geopolitical conditions, including war, acts of terrorism and other man-made or natural disasters; regulatory developments in the European Union, the United States and Canada and other jurisdictions; changes in the structure of healthcare payment systems; publication of significant new scientific research relating to cancer or inborn diseases of the blood building system; announcements of technological innovations or new products by Kiadis or its competitors; publication of research reports about the pharmaceutical or biotechnology industries by securities or industry analysts; changes in estimates by stock market analysts and other events and factors beyond Kiadis' control. These factors, and the factors described elsewhere in this section, could significantly reduce the trading price of the Shares.

***The ownership of the Shares is highly concentrated and your interests may conflict with the interests of the Company's significant Shareholders.***

The Company has a number of significant Shareholders (see also section B.6 of Chapter 1 (Summary)). Three of these Shareholders, Life Sciences Partners II B.V., Life Sciences Partners B.V. and Esprit Nominees Limited have representatives on the Supervisory Board (Mr. Wegter, Mr. Kleijwegt and Mr. Chapman). Mr. Kleijwegt is managing director of Life Sciences Partners II B.V.

These significant Shareholders jointly or independently will be able to exert significant influence over the outcome of matters requiring approval of the Shareholders, including but not limited to appointments to the Management Board and the approval of significant transactions. Their interests may also differ from the interests of other Shareholders. In addition, the significant influence of these significant Shareholders may have the effect of making certain transactions more difficult without their support, and may have the effect of delaying or preventing an acquisition or other change in control over the Company. These actions may be taken even if other Shareholders oppose them, which could prevent investors from receiving a premium for the Shares.

***Institutional proxy advisors may influence the voting in General Meetings.***

Institutional proxy advisors are increasingly used by institutional investors. Institutional proxy advisors evaluate the agenda items of general shareholders' meetings and recommend to their clients as to how they should vote on such agenda items. Usually, the institutional investors follow the recommendations of the institutional proxy advisors, although no statistical evidence exists.

Depending on the shareholder structure and the shareholdings of those who follow the recommendations of the institutional proxy advisors, the latter can have a significant influence on the voting results in the General Meeting. In particular, if the Management Board or the Supervisory Board propose a certain item on the agenda of the General Meeting and the institutional proxy advisors recommend not to vote in favour of such proposal it cannot be excluded that such proposal may fail to be passed due to the lack of sufficient votes, which may not be in the best interest of the Company and its Shareholders.

***Future sales and issuances, or the possibility of future sales or issuances, of a substantial number of the Shares could significantly lower the price of the Shares and dilute the interests of Shareholders.***

Future sales and issuances of a substantial number of the Shares, or the perception that such sales or issuances will occur, could cause a decline in the market price of the Shares and, in the event of issuances, dilute the interest of Shareholders. Future sales or issuances of Shares could be made by the Company, its existing Shareholders and entities affiliated with them, other Shareholders or through a capital increase undertaken by the Company for additional working capital, to fund an acquisition or for another purpose. A sale or issuance of a substantial number of the Shares, or the perception that such sales or issuance could occur, could materially and adversely affect the market price of the Shares, as well as impede Kiadis' ability to raise capital through an issue of equity securities in the future. Until 90 days after the Settlement Date and subject to certain exceptions, the Company may not issue, offer or otherwise enter into transactions relating to its securities (including the Shares) without the prior written consent of the Sole Bookrunner (not to be unreasonably withheld or delayed). During this 90-day period, the members of the Management Board and the Supervisory Board as well as as well as significant Shareholders Esprit Nominees Limited,



Life Sciences Partners B.V., Life Sciences Partners II B.V., Pro-Ventures I B.V. and LSP Management Group B.V. (see paragraph 11.1 of the Registration Document) are also subject to lock-up restrictions, which the Sole Bookrunner may waive in its sole discretion and at any time. See also paragraph 5.4.

***U.S. and other non-Dutch holders of the Shares may be unable to exercise pre-emptive rights.***

In the event of an increase in the Company's share capital, holders of the Shares are generally entitled to certain pre-emptive rights, unless these rights are excluded by a resolution of the General Meeting, or of the Management Board, if so designated by the General Meeting or pursuant to the Articles of Association.

However, certain shareholders outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with. In particular, U.S. holders of the Shares may not be able to exercise pre-emptive rights unless a registration statement under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") is declared effective with respect to the Shares issuable upon exercise of such rights or an exemption from the registration requirements is available. Kiadis intends to evaluate at the time of any rights issue the cost and potential liabilities associated with any such registration statement, as well as the indirect benefits and costs to Kiadis of enabling the exercise by U.S. holders of their pre-emptive rights for the Shares and any other factors considered appropriate at the time. Kiadis will then make a decision as to whether to file such a registration statement. No assurance can be given that any registration statement would be filed or that any exemption from registration would be available to enable the exercise of a U.S. holder's pre-emptive rights. Shareholders in jurisdictions outside the Netherlands who are not able or not permitted to exercise their pre-emptive rights in the event of a future pre-emptive rights offering may suffer dilution of their shareholdings.

***Kiadis does not intend to pay dividends for the foreseeable future.***

Kiadis does not intend to pay any dividends for the foreseeable future. Payment of future dividends to shareholders will effectively be at the discretion of the Management Board, subject to the approval of the Supervisory Board after taking into account various factors including Kiadis' business prospects, cash requirements, financial performance and new product development. In addition, payment of future dividends may only be made if the Company's shareholders' equity exceeds the sum of the Company's paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association. Also, pursuant to the loan it has obtained from Kreos Capital, as long as this loan has not been repaid, the Company is not entitled to make any dividend or other distributions to Shareholders without Kreos Capital's approval. Accordingly, investors cannot rely on dividend income from the Shares and any returns on an investment in the Shares will likely depend entirely upon any future appreciation in the price of the Shares.

***The Company is a holding company and will have limited assets and limited ability to generate revenue. The Company will depend on its subsidiaries to provide it with funds to meet its obligations.***

The Company is a holding company with limited assets and limited ability to generate revenue. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries to generate the funds necessary to meet its financial obligations. The ability of the Company's subsidiaries to make such

distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations or the legal requirement of having distributable profit or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognised as a creditor of the subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Company's claims.

***Investors with a reference currency other than euro will become subject to foreign exchange rate risk when investing in the Shares.***

The Shares are, and any dividends to be announced in respect of the Shares, if any, will be, denominated in euro. An investment in the Shares by an investor whose principal currency is not the euro exposes the investor to currency exchange rate risk that may impact the value of the investment in the Shares or any dividends.

***If securities or industry analysts do not publish research, or publish inaccurate or unfavourable research, about Kiadis' business, the price of the Shares and the trading volume could decline.***

The trading market for the Shares depends in part on the research and reports that securities or industry analysts publish about Kiadis and its business. If no or too few securities or industry analysts commence coverage of Kiadis, the trading price for the Shares would likely be negatively affected. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover Kiadis downgrade the Shares or publish inaccurate or unfavourable research about the business, the price of the Shares would likely decline. If one or more of these analysts cease coverage of Kiadis or fail to publish reports on it regularly, demand for the Shares could decrease, which might cause the price of the Shares and trading volume to decline.

***The Company believes that it was a passive foreign investment company (PFIC) during its 2014, 2015, 2016 and 2017 taxable years and that it may be so as well during its 2018 taxable year, generally resulting in adverse tax consequences to U.S. investors.***

The Company believes that it was a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes during its taxable years ended 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 and that it may be so as well during its taxable year ending 31 December 2018. Generally, if, for any taxable year, at least 75% of the Company's gross income is passive income, or at least 50% of the value of the Company's assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, the Company would be characterised as a PFIC. For purposes of these tests, passive income includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. If the Company is characterised as a PFIC, its U.S. Shareholders may suffer adverse tax consequences, including having gains realised on the sale of the Shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on the Shares by individuals who are U.S. holders, and having interest charges apply to distributions by the Company and the proceeds of Share sales. See Chapter 7 (Taxation).

The Company's status as a PFIC may also depend, in part, on how quickly it utilizes the proceeds from fundraisings in its business. Because PFIC status depends on the composition of the Company's income and the composition and value of its assets (which, assuming the Company is not a "controlled foreign corporation" under Section 957(a) of the U.S. Internal Revenue Code of 1986 for the year being tested, may be determined in large part by reference to the market value of the Shares, which may be volatile) from time to time, there can be no assurance that the Company will not be considered a PFIC for its current taxable year or any future taxable year.

***Investors may not be able to recover damages in civil proceedings for U.S. securities law violations.***

All but one of the members of the Management Board and Supervisory Board are resident outside the United States, and all Kiadis' assets and, as far as Kiadis is aware, the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them in the Netherlands or elsewhere judgments obtained in U.S. courts, including judgments predicated on the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

***Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax***

On 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**Financial Transaction Tax**", or "**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (these EU Member States save for Estonia because of its withdrawal from the enhanced cooperation in March 2016, the "**FTT Participating Member States**").

The proposed FTT has a very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in an FTT Participating Member State or (ii) the financial instruments are issued in an FTT Participating Member State.

The proposed FTT remains subject to negotiation between the FTT Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. If a sale, purchase or exchange of Shares would become subject to FTT, this tax would increase the transactional costs of buying and selling Shares and could reduce market liquidity for the Shares. Investors are advised to seek their own professional advice in relation to the FTT.

### **3 Important Information**

#### **3.1 General**

You should rely only on the information contained in the Prospectus and any supplement to it within the meaning of article 5:23 of the Financial Supervision Act, should such supplement be published. No person is or has been authorised to give any information or to make any representations other than those contained in the Prospectus and any supplement to it within the meaning of article 5:23 of the Financial Supervision Act, should such supplement be published and, if given or made, such information or representations must not be relied upon as having been authorised by Kiadis or any of its affiliates or agents. The delivery of this Summary and Securities Note shall not under any circumstances, create any implication that there has been no change in Kiadis affairs or that information contained herein is correct as of any time subsequent to the date hereof.

#### **3.2 Responsibility statement**

Kiadis Pharma N.V., with its registered seat in Amsterdam and with its registered office at Paasheuvelweg 25A, 1105 BP Amsterdam, the Netherlands, accepts responsibility for the information contained in this Summary and Securities Note. To the best of Kiadis Pharma N.V.'s knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Summary and Securities Note is in accordance with the facts and contains no omission likely to affect its import.

The information included in this Summary and Securities Note reflects Kiadis' position at the Summary and Securities Note Date and under no circumstances should the issue and distribution of this Summary and Securities Note after the Summary and Securities Note Date be interpreted as implying that the information included herein will continue to be correct and complete at any later date.

The distribution of the Prospectus may be restricted by law in certain jurisdictions. The Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation of any offer by anyone. The Prospectus does not constitute an offer of, a solicitation of, or an invitation to purchase any Shares. Persons who obtain the Prospectus must inform themselves about and observe all such restrictions. The Company does not accept any legal responsibility for any violation by any person, of any such restrictions.

#### **3.3 Rounding**

Certain figures contained in the Prospectus have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Summary and Securities Note may not conform exactly to the total figure given for that column or row.

#### **3.4 Currencies**

Unless otherwise indicated, all references in the Prospectus to "€", "euro", "Eur", "EUR" or "cents" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended. All references to "\$", "US\$" or "U.S. dollars" are to the lawful currency of the United States.

### **3.5 Gender references**

Words in a particular gender shall include all genders – and accordingly a reference to "he" or "his" shall also refer to "she" and "her", unless the context requires otherwise.

### **3.6 Documents incorporated by reference**

[The Registration Document](#), including the documents incorporated by reference therein are incorporated by reference into this Summary and Securities Note. No other documents or information form part of, or are incorporated by reference into, this Summary and Securities Note.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Summary and Securities Note to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Summary and Securities Note.

The documents incorporated by reference in the Prospectus are available via [www.kiadis.com](http://www.kiadis.com). No documents or information other than the information incorporated by reference, including the content of Kiadis' website – [www.kiadis.com](http://www.kiadis.com) - or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, the Prospectus.

### **3.7 Available information**

Copies of this Summary and Securities Note and the documents incorporated by reference therein may be obtained free of charge for the life of the Registration Document by sending a request in writing to the Company at Paasheувelweg 25A, 1105 BP Amsterdam, the Netherlands.

### **3.8 Enforceability of judgments**

The ability of Shareholders in certain countries other than the Netherlands, in particular in the United States, to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands.

All but one of the members of the Management Board and Supervisory Board are resident of countries other than the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. Kiadis' assets are predominantly located outside the United States. As a result, it may not be possible or it may be difficult for investors to effect service of process within the United States upon Kiadis or such persons, or to enforce against them in U.S. courts a judgment obtained in such courts, including judgments predicated on the civil liability provisions of U.S. federal securities laws or the securities laws of any state or territory within the United States.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts. However, if a person has obtained a

final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to such foreign judgment insofar as it finds that (i) the jurisdiction of the U.S. court has been based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*) and (iii) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands and except to the extent that the foreign judgment contravenes Dutch public policy (*openbare orde*).

### **3.9 Market data and other information from third parties**

The information in this Summary and Securities Note that has been sourced from third parties has been accurately reproduced and, as far as Kiadis is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although Kiadis believes these sources to be reliable, as Kiadis does not have access to the information, methodology and other bases for such information, Kiadis has not independently verified the information. Kiadis is not aware of any exhaustive industry or market reports that cover or address its specific markets.

In this Summary and Securities Note, Kiadis makes certain statements regarding the markets and the competitive position in the sectors and geographies in which Kiadis competes. Kiadis believes these statements to be true based on market data and industry statistics which are in the public domain, but has not independently verified the information.

### **3.10 Forward-looking statements**

This document contains certain statements that are or may be forward-looking statements with respect to Kiadis' financial condition, results of operations and/or business achievements, including, without limitation, statements containing the words "believe", "anticipate", "expect", "estimate", "may", "could", "should", "would", "will", "intend" and similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause Kiadis' actual results, financial condition, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed described in Chapter 2 (Risk Factors) of this Summary and Securities Note and in Chapter 1 (Risk Factors) of the Registration Document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Kiadis disclaims any obligation to update any such forward-looking statements in this Summary and Securities Note to reflect future events or developments.

### **3.11 References to defined terms and incorporation of terms**

Certain terms used in this Summary and Securities Note, including capitalised terms and certain technical and other terms are explained in Chapter 14 (Definitions and Glossary) of the Registration Document.

## 4 Capitalisation and Indebtedness

This section sets forth the Company's capitalisation and indebtedness as at 30 September 2017 on an actual basis.

You should read this table together with the Company's unaudited condensed consolidated interim financial statements for the nine-month period ended 30 September 2017 and the related notes thereto included in the Registration Document beginning on page F-1, as well as the information in Chapter 5 (Operating and Financial Review) of the Registration Document.

### 4.1 Capitalisation

<i>(in € thousands)</i>	As at 30 September 2017
	Unaudited
<b>Total current debt</b>	<b>3,739</b>
Guaranteed	-
Secured	1,280
Not guaranteed/secured	2,459
<b>Total non-current debt</b>	<b>20,114</b>
Guaranteed	-
Secured	7,117
Not guaranteed/secured	12,997
<b>Equity</b>	
Share capital	1,504
Share premium	108,405
Translation reserve	294
Warrant reserve	1,274
Accumulated deficit	(107,874)
<b>Total</b>	<b>3,603</b>
<b>Total capitalisation</b>	<b>27,456</b>

### 4.2 Indebtedness

<i>(in € thousands)</i>	As at 30 September 2017
	Unaudited
Cash <sup>(1)</sup>	13,142
Cash equivalent	-
Trading securities	-
<b>Liquidity</b>	<b>13,142</b>
<b>Current financial receivables</b>	-
Current bank debt	-
Current portion of non-current debt	1,280
Other current financial debt	-
<b>Current financial debt</b>	<b>1,280</b>
<b>Net current financial indebtedness</b>	<b>(11,862)</b>
Non-current bank loans	-
Bonds issued	-
Other non-current loans	18,081
<b>Non-current financial indebtedness</b>	<b>18,081</b>
<b>Net financial indebtedness</b>	<b>6,219</b>

<sup>(1)</sup> Cash amount minus restricted cash for an amount of €73 thousand. The restricted cash relates to bank guarantees amounting to €73 thousand which were granted by ING Bank N.V. for the benefit of the lessor of Kiadis' Amsterdam laboratory and office facilities.



### **4.3 Significant changes in capitalisation and indebtedness since 30 September 2017**

There has been no significant change in Kiadis' capitalisation and indebtedness since 30 September 2017, except for the following:

- In October 2017, Kiadis raised €16.2 million as net proceeds (€18.0 million as gross proceeds) in equity through the issuance of 2,250,000 new shares and it drew down the second tranche of €5 million of the debt financing from Kreos Capital. In the context of this draw down, 42,269 warrants were issued to Kreos Expert. See also paragraphs 5.1, 5.4, 5.5, 5.7 and 10.3.3 of the Registration Document.
- Since 30 September 2017, 227,695 warrants resulting in proceeds of €1.7 million have been exercised.

### **4.4 Indirect and contingent indebtedness**

See paragraphs 5.9 (Operating and financial review – Off Balance sheet obligations Contractual obligations) and 5.10 (Operating and financial review –Contractual obligations and commercial commitments) of the Registration Document for a discussion on Kiadis' indirect and contingent indebtedness.

### **4.5 Working Capital Statement**

Kiadis' current cash resources do not provide it with sufficient working capital for the next twelve months following the Summary and Securities Note Date. At the Summary and Securities Note Date, Kiadis has cash and cash equivalents of approximately €27 million. Kiadis believes that it has sufficient working capital to continue its current operations until February 2019. Based on its present requirements, Kiadis believes its operations will require cash resources of approximately €29 million to provide it with sufficient working capital for the next twelve months following the Summary and Securities Note Date and that the current working capital shortfall amounts to approximately €2 million.

Kiadis has engaged in the Private Placement to address its working capital needs and rectify the current shortfall as set out above. Upon completion of the Private Placement, Kiadis shall receive net proceeds of approximately €21.6 million, which considerably exceeds the working capital shortfall of approximately €2 million referred to above. Based on its operating plans, and assuming that the Private Placement will generate net proceeds of approximately €21.6 million, Kiadis believes that it will be able to meet its financing needs into H2 2019.

If the Private Placement would be withdrawn or otherwise not be completed, Kiadis would be required to seek alternative funds to cover the shortfall in its working capital for the next twelve months following the Summary and Securities Note Date. In that event, the most likely scenario is that Kiadis will seek to conduct an equity raising by means of a private or public offering. It may also seek to enter into debt financing arrangements and/or delay, reduce the scope of, eliminate or divest clinical programs and consider other cost reduction initiatives, such as slowing down the planned organisational expansion, withholding expansion of additional clinical trials, slowing down the preparation and investments for the manufacturing facility and slowing down patient recruitment of clinical trials. At the Summary and Securities Note Date Kiadis has not explored any of these measures in sufficient detail and there can be no assurance that any of these measures can be implemented in time, or at all, to address the shortfall in its working capital for the next twelve months following the Summary

and Securities Note Date that it would have if the Private Placement would be withdrawn or otherwise not be completed. In the event Kiadis is not be able to generate sufficient funds from these measures, it may be unable to continue as a going concern, its business, financial condition and/or results of operations could be materially and adversely affected and it may ultimately go into insolvency.

It is noted that Kiadis' existing capital resources and the net proceeds from the Private Placement will not be sufficient to enable it to fund the completion of its clinical development programs, including ATIR101, and that accordingly, Kiadis will need to raise additional funds. Kiadis may also require additional capital resources due to significant uncertainty associated with and time required to complete the clinical trials of ATIR. It may need to raise additional funds more quickly if Kiadis chooses to expand its development activities or if it considers selective acquisitions. Factors that could influence Kiadis' future capital requirements and the timing thereof include the:

- progress and cost of Kiadis' clinical trials, including payments of patient cost, clinical investigator cost and payments to clinical research organisations that are assisting with its sponsored clinical trials, and other research and development activities;
- cost and timing of obtaining regulatory approval to commence further clinical trials;
- costs associated with physician-initiated clinical trials;
- cost of filing, prosecuting, defending and enforcing any patent applications, claims, patents and other intellectual property rights;
- cost and timing of securing active pharmaceutical ingredients from suppliers;
- cost and timing of establishing production capacities and obtaining sufficient quantities of Kiadis' products for clinical trials;
- costs associated with process optimisations;
- repayment obligations under the loan provided by Kreos Capital and the loan provided by the University of Montreal (see paragraph 5.7 of the Registration Document);
- royalty and milestone obligations to Hospira and the University of Montreal (see paragraph 7.18 of the Registration Document);
- terms and timing of any collaborative, licensing and other arrangements that Kiadis may establish;
- cost of acquiring or licensing additional products, if any; and
- amount and timing of further investments in preclinical research, if any.

Kiadis may raise additional capital through public or private equity offerings, debt financings, collaborations or other means. It may consider raising additional capital to take advantage of favourable market conditions or other strategic considerations even if Kiadis has sufficient

funds for planned operations. To the extent that the Company raises additional funds by issuance and sale of equity securities, Shareholders will experience dilution. Debt financings, if available, may subject Kiadis to financial and other restrictive covenants that limit Kiadis' ability to engage in activities that it may believe to be in its long-term best interests. Additional financing may not be available on acceptable terms, if at all. Capital may become difficult or impossible to obtain due to poor market or other conditions outside of Kiadis' control.

## 5 Private Placement

### 5.1 Private Placement

On 12 March 2018, the Company announced the launch of a private placement of Shares to institutional and other qualifying investors outside the United States in reliance on the safe harbour from the registration requirements of the U.S. Securities Act under Regulation S (the "**Reg S Placement**") and (b) in the United States in private placements pursuant to the exemption available from registration under Section 4(a)(2) of the U.S. Securities Act or pursuant to another available exemption from registration (the "**U.S. Placement**" and, together with the Reg S Placement, the "**Private Placement**").

The Private Placement has been structured as an accelerated bookbuilt offering in relation to which Jefferies has acted as the Sole Bookrunner, Canaccord Genuity Limited acted as the Lead Manager, Chardan Capital Markets, LLC as the Co-Lead Manager and LifeSci Capital LLC acted as the Co-Manager. Saola Healthcare Partners acted as financial adviser to Kiadis. The address details of Jefferies, Canaccord Genuity Limited, Chardan Capital Markets, LLC, LifeSci Capital LLC and Saola Healthcare Partners are set out below.

Jefferies International Limited  
Vintners Place  
68 Upper Thames Street  
London EC4V 3BJ  
United Kingdom

Canaccord Genuity Limited  
88 Wood Street  
London EC2V 7QR  
United Kingdom

Chardan Capital Markets, LLC  
17 State Street  
New York, NY 10004  
United States of America

LifeSci Capital LLC  
250 W 55th Street  
New York, NY 10019  
United States of America

Saola Healthcare Partners  
Barbara Strozziiaan 101  
1083 HN Amsterdam  
The Netherlands

On the basis of the accelerated bookbuilding process, 2,600,000 New Shares have been placed with the Participating Investors at an issue price of €9.00 per New Share.

None of the parties holding a registered substantial holding of at least 3% of the share capital and/or voting rights in the Company (see paragraph 11.1 of the Registration Document) has participated in the Private Placement.

The 2,600,000 New Shares are to be issued, and the pre-emptive rights in relation thereto are to be excluded, on the Settlement Date by virtue of resolutions by the Management Board and the Supervisory Board as per such date, which resolutions shall be based on the authorities delegated to the Management Board and the Supervisory Board by the General Meeting held on 8 June 2017. See also paragraphs 5.5 and 6.9.

The New Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, pledged or transferred within the U.S., except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Company is not aware of any interests that may significantly impact the issue of the New Shares. The Managers or their affiliates have rendered and/or may in the future render banking, financial, investment and other services to Kiadis, its shareholders or corporate officers, for which they have received or may receive remuneration.

## **5.2 Placement Agreement**

On 12 March 2018, the Company and the Managers signed the Placement Agreement, to set out the relationship between them.

In the Placement Agreement, the Company makes customary representations and warranties, including warranties as to its organisation and authority, due authorisation and capitalisation, compliance with laws, consents and approvals, accuracy and compliance of public disclosures, ownership of assets, intellectual property and labour, licences and permits, taxation and sanctions. In addition, the Company will indemnify the Managers against most liabilities in connection with the Private Placement.

The Placement Agreement provides that the Placing Agents use reasonable endeavours to procure subscribers and purchasers for the New Shares. The Placement Agreement does not include an underwriting commitment in relation to the U.S. Private Placement – whether in relation to the placement of the New Shares, the settlement risk or otherwise – of the Placing Agents. The Placement Agreement includes a settlement risk underwriting by the Sole Bookrunner should Participating Investors in the Reg S Placement breach their payment obligations. The Placement Agreement provides that the obligations of the Placing Agents under the Placement Agreement are subject to:

- (i) the receipt of all duly signed and duly taken corporate resolutions required to be taken by the Management Board, the Supervisory Board and the General Meeting;
- (iv) receipt of opinions on certain legal matters from legal counsel on or before the Settlement Date relating to, among others, the Company and the New Shares;
- (v) the approval of the Prospectus by the AFM being in full force and effect;
- (vi) the Prospectus having been made available in accordance with the Financial Supervision Act and having been passported to the FMSA;
- (vii) the absence of circumstances having arisen that would require a supplement to the Prospectus;

- (viii) the execution of documents relating to the Private Placement and such documents being in full force and effect;
- (ix) the admission of the New Shares to listing and trading on Euronext; and
- (ii) certain other customary closing conditions, including, among others, the accuracy of the warranties provided by the Company pursuant to the Placement Agreement and the compliance by the Company with its obligations under the Placement Agreement.

Upon the occurrence of certain specific events, in particular:

- (i) any breach of, or any event rendering untrue or incorrect, any warranty or representation contained in the Placement Agreement having come to the notice of the Sole Bookrunner, or any failure by the Company to perform its obligations under the Placement Agreement or the Subscription Agreements (as defined below);
- (ii) any of the conditions precedent not having been satisfied or waived by the Sole Bookrunner;
- (iii) a suspension or material limitation in trading in securities occurs generally on Euronext, the London Stock Exchange or the New York Stock Exchange;
- (iv) a general moratorium on the commercial banking activities in Amsterdam, Brussels, London or New York is declared by the relevant authorities, or a material disruption of the relevant securities settlement systems occurs; or
- (v) the occurrence of any outbreak or escalation of hostilities on a political or military level, terrorist attack, or any material adverse change in financial markets or any calamity or crisis or any change or development involving a prospective change in national or international financial, political or economic conditions in any country occurs, that in the sole opinion of the Sole Bookrunner is material and adverse,

the Sole Bookrunner shall have the right (but not the obligation) to terminate the Placement Agreement. The Sole Bookrunner shall consult in good faith in advance with the Company regarding such termination, however the Sole Bookrunner shall have the right in its sole discretion to terminate the Placement Agreement.

Should the Placement Agreement be terminated, this information will be publicised in a press release issued by the Company.

### **5.3 Subscription Agreements**

The placement of the New Shares with the Participating Investors has been recorded in separate subscription agreements between each relevant Participating Investor and the Company (each such agreement, a "**Subscription Agreement**").

The Subscription Agreements provide that the obligations of a Participating Investor under a Subscription Agreement are subject to certain customary conditions, including, among others, the accuracy of the warranties provided by the Company pursuant to the Subscription

Agreements, no action having been taken to prevent consummation of the Private Placement and the Placement Agreement remaining in full force and effect and not being terminated in accordance with its terms.

In the Subscription Agreements, the Company makes customary representations and warranties, including warranties as to its organisation and authority, due authorisation and capitalisation, compliance with laws, consents and approvals, accuracy and compliance of public disclosures. In addition, the Participating Investors make customary representations and warranties, including as to their eligibility to participate in the Private Placement.

In the event that the conditions under the Subscription Agreements are not satisfied or the Placement Agreement is terminated in accordance with its terms, the Subscription Agreements shall terminate as well and the placement of New Shares with the Participating Investors will be deemed null and void, in which case this information will be publicised in a press release issued by the Company.

#### **5.4 Lock up restrictions**

In the Placement Agreement, the Company undertakes not to issue, offer, sell, contract to issue or sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of an issue or a sale of Shares, or publicly to announce any intention to do any of such things, prior to the day falling 90 days after the Settlement Date without the prior written consent of the Sole Bookrunner (not to be unreasonably withheld or delayed), except for (i) options granted or shares to be delivered under existing share option programs for employees, in accordance with past practice; (ii) Shares issued upon exercise of options or in respect of warrants granted prior to the date of the Placement Agreement; and (iii) the New Shares to be issued and sold as contemplated pursuant to the terms of the Placement Agreement and in connection with the Private Placement.

Also, as per the Placement Agreement, each member of the Management Board and the Supervisory Board, as well as significant Shareholders Esprit Nominees Limited, Life Sciences Partners B.V., Life Sciences Partners II B.V., Pro-Ventures I B.V. and LSP Management Group B.V. (see paragraph 11.1 of the Registration Document) - each a Locked Party - has undertaken not to offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things, prior to the day ending 90 days after the Settlement Date without the prior written consent of the Sole Bookrunner, who may in its sole discretion and at any time waive these restrictions. This lock-up undertaking applies to all Shares owned by the relevant Locked Parties or any of their respective related parties per the date of the Placement Agreement and per the Settlement Date (if a higher number), including for the avoidance of doubt Shares issued to them pursuant to options granted to them at or prior to the Settlement Date or any other securities so owned per the Settlement Date, exchangeable for or convertible into, or substantially similar to, the Shares, and any rights or securities arising from any such Shares or attached to any such Shares. The lock-up undertaking does not apply to (i) Shares acquired after the Settlement Date; (ii) any transfers, sales, tenders or

other dispositions of owned Shares pursuant to a bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction made to or involving all Shares pursuant to which a majority of total voting power of the Shares is transferred to such third party (iii) any corporate action in connection with a takeover offer, capital reorganisation, legal merger, split-up or similar transaction or process, in each case to the extent involving the Company; or (iv) the transfer or distribution of owned Shares to members or shareholders of the Locked Party or to any corporation, partnership or other person or entity that is a current or former member, shareholder, limited partner, subsidiary or direct or indirect affiliate of the Locked Party or to any investment fund or other entity that controls or manages it, provided that such transferee or distributee is receiving and holding such owned Shares subject to the provisions of the lock-up undertaking.

## **5.5 New Shares**

Payment and settlement of the New Shares is expected to occur on 15 March 2018 – the Settlement Date –, which is also the expected date of issue of the New Shares.

The New Shares will be issued under Dutch law and have a nominal value of €0.10 each. The New Shares will be registered shares.

The New Shares will be entered into the collection deposit (*verzameldepot*) and the giro deposit (*girodepot*) as defined in, and pursuant to the Securities Giro Act (*Wet giraal effectenverkeer*).

The New Shares will be delivered in book-entry form through the facilities of Euroclear Netherlands with registered address at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

All the New Shares, have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding Shares of the Company at the moment of their issuance. Each New Share represents the same portion of share capital as the other existing Shares of the Company.

## **5.6 Dilution**

The dilution resulting from the issue of the New Shares amounts to 12.93%, relating to both capital interests and voting interests (or 12.32% on a fully diluted basis).

## **5.7 Proceeds**

The gross proceeds of the Private Placement shall amount to €23.4 million. After deduction of the total expenses of the Private Placement, which are expected to amount to approximately €1.8 million (which includes a transaction fee of 6% of the Gross Proceeds payable to the Managers), the expected net proceeds of the Private Placement amount to €21.6 million.

## **5.8 Use of Proceeds**

The principal purpose of the Private Placement has been to obtain additional capital to support the execution of Kiadis' strategy. Kiadis currently anticipates that it will use the net proceeds of the Private Placement in order of importance as follows:



- to continue the Phase III international, randomised, controlled, multicentre clinical trial for ATIR101 in the United States, Canada and Europe;
- to generate additional manufacturing capacity at vendors and to refurbish, equip and staff its leased manufacturing facility;
- to further prepare Kiadis for commercialisation by investing into a commercial organisation, market access preparation and reimbursement discussions;
- to support further production process optimisation of ATIR;
- to expand the organisation to accommodate the increased number of activities;
- to start a further clinical trial to assess the benefit of ATIR101 in conjunction with another T-cell depleted hematopoietic stem cell transplantation (HSCT) protocol or with a cyclophosphamide-based haplo transplantation protocol;
- to apply funds for debt repayment, capital expenditures, general and administrative expenses, general corporate purposes in line with Kiadis' strategy and other working capital needs; and
- to finance potential opportunities to broaden and diversify the research and development portfolio (e.g. through in-licensing or acquiring programs and companies with synergistic or complementary technologies, products and/or product candidates).

Kiadis expects that approximately 50% - 60% of the net proceeds will be applied for the Phase III clinical development of ATIR101 and approximately 40% - 50% for the other mentioned uses of proceeds.

As of the Summary and Securities Note Date, Kiadis cannot predict with certainty all of the specific uses for the net proceeds from the Private Placement, or the amounts to be actually spent on the uses set forth above. The amounts and timing of its actual use of the net proceeds will vary depending on numerous factors, among others the progress of its research, cost and results of its preclinical and clinical development programs, and whether Kiadis is able to maintain its existing collaboration agreements and to enter into additional collaboration agreements. As a result, Kiadis assumes broad discretion in the use of the net proceeds of the Private Placement.

Pending the use of the proceeds from the Private Placement, Kiadis intends to invest the net proceeds in interest-bearing, cash and cash equivalents instruments or short term certificates of deposit

## **5.9 Admission to listing and trading**

The Company's issued Shares are admitted to listing and trading on Euronext Amsterdam and on Euronext Brussels under ISIN Code NL0011323407 under the symbol "KDS" on Euronext Amsterdam and on Euronext Brussels under ISIN Code NL0011323407.

The Company has applied for the admission to listing and trading of the New Shares under the symbol "KDS" on Euronext Amsterdam and on Euronext Brussels under ISIN Code

NL0011323407 and expects that the New Shares will be admitted to listing and trading on or around the Settlement Date.

## 6 Description of Share Capital

### 6.1 General

The Company was incorporated on 12 June 2015 as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands. The Company is registered with the Trade Register of the Chamber of Commerce of Amsterdam, the Netherlands, under number 63512653. The Company's registered address is in Amsterdam, the Netherlands and its business address is at Paasheuvelweg 25A, 1105 BP Amsterdam, the Netherlands (tel: +31 - 20 – 240 2550). The Company's commercial name is Kiadis Pharma.

Set out below is a summary of certain information concerning the Company's share capital and the rights attached to the Shares. This summary does not purport to give a complete overview and should be read in conjunction Chapter 10 (Description of Share Capital and Corporate Governance) of the Registration Document, the Articles of Association and the relevant provisions of Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in Dutch and English, at the Company's business address in Amsterdam during regular business hours. The Articles of Association are available in Dutch and English at Kiadis' website [www.kiadis.com](http://www.kiadis.com).

### 6.2 Authorised and issued share capital

The Company's authorised share capital pursuant to the Articles of Association amounts to €5,000,000 and is divided into 50,000,000 ordinary shares, each with a nominal value of €0.10. All of the Company's authorised shares will, when issued and outstanding, be created under Dutch law.

On the Summary and Securities Note Date, the Company's issued capital amounts to €1,751,509.20 and is divided into 17,515,092 Shares, each with a nominal value of €0.10.

Assuming no other issuance of Shares (through the execution of options, warrants or otherwise), immediately following the issuance of New Shares the Company's issued capital shall amount to €2,011,509.20 and be divided into 20,115,092 Shares, each with a nominal value of €0.10.

At the Summary and Securities Note Date, neither the Company nor any of its subsidiaries hold any Shares. As at the Summary and Securities Note Date, all the Shares are fully paid up.

### 6.3 Warrants, options and stock appreciation rights

The Company has issued three classes of warrants to acquire Shares: two classes that are exercisable until 15 June 2022 (the "**2022-I Warrants**" and the "**2022-II Warrants**", collectively the "**2022 Warrants**") and one class that is exercisable until 31 August 2027 (the "**2027 Warrants**").

On the Summary and Securities Note Date, the following warrants are outstanding.

	<b>Outstanding</b>	<b>exercise price</b>	<b>Exercise period</b>
<b>2022-I Warrants</b>	246,186	€7.307	Until 15 June 2022
<b>2022-II Warrants</b>	3,731	€7.312	Until 15 June 2022

<b>2027 Warrants</b>	253,617	€6.358	Until 31 August 2027
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In connection with the Company's €5.0 million equity raise in June 2017 (see paragraph 10.3.3 of the Registration Document), 746,269 2022-I Warrants and 55,970 2022-II Warrants were issued. In the period up to to the Summary and Securities Note Date, 500,083 2022-I Warrants were exercised and 52,239 2022-II Warrants were exercised.

The 2027 Warrants were issued to Kreos Expert in connection with the debt financing arrangements that Kiadis entered into with Kreos Capital in August 2017 (see paragraph 5.7 of the Registration Document). Of these 253,617 2027 Warrants, 211,348 were issued in August 2017 when the first tranche of the loan provided by Kreos Capital was drawn down, and 42,269 were issued in October 2017 when the second tranche of the loan was drawn down.

For a further description of the 2022 Warrants and the 2027 Warrants, see also paragraph 10.3.2 of the Registration Document.

On the Summary and Securities Note Date, the Management Board, Senior Management, Supervisory Board and other (former) employees together hold 477,377 options and 300,000 stock appreciation rights. None of these options or stock appreciation rights has been exercised.

#### **6.4 Form of Shares**

All of the Shares are registered shares. The Shares are eligible for entry into a collection deposit (*verzameldepot*) or giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) (the "**Securities Giro Act**") and all the Shares trading on Euronext Amsterdam and Euronext Brussels are entered therein. The intermediaries (*intermediairs*), as defined in the Securities Giro Act, are responsible for the management of the collection deposit, and the Dutch centralised securities custody and administration system (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*, "**Euroclear Netherlands**"), being the central institute (*centraal instituut*) for the purposes of the Securities Giro Act, is responsible for the management of the giro deposit. Save for limited exemptions, the Securities Giro Act excludes the transfer (*uitlevering*) of Shares out of a collection deposit or giro deposit.

#### **6.5 Transferability and liquidity provider arrangement**

There are no restrictions on the transferability of the Shares in the Articles of Association.

The Company has hired Kempen & Co N.V. as a liquidity provider in order to increase liquidity in the trading of its Shares. In this capacity, Kempen & Co N.V. acts as a permanent liquidity provider. This means that Kempen & Co N.V. shall use its best endeavours to give bid and ask prices and serve as counterparty in its own name and for its own risk for buyers and sellers of the Shares. The terms under which Kempen & Co N.V. does so include amongst others a certain maximum spread between the bid and the ask prices and a certain euro size of the number of Shares bought or sold per bid or ask transaction.

#### **6.6 Shareholders register**

Pursuant to Dutch law and the Articles of Association, the Company must keep a register of Shareholders. The Company's shareholders' register must be kept up to date and records

the names and addresses of all Shareholders, indicating the date on which the Shares were acquired, the date of the acknowledgement or service as well as the amount paid on each Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of Shares. If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares that is registered in the shareholders' register with an extract from the register relating to its title to a Share free of charge. If the Shares are encumbered with a right of usufruct, the extract will state to whom such rights will fall. The shareholders' register is kept by the Management Board.

If Shares belong to a collection deposit or giro deposit as referred to in the Securities Giro Act, the name and address of the intermediary or the central institute shall be entered in the shareholders' register, stating the date on which those Shares became part of a collective deposit or the giro deposit, the date of acknowledgement or service as well as the paid-up amount on each Share.

## **6.7 Dividends and other distributions**

Pursuant to Dutch law and the Articles of Association, the distribution of profits will take place following the adoption of the Company's annual accounts by the General Meeting, and only to the extent that those accounts show sufficient profits to make the contemplated distribution. The Company may only make distributions to the Shareholders, whether from profits or from its freely distributable reserves, insofar as its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or pursuant to its Articles of Association.

Subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, the Management Board may determine which part of the Company's profits will be added to the reserves. The remaining part of the profits after the addition to the reserves will be at the disposal of the General Meeting. Distributions of dividends will be made pro rata to the nominal value of each Share.

Subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, the Management Board may resolve to distribute an interim dividend if it determines such interim dividend to be justified by the Company's profits. For this purpose, the Management Board must prepare an interim statement of assets and liabilities. Such interim statement shall show the financial position of the Company not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) the Company's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or pursuant to its Articles of Association.

On proposal of the Management Board which has been approved by the Supervisory Board, the General Meeting may resolve that the Company makes distributions to Shareholders from one or more of its freely distributable reserves, other than by way of profit distribution. Distributions from the Company's distributable reserves may be made throughout the financial year, and need not be based on the Company's annual accounts adopted by the General Meeting. Any such distributions will be made pro rata to the nominal value of each Share.

All Shares are equally entitled to dividends and other distributions, if and when declared. All issued and outstanding Shares rank equally and are eligible for any profit or other payment that may be declared on the Shares.

Payment of any dividend on the Shares in cash will be made in euro. Dividends on the Shares will be paid to the Shareholders through Euroclear Netherlands and credited automatically to the Shareholders' accounts without the need for the Shareholder to present documentation proving ownership of the Shares. In relation to dividend distributions, there are no restrictions under Dutch law in respect of holders of Shares who are non-residents of the Netherlands. See Chapter 7 (Taxation) for certain aspects of taxation of dividends.

An entitlement to any dividend distribution shall be barred five years after the date on which those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company and is allocated to its general reserves.

Pursuant to the Kreos Capital Facility Agreement, as long as any of the loans provided by Kreos Capital remains outstanding, the Company is not entitled to make any dividend payment or other distributions to Shareholders (see also paragraphs 3.1 and 5.7 of the Registration Document).

## **6.8 Voting rights**

Each Share confers the right to cast one vote in the General Meeting.

Resolutions of the General Meeting are taken by an absolute majority, except where Dutch law or the Articles of Association prescribe a larger majority. Matters requiring a majority of at least two-thirds of the votes cast, if less than 50% of the issued share capital is represented, include:

- a resolution of the General Meeting regarding restricting and excluding pre-emptive rights or a resolution to designate the Management Board as the body authorised to exclude or restrict pre-emptive rights;
- a resolution of the General Meeting to reduce the Company's outstanding share capital; and
- a resolution of the General Meeting to have the Company merge or demerge.

Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company.

## **6.9 Issuance of Shares**

Under the Articles of Association, the Company may issue Shares, or grant rights to subscribe for Shares, only pursuant to a resolution of the General Meeting upon proposal of the Management Board, subject to the prior approval of the Supervisory Board.

The Articles of Association provide that the General Meeting or the Articles of Association may designate the authority to issue Shares, or grant rights to subscribe for Shares, to the Management Board, subject to the approval by the Supervisory Board. Pursuant to Dutch law and the Articles of Association, the period of designation may not exceed five years. Such designation may be renewed by a resolution of the General Meeting for a subsequent

period of up to five years each time. Unless the resolution determines otherwise, the designation is irrevocable. At the designation, the number of Shares which may be issued by the Management Board must be determined.

On 8 June 2017 a General Meeting was held at which it was resolved to authorise the Management Board, subject to the approval of the Supervisory Board, to issue Shares for a period of five years following 8 June 2017, or grant rights to subscribe for Shares, up to a maximum of 50% of the number of Shares that were outstanding on 8 June 2017 and to exclude pre-emptive rights in relation thereto. On the basis of this delegated authority, the Company issued new Shares in the context of the June 2017 and October 2017 equity raisings (see paragraph 10.3.3 of the Registration Document), granted the 2022 Warrants and the 2027 Warrants (see paragraph 6.3) and granted 274,200 options pursuant to the Kiadis Pharma N.V. 2016 Share Option Plan (see paragraph 9.11.1 of the Registration Document), and excluded the pre-emptive rights in relation thereto.

No resolution of the General Meeting or the Management Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares.

#### **6.10 Pre-emptive Rights**

Dutch company law and the Articles of Association in most cases give shareholders pre-emptive rights to subscribe on a pro rata basis for any issue of new shares or upon a grant of rights to subscribe for shares. Exceptions to these pre-emptive rights include the issue of shares and the grant of rights to subscribe for shares (i) to the Company's employees or the employees of a group company as defined in section 2:24b of the Dutch Civil Code, (ii) in return for non-cash consideration, or (iii) the issue of shares to persons exercising a previously granted right to subscribe for shares.

A Shareholder may exercise pre-emptive rights during a period of at least two weeks from the date of the announcement of the issue or grant. The General Meeting or the Management Board, if so designated by the General Meeting, may restrict the right or exclude pre-emptive rights. A resolution of the General Meeting to restrict or exclude pre-emptive rights, or to designate the Management Board with such authority, requires a majority of at least two-thirds of the votes cast, if less than 50% of the Company's issued share capital is represented. Unless the Management Board is designated to restrict or to exclude pre-emptive rights, a resolution to restrict or to exclude pre-emptive rights will be passed by the General Meeting on the proposal of the Management Board, with the prior approval of the Supervisory Board. A resolution by the General Meeting, or by the Management Board, to restrict or to exclude pre-emptive rights is subject to the prior approval of the Supervisory Board. See paragraph 6.9 above for the resolution that authorised the Management Board, subject to Supervisory Board approval, to exclude pre-emptive rights that the General Meeting took on 8 June 2017.

#### **6.11 Reduction of share capital**

Under the Articles of Association, upon a proposal from the Management Board, after approval by the Supervisory Board and in compliance with articles 2:99 and 2:100 of the Dutch Civil Code, the General Meeting may resolve to reduce the Company's issued and outstanding share capital by cancelling Shares, or by amending the Articles of Association to reduce the nominal value of the Shares. A resolution for cancellation of Shares may only relate to Shares held by the Company itself or of which it holds the depositary receipts.

The decision to reduce the Company's share capital requires a majority of at least two-thirds of the votes cast if less than 50% of its issued share capital is present or represented at the General Meeting.

#### **6.12 Liquidation and dissolution**

Under the Articles of Association, the Company may be dissolved by a resolution of the General Meeting, subject to a proposal by the Management Board which has been approved by the Supervisory Board.

In the event of dissolution, the Company's business will be liquidated in accordance with Dutch law and the Articles of Association and the liquidation shall be arranged by the Management Board under supervision of the Supervisory Board, unless the General Meeting has designated other liquidators. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

The balance of the Company's remaining equity after payments of debts and liquidation costs will be distributed to holders of the Shares, in proportion to the aggregate nominal value of the Shares held by them.

#### **6.13 Acquisition of Shares by the Company**

The Company cannot subscribe for Shares in its own capital at the time Shares are issued. Any acquisition by the Company of its Shares that are not fully paid-up shall be null and void. The Company can acquire fully paid-up Shares in its own capital for no consideration, or if (i) the shareholders' equity less the acquisition price is not less than the sum of the paid-in and called-up part of the Company's capital and the reserves that it is required to maintain by law, (ii) the nominal value of the Shares to be acquired in its own capital, which the Company holds or hold in pledge, or which are held by one of its subsidiaries is not more than 50% of the issued capital, such in accordance with section 2:98 of the Dutch Civil Code and (iii) the acquisition is authorised by the General Meeting. A subsidiary cannot subscribe for its own account or acquire Shares in the capital of the Company.

Authorisation from the General Meeting to acquire the Shares must specify the number and class of Shares that may be acquired, the manner in which Shares may be acquired and the price range within which Shares may be acquired. Such authorisation will be valid for no more than eighteen months.

The Company may not cast votes on, and is not entitled to dividends or other distributions paid on, Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum. For the computation of the profit distribution, the Shares held by the Company in its own capital shall not be included. The Management Board is authorised, subject to approval of the Supervisory Board, to dispose of the Company's own Shares held by it.

On 8 June 2017, a General Meeting was held which resolved to authorise the Management Board, subject to the approval of the Supervisory Board, to acquire Shares for a period of 18 months following 8 June 2017, by way of purchase, via the stock exchange or otherwise, up to a maximum of 10% of the issued capital and for a consideration of at least €0.01 per Share and which may not exceed the average closing price of the Shares on Euronext during five consecutive trading days preceding the date of repurchase increased by 10%.



## **6.14 Takeover regulations**

### **6.14.1 European Union takeover regulations**

The European Directive on Takeover Bids (2004/25/EC) (the Takeover Directive) has been implemented in Dutch legislation in the Financial Supervision Act and the Public Takeover Bids Decree (*Besluit openbare biedingen Wft*).

### **6.14.2 Mandatory takeover offers**

Pursuant to the Financial Supervision Act, a shareholder who (individually or acting in concert with others) directly or indirectly obtains control of a Dutch company whose shares are listed on a regulated market within the European Union or European Economic Area is required to make a public offer for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders. The legislation also applies to persons acting in concert who jointly acquire 30% of the voting rights. An exemption exists if such shareholder or group of shareholders reduces its holding below 30% within 30 days of the acquisition of controlling influence provided that (i) the reduction of its holding was not effected by a transfer of shares or depositary receipts to an exempted party and (ii) during this period such shareholder or group of shareholders did not exercise its voting rights.

### **6.14.3 Squeeze out procedures**

Pursuant to articles 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon the advice of one or three experts. In the event that a shareholder has acquired at least 95% of the shares held by him, representing at least 95% of the total voting rights, each remaining minority Shareholder is entitled to demand a squeeze out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer.

With regard to the price per share to be paid by the majority shareholder, the same procedure as for squeeze out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In

principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch Financial Supervision Act also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

## **7            Taxation**

### **7.1           Dutch taxation**

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Shares and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the acquisition, ownership and disposal of Shares to a particular holder of Shares will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of his tax position, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Company is organised, and that its business will be conducted, in the manner outlined in the Prospectus. A change to such organisational structure or to the manner in which the Company conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Summary and Securities Note. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch taxation paragraph does not address the Dutch tax consequences for a holder of Shares who:

- is a person who may be deemed an owner of Shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Shares;
- is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- owns Shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
- has a substantial interest in the Company or a deemed substantial interest in the Company for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his or her partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of the Company, or rights to acquire, directly or indirectly, such an interest in the shares of the Company or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of the Company, or (b) such person's shares, rights to acquire shares

or profit participating certificates in the Company are held by him following the application of a non-recognition provision.

## **7.1.1 Taxes on income and capital gains**

### **7.1.1.1 Resident holders of Shares**

A holder of Shares who is resident or deemed to be resident in the Netherlands for Dutch tax purposes is fully subject to Dutch income tax if he is an individual or fully subject to Dutch corporation tax if it is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, as described in the summary below.

#### *Individuals deriving profits or deemed to be deriving profits from an enterprise*

Any benefits derived or deemed to be derived from or in connection with Shares that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 52%.

#### *Individuals deriving benefits from miscellaneous activities*

Any benefits derived or deemed to be derived from or in connection with Shares that constitute benefits from miscellaneous activities by an individual are generally subject to Dutch income tax at progressive rates up to 52%.

An individual may, inter alia, derive, or be deemed to derive, benefits from or in connection with Shares that are taxable as benefits from miscellaneous activities if his investment activities go beyond regular active portfolio management.

#### *Other individuals*

If a holder of Shares is an individual whose situation has not been discussed before in this paragraph 7.1.1.1 the value of his Shares forms part of the yield basis for purposes of tax on benefits from savings and investments. A deemed benefit, which is determined on the basis of progressive rates starting from 2.87% up to 5.39% per annum of this yield basis, is taxed at the rate of 30%. Actual benefits derived from or in connection with his Shares are not subject to Dutch income tax.

#### *Corporate entities*

Any benefits derived or deemed to be derived from or in connection with Shares that are held by a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, are generally subject to Dutch corporation tax.

#### *General*

A holder of Shares will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Shares or the performance by the Company of its obligations under such documents or under the Shares.

### **7.1.1.2 Non-resident holders of Shares**

#### *Individuals*

If a holder of Shares is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Shares, except if:

- (i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Shares are attributable to such permanent establishment or permanent representative; or
- (ii) he derives benefits or is deemed to derive benefits from or in connection with Shares that are taxable as benefits from miscellaneous activities performed in the Netherlands.

#### *Corporate entities*

If a holder of Shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Shares, except if:

- (i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and to which permanent establishment or permanent representative its Shares are attributable; or
- (ii) (ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Shares are attributable.

#### *General*

If a holder of Shares is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Shares or the performance by the Company of its obligations under such documents or under Shares.

### **7.1.2 Dividend withholding tax**

The Company is generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by the Company, subject to possible relief under Dutch domestic law, the Treaty on the Functioning of the European Union or an applicable Dutch income tax treaty depending on a particular holder of Shares' individual circumstances.

The concept "dividends distributed by the Company" as used in this paragraph 7.1 includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of Shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of Shares issued by the Company to a holder of Shares or an increase of the par value of Shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits, unless (a) the general meeting of the Company's shareholders has resolved in advance to make such repayment and (b) the par value of the Shares concerned has been reduced by an equal amount by way of an amendment to the Company's articles of association.

### **7.1.3 Gift and inheritance taxes**

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Shares by way of gift by, or upon the death of, a holder of Shares who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Shares becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

### **7.1.4 Registration taxes and duties**

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Shares, the performance by the Company of its obligations under such documents, or the transfer of Shares, except that Dutch real property transfer tax may be due upon an acquisition in connection with Shares of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

## **7.2 Belgian taxation**

This summary solely addresses the principal Belgian tax consequences of the acquisition, ownership and disposal of Shares and does not purport to describe every aspect of taxation

that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the acquisition, ownership and disposal of Shares to a particular holder of Shares will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of his tax position, including the applicability and effect of Belgian tax laws.

Where in this summary English terms and expressions are used to refer to Belgian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Belgian concepts under Belgian tax law. This summary assumes that the Company is organised, and that its business will be conducted, in the manner outlined in the Prospectus. A change to such organisational structure or to the manner in which the Company conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of Belgium (unpublished case law not included) as it stands at the date of this Summary and Securities Note. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, undertakings for collective investment, brokers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

## **7.2.1 Taxes on income and capital gains**

### **7.2.1.1 Belgian resident and non-resident holders of Shares**

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium).

A Belgian non-resident is any person that is not a Belgian resident.

## **7.2.2 Dividend withholding tax**

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to Shares is generally treated as a dividend distribution.

If dividends are distributed on non-Belgian shares, such as Shares, Belgian withholding tax is in principle only due if an intermediary established in Belgium intervenes in the payment thereof. Belgian withholding tax is indeed due by every intermediary established in Belgium

that intervenes in the payment or attribution of dividends from a non-Belgian source. The Company does not assume responsibility for the correct withholding of Belgian withholding tax.

If the Belgian withholding tax applies, dividends are in principle subject to a 30% rate, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In the case of a redemption of Shares, the redemption distribution (other than the redemption distribution included in a share buyback operated through the central stock exchange market of Euronext or of a similar market), after deduction of the part of the fiscal paid-up capital represented by the redeemed Shares will, in principle, be treated as a dividend subject to a Belgian withholding tax of 30% (if a Belgian intermediary intervenes in the payment thereof), subject to such relief as may be available under applicable domestic or tax treaty provisions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal paid-up capital will be treated as a dividend and will in principle be subject to a 30% Belgian withholding tax (if a Belgian intermediary intervenes in the payment thereof), subject to such relief as may be available under applicable domestic or tax treaty provisions.

### **7.2.3 Income taxation**

#### **7.2.3.1 Belgian resident individuals**

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian withholding tax levied on dividends fully discharges their personal income tax liability. Nevertheless, these resident individuals may elect to report the dividends in their personal income tax return. Also, if the dividends are paid outside of Belgium without the intervention of a Belgian paying agent, the dividends received (after deduction of any non-Belgian withholding tax, but including transaction costs, custody fees and other similar costs) must be reported in the personal income tax return. Dividends that are reported this way will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. In the latter case, transaction costs, custody fees and other similar costs are deductible. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by local surcharges. In addition, if the dividends are reported, the Belgian withholding tax levied on the dividends may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due.

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received (after deduction of any non-Belgian withholding tax) must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with local surcharges. The Belgian withholding tax levied on dividends may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate (i) that he has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the attribution of the dividends or (ii) that, during that period, Shares have never been held in full legal ownership at any point in time by a taxpayer other than a) a company subject to Belgian corporate tax



or b) a non-resident company having, in an uninterrupted manner, invested Shares in a Belgian establishment.

### **7.2.3.2 Belgian resident companies**

For Belgian resident companies (other than investment companies within the meaning of article 185bis of the Belgian Income Tax Code), the gross dividend income (after deduction of any non-Belgian withholding tax, but including the Belgian withholding tax, if any) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 33.99%, unless reduced corporate income tax rates apply.

Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from the taxable income (the "Dividend Received Deduction"), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the Company's share capital or a participation in the Company with an acquisition value of at least €2,500,000; (ii) Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and (iii) the conditions relating to the taxation and absence of deductibility of the underlying distributed income and the absence of tax avoidance, as described in Article 203 of the Belgian Income Tax Code (the "**Article 203 ITC Condition**") are met (together, the "**Conditions for the application of the dividend received deduction regime**"). Under certain circumstances the conditions referred to under (i) and (ii) do not need to be fulfilled in order for the Dividend Received Deduction to apply.

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian withholding tax levied on dividends may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the company can demonstrate (i) that it has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the attribution of the dividends or (ii) that during that period, Shares have never been held in full legal ownership at any point in time by a taxpayer other than a) a company subject to Belgian corporate tax or b) a non-resident company having, in an uninterrupted manner, invested Shares in a Belgian establishment.

### **7.2.3.3 Other Belgian legal entities subject to the legal entities income tax**

For taxpayers subject to the Belgium income tax on legal entities, the Belgian withholding tax levied on dividends in principle fully discharges their income tax liability. However, if the dividends are paid outside of Belgium without the intervention of a Belgian intermediary and without deduction of Belgian withholding tax, the entity itself is responsible for the deduction and payment of the 30% Belgian withholding tax.

### **7.2.3.4 Belgian non-resident individuals and companies**

Dividends paid through a professional intermediary in Belgium will in principle be subject to withholding tax. However, an exemption or reduction may apply provided that the shareholder is resident in a country with which Belgium has concluded a double taxation treaty and delivers the requested affidavit. The current applicable tax rate is 30%.

For non-resident individuals and companies, the Belgian withholding tax (if any) will be the only tax on dividends in Belgium, unless the non-resident holds Shares in connection with a business conducted in Belgium through a Belgian establishment.

If Shares are acquired by a non-resident in connection with a Belgian establishment, the investor must report any dividends received, which will be taxable at the applicable non-resident individual or corporate income tax rates, as appropriate. Belgian withholding tax levied on dividends (if any) may be credited against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of, or a capital loss on, Shares. The latter condition is not applicable if the non-resident taxpayer can demonstrate (i) that it has held Shares in legal ownership for an uninterrupted period of 12 months prior to the attribution of the dividends or (ii) that, during that period, Shares have never been held in full legal ownership at any point in time by a taxpayer other than (a) a company subject to Belgian corporate tax or (b) a non-resident company having, in an uninterrupted manner, invested Shares in a Belgian establishment.

Non-resident companies holding Shares that are invested in a Belgian establishment may deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the dividend received deduction regime (see above) are met. Application of the dividend received deduction regime depends, however, on a factual analysis to be made upon each distribution, and its availability should be verified upon each distribution.

## **7.2.4 Capital gains and losses on Shares**

### **7.2.4.1 Belgian resident individuals**

Capital gains realized on the disposal of Shares by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed speculative or realized outside the scope of the normal management of the individual's private estate. Capital losses, however, are generally not tax deductible.

Belgian resident individuals who hold Shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of Shares, except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on Shares incurred by Belgian resident individuals who hold Shares for professional purposes are in principle tax deductible.

Capital gains realized by Belgian resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

### **7.2.4.2 Belgian resident companies**

Belgian resident companies (not qualifying as small companies within the meaning of Article 15, §1 to §6 of the Belgian Companies Code) are subject to Belgian capital gains taxation at a separate rate of 0.412% on gains realized upon the disposal of Shares, provided that: (i) the Article 203 ITC Condition is met and (ii) Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% separate capital gains tax rate cannot be off-set by any tax assets (such as, e.g., tax losses) and can moreover not be off-set by any tax credits.

Belgian resident companies qualifying as small companies are not subject to Belgian capital gains taxation on gains realized upon the disposal of Shares provided that (i) the Article 203 ITC Condition is met and (ii) Shares have been held in full legal ownership for an uninterrupted period of at least one year.

If the one-year minimum holding period condition would not be met (but the Article 203 ITC Condition is met) then the capital gains realized upon the disposal of Shares by Belgian resident companies (both large or small companies) would be taxable at a separate corporate income tax rate of 25.75%.

Capital losses on Shares incurred by resident companies (both large or small companies) are as a general rule not tax deductible.

Shares held in the trading portfolios of qualifying credit institutions, investment firms and management companies of undertakings for collective investment are subject to a different tax regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rate of 33.99% and the capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to realisations.

Capital gains realized by Belgian resident companies (both large and small companies and both ordinary Belgian resident companies and qualifying credit institutions, investment firms and management companies of collective investment undertakings) upon the repurchase of shares by the Company or upon the liquidation of the Company are, in principle, subject to the same taxation regime as dividends. See paragraph 7.2.2 above.

#### **7.2.4.3 Other Belgian entities subject to the legal entities income tax**

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares, which may, under certain conditions, give rise to tax at the rate of 16.5% (plus local surcharges). Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will in principle be taxed as dividends (see above).

#### **7.2.4.4 Belgian non-resident individuals**

Capital gains realized on Shares by a non-resident individual who has not acquired Shares in connection with a business conducted in Belgium through a Belgium establishment are not subject to taxation, unless the gain is earned or received in Belgium and deemed to be speculative or realized outside the scope of the normal management of the individual's private estate. In such case, it is subject to a final professional withholding tax of 30.28% (to the extent that Article 248 of the BITC is applicable). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

If capital gains or losses are realized on Shares by a non-resident individual who holds Shares in connection with a business conducted in Belgium through a Belgium establishment, those gains will be taxable at the ordinary progressive income tax rates (to be increased with a surcharge of currently 7%) and those losses will be tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

#### **7.2.4.5 Belgian non-resident companies or entities**

Capital gains realized on Shares by non-resident companies or non-resident entities that have not acquired Shares in connection with a business conducted in Belgium through a Belgian establishment are not subject to taxation. Capital losses are generally not tax deductible.

Capital gains realized by non-resident companies or other non-resident entities that hold Shares in connection with a business conducted in Belgium through a Belgian establishment are generally subject to the same regime as Belgian similar entities. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of Shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

#### **7.2.5 Tax on stock exchange transactions**

Upon the issue of the new Shares (primary market transaction), no tax on stock exchange transactions is due.

The purchase and the sale and any other acquisition or transfer for valuable consideration of existing Shares (secondary market transaction) is subject to the tax on stock exchange transactions, if the transaction is concluded or executed through a professional intermediary, either in Belgium, or abroad, but in the latter case only if the order thereto was given directly or indirectly by the following ordering clients: (i) an individual with habitual residence in Belgium, or (ii) a legal entity, for the account of a seat or establishment thereof in Belgium.

Transactions with respect to Shares are subject to Tax on Stock Exchange Transactions at a rate of 0.27%, calculated on the purchase price. A separate tax is due by each party to the transaction. Contrary to what applies to the selling party, the broker's remuneration is not included in the taxable basis for the purchaser. The Tax is capped at €1,600 per transaction and per party. If the transaction is concluded or executed in Belgium, the Tax is collected by the professional intermediary. If the transaction is concluded or executed outside Belgium, the Tax must be declared and paid by the ordering client, unless the latter can prove that the Tax was paid by the professional intermediary or its Belgian tax agent.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2.9° and 10° of the Belgian Law of August 2, 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of July 9, 1975; (iii) professional retirement institutions referred to in Article 2,1° of the Belgian Law of October 27, 2006 concerning the supervision on institutions for occupational pension; (iv) undertakings for collective investment; and (v) Belgian non-residents provided they deliver a certificate to their financial intermediary confirming their non-resident status.

The EU Commission adopted on February 14, 2013 the Draft Directive on a Financial Transaction Tax ("FTT"). The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on

stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

### **7.3 U.S. taxation**

#### **7.3.1 General notice and considerations**

The following summary describes the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Shares as of the date of this Registration Document. Except where otherwise stated, this summary deals only with Shares held as a capital asset by a holder who is a U.S. holder (as defined below), purchases the Shares, and does not own (directly or by attribution) 10% or more of the voting power of all the outstanding Shares

A "U.S. holder" is a beneficial owner of the Shares that is, for U.S. federal income tax purposes:

- a citizen or resident of the U.S.;
- corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organised in or under the laws of the U.S. or any State within the United States or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or has a valid election in effect under applicable Treasury Regulations to be treated as a domestic trust.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership that acquires the Shares, you should consult your tax advisor.

U.S. taxation is often dependent on the taxpayer's particular situation, and each U.S. holder is encouraged to consult his own tax advisor.

Please note that this summary does not address all the tax consequences that may be relevant to holders that are subject to special tax treatment, such as:

- dealers in securities or currencies;
- financial institutions;
- tax-exempt investors (including individual retirement account or "Roth IRA" as defined in Section 408 or 408A of the U.S. Internal Revenue Code);
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

- persons liable for alternative minimum tax;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- S corporations
- persons holding Shares as part of a hedging, conversion, integrated or constructive sale transaction;
- persons holding ordinary shares as part of a straddle; or
- U.S. holders whose functional currency is not the U.S. dollar.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the Treasury Regulations promulgated under the Internal Revenue Code and administrative and judicial interpretations. These income tax laws, regulations and interpretations, however, may change at any time, possibly with retroactive effect.

There has been neither sought nor obtained any advance ruling from the U.S. Internal Revenue Service ("**IRS**") regarding the U.S. federal income tax consequences of any of the transactions described in this Registration Document. Moreover, this summary does not address state, local, foreign or other tax laws.

This summary is not intended to be, nor should it be construed to be, legal, business or tax advice to any particular shareholder. Accordingly, U.S. holders should consult their own tax advisors with respect to the U.S. federal, state, and local tax consequences and the foreign tax consequences to them of the ownership of Shares.

### **7.3.2 Dividend on Shares**

Subject to the "Passive Foreign Investment Company (PFIC) Considerations" below, for U.S. federal income tax purposes, distributions paid by the Company, will be taxable as dividends to the extent of the Company's current and accumulated earnings and profits. To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will be treated first as a tax-free return of a U.S. holder's tax basis in the Shares. To the extent the amount of the distribution exceeds the U.S. holder's tax basis, the excess will be taxed as capital gain recognised on a sale or exchange. Because the Company does not expect to determine the Company's earnings and profits in accordance with U.S. federal income tax principles, U.S. holders should expect that a dividend distribution will generally be reported as a dividend for U.S. federal income tax purposes, even if that distribution would otherwise be treated as a tax-free return of capital or as capital gain under the rules described above.

Distributions on the Shares will not be eligible for the dividends received deduction generally available to U.S. holders that are corporations on dividends from a U.S. issuer.

With respect to non-corporate U.S. holders, certain dividends received from a "qualified foreign corporation" generally may be subject to preferential rates of U.S. federal income tax. A non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation that is entitled to the benefits of an income tax treaty between the U.S. and a foreign country. The Company has not requested and does not plan to request an opinion of counsel or a ruling from the IRS that the Company is a qualified foreign corporation. No assurance can be given that a court would ultimately determine that the Company is considered a qualified foreign corporation. In addition, a qualified foreign corporation does not include a corporation that is a PFIC for either the taxable year in which the dividend was paid or the preceding year. The Company was classified as a PFIC for U.S. federal income tax purposes for its taxable years ended 31 December 2014, 31 December 2015 and 31 December 2016 and it may be so as well during its taxable year ending 31 December 2017. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

### **7.3.3 Foreign tax credit or deduction of foreign tax**

If a dividend has been subject to withholding taxes in the Netherlands, the U.S. holder may be able to claim a credit for such taxes. Subject to applicable limitations, some of which vary depending upon the U.S. holder's circumstances, Dutch income taxes withheld from dividends on the Shares at a rate not exceeding the rate provided by the U.S. - the Netherlands tax treaty will be creditable against the U.S. holder's U.S. federal income tax liability. In lieu of claiming a foreign tax credit, U.S. holders may, at their election, deduct foreign taxes, including any Dutch withholding tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. A distribution generally will be foreign-source income for U.S. foreign tax credit purposes, and should generally constitute passive category income. You are urged to consult your own tax advisors regarding the availability of the foreign tax credit or deduction under your particular circumstances.

### **7.3.4 Foreign currency**

In general the amount of dividends paid to a U.S. holder in euro will be the dollar value of the euro, calculated by reference to the spot exchange rate on the day the U.S. holder receives the distribution, regardless whether the euros are converted into dollars at that time. Any gain or loss upon conversion of euro's into dollars will be U.S. source ordinary income or loss. In case the dividends are converted into dollars on the day they are received, a U.S. holder should not be obliged to recognise any foreign exchange result or loss in respect of the dividends received.

### **7.3.5 Disposition of Shares**

In general, subject to the "Passive Foreign Investment Company Consideration" below and unless an exception set forth in the Internal Revenue Code applies, a sale or exchange of the Shares will give rise to taxable capital gain or loss equal to the amount by which the adjusted tax basis of the Shares sold or exchanged is less or more than the amount realised by the U.S. holder on the disposition. Any gain or loss on Shares held by a U.S. holder for one year or less will be treated as short-term capital gain or loss, with gain generally taxed at ordinary income rates. Any gain or loss on Shares held by a U.S. holder for greater than one year will be treated as long-term capital gain or loss, eligible for preferential rates of taxation for non-corporate U.S. holders. The deductibility of capital losses is subject to limitations under the Internal Revenue Code. Any capital gain or loss recognised by a U.S. holder

generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. The tax basis of the Shares will be the amount of cash paid to acquire them. For any foreign currency exchange results arising upon the disposition of the Shares, see paragraph 7.3.4 above.

### **7.3.6 PFIC Considerations**

The taxation of U.S. holders will depend on whether the Company will be treated for U.S. federal income tax purposes as a passive foreign investment company or PFIC.

The conclusion as to whether the Company will be treated as a PFIC is a factual determination that generally cannot be determined until the close of the taxable year in question and is made annually (based in part upon the value of the assets) and thus may be subject to change. The Company believes that it was a PFIC for its taxable years ended 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 and that it may be so as well during its taxable year ending 31 December 2018.

In general, a corporation organised outside the U.S. generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

- (i) at least 75% of its gross income is "passive income"; or
- (ii) at least 50% of the average quarterly gross value of its assets is attributable to assets that produce "passive income" or are held for the production of passive income\*.

\* Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents, annuities, gains in excess of losses from the disposition of assets which produce passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering/an issuance of Shares.

For purposes of applying the foregoing tests, the assets and gross income of a company's significant direct, and indirect, subsidiaries are attributed to the company.

If the Company were to be a PFIC in any year, materially adverse consequences as described below could result for U.S. holders. U.S. holders are urged to consult their own tax advisers regarding the possibility that the Company is being classified as a PFIC and the potential tax consequences arising from the ownership and disposition of an interest in a PFIC.

If the Company were a PFIC in any year during which a U.S. holder owned Shares and the U.S. holder did not make, or have in effect, one of the elections described below, the U.S. holder would generally be subject to special rules (regardless of whether the Company continued to be a PFIC) with respect to:

- (i) any "excess distribution" (generally, distributions received by the U.S. holder in a taxable year in excess of 125% of the average annual distributions received by that U.S. holder in the three preceding taxable years, or, if shorter, the U.S. holder's holding period); and
- (ii) any gain realised on the sale, retirement or other disposition of Shares.



Under these rules, the excess distribution or gain would be treated as ordinary income earned ratably over the U.S. holder's holding period. The portion allocated to the years when the Company was not a PFIC would be included in the U.S. holder's gross income for the year of the distribution. The remainder would not be included in gross income, but the U.S. holder would be subject to U.S. federal income tax at the highest rate of tax in effect for the taxpayer for that year plus an interest charge on the deferred tax amount on that portion.

Certain timely elections enable the shareholder of a PFIC to avoid these consequences. A U.S. holder can timely make a Qualified Electing Fund ("**QEF**") election for a taxable year by properly filing and completing an IRS Form 8621 with its tax return for such year. The effect of such election is that the U.S. holder generally will be currently taxable on its pro rata share of a company's earnings and profits. Ordinary earnings would pass through as ordinary income and net capital gain passes through as long-term capital gain (taxed at ordinary income and long term capital gains rates, respectively) for each taxable year such company is classified as a PFIC. In general, the U.S. holder will incur such tax even if no dividend distributions are received (i.e. a U.S. holder may make a separate election to defer the payment of such taxes but if deferred, such taxes will be subject to an interest charge).

A QEF election may only be made by U.S. holders of Shares if such holders are provided by the Company with certain information that allows such holders to report and pay any current or deferred taxes due with respect to their pro rata Shares of the Company's net ordinary earnings and net capital gains for such taxable year. However, there is no assurance that, the Company will provide such information. Once the election to treat a PFIC as a QEF is made, it remains in effect unless revoked by the U.S. holder with the IRS's consent. U.S. holders should consult their tax advisors concerning the merits and mechanics of making a QEF election and other relevant tax considerations if the Company is a PFIC for any taxable year.

Alternatively, if the Company were a PFIC, a U.S. holder who does not make a QEF election may be able to avoid taxation and interest charges under the PFIC regime by timely making a mark-to-market election with respect to their Shares on IRS Form 8621, provided that the Shares are regularly traded on a qualifying securities exchange, within the meaning of the applicable Treasury Regulations. The mark-to-market election requires a U.S. holder to include as ordinary income each taxable year an amount equal to the excess, if any, of the fair market value of the Shares at the close of the tax year over the shareholder's adjusted basis in the Shares. Thus, a U.S. holder may recognize taxable income without receiving any cash to pay its tax liability with respect to such income. Similarly, an electing U.S. holder may deduct the excess, if any, of the U.S. holder's adjusted basis in the Shares over their fair market value at the close of each tax year. However, the U.S. holder's deduction is limited to the net mark-to-market gains (reduced by any prior deductions) that the U.S. holder has included in income from the Shares in previous tax years. Additional rules will apply to the extent the mark-to-market election is made subsequent to the year in which the U.S. holders acquired their Shares. U.S. holders should consult their tax advisers regarding the availability and consequences of a mark-to-market election.

If the Company is a PFIC, U.S. holders may be required to file annual tax returns (including IRS Form 8621) containing such information as the U.S. Treasury requires. A U.S. holder that is not otherwise required to file a U.S. tax return must still file IRS Form 8621 in accordance with the instructions in the Form.

### **7.3.7 Net Investment Income Tax**

Certain U.S. holders whose income exceeds certain thresholds including individuals, estates or trusts are generally subject to an additional 3.8% tax on all or a portion of their "net investment income", which may include all or a portion of their dividend income and net gains from the disposition of Shares. Each of the above mentioned U.S. holders is urged to consult its tax advisors regarding the applicability of the net investment income tax to its income and gains in respect of its investment in the Shares..

### **7.3.8 Information Reporting and Backup Withholding**

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless:

- (i) the U.S. holder is a corporation or other exempt recipient; or
- (ii) in the case of backup withholding, the U.S. holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may be entitled to a refund by timely filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

### **7.3.9 Foreign Asset Reporting**

Certain U.S. holders are required to report information relating to an interest in the Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained at U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Shares.

The above summary of U.S. federal income tax consequences is for general information only and is not intended to constitute a complete analysis of all U.S. income tax consequences relating to U.S. holders of their acquisition, ownership and disposition of the Shares. All prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Shares, including the applicability and effect of state, local, foreign and other tax laws and possible changes in any tax law.

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